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ORIGINAL CONTRACTOR'S
CLAIM FOR MECHANICS LIEN

Eugene "Gene" Moore Fee: \$27.50
Cook County Recorder of Deeds
Date: 04/21/2003 12:05 PM Pg: 1 of 13

STATE OF ILLINOIS)
) ss:
COUNTY OF COOK)

The claimant, Building 2000, Inc., an Illinois corporation (Claimant), with an address at P.O. Box 68877, Schaumburg, Illinois 60168-0877, hereby files its original contractor's claim for mechanics lien on the Real Estate (as hereinafter described) and against the interest of the following entity in the Real Estate (Owner):

M.G. International, L.L.C.

and any person claiming an interest in the Real Estate (as hereinafter described) by, through, or under Owner.

Claimant states as follows:

1. On or about November 25, 2002, and subsequently, Owner owned fee simple title to the real estate (including all land and improvements, thereon) (Real Estate) in Cook County, Illinois, commonly known as 5952 to 5960 North Winthrop Avenue, Chicago, Illinois, and legally described as follows:

Lot 11 and the North 30 feet of Lot 12 in Block 13 in Cochran's Second Addition to Edgewater, a subdivision of the East Fractional 1/2 of Section 5, Township 40 North, Range 14, East of the Third principal Meridian, (except the West 1320 feet of the South 1913 feet thereof and except Railroad Right of Way) in Cook County, Illinois.

The permanent real estate tax number is:

14-05-212-031-0000 (Affects the North 44 feet of Lot 11)

14-05-212-032-0000 (Affects Lot 12 and the south part of Lot 11)

2. Claimant made a contract (Contract) dated November 26, 2002, with Polo Builders (Polo) under which Claimant agreed to provide all necessary labor, materiel, and work to improve a multi-unit apartment building on the Real Estate for the original contract amount of \$124,395.00 (One hundred and twenty-four thousand, three hundred and ninety-five dollars). A copy of the contract is attached hereto as Exhibit A.
3. The Contract was entered into by Polo as Owner's agent, and the work was performed with the knowledge and consent of Owner. Alternatively, Owner authorized Polo to enter into the Contract. Alternatively, Owner


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knowingly permitted Polo to enter into the Contract for the improvement of Real Estate.

4. Claimant performed additional work in the amount of \$10,610.00 (Ten thousand six hundred and ten dollars) at the request of Polo Builders, Inc. as Owner's agent or as an entity authorized by Owner or knowingly permitted by Owner as aforesaid. Copies of the invoices reflecting the contract work performed and extra work performed are available on request.
5. Claimant last performed work under the Contract on February 2, 2003.
6. As of the date hereof, there is due, unpaid, and owing to Claimant, after allowing all credits, the principal sum of \$130,635.00 (One hundred and thirty thousand, six hundred and thirty-five dollars), plus attorney fees, which principal amount bears interest at the contracted rate of 2 per cent per month. Claimant claims a lien on the Real Estate (including all land and improvement thereon) in the amount \$130,635.00 (One hundred and thirty thousand, six hundred and thirty-five dollars) plus interest.

Dated: April 19, 2003

Building 2000, Inc.

By: 
James A. Weil, President

This document has been
Prepared by and after
Recording should be returned to:

James A. Weil
Building 2000, Inc.
P.O. Box 68877
Schaumburg, Illinois 60168-0877



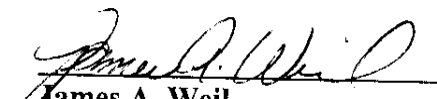
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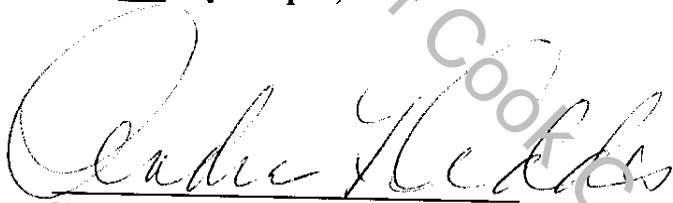
VERIFICATION

STATE OF ILLINOIS)
) ss:
 COUNTY OF COOK)

James A. Weil, being first duly sworn on oath, states that he is the president of Claimant, Building 2000, Inc., an Illinois Corporation, that he is authorized to sign this verification to the foregoing original contractor's claim for mechanics lien, that he has read the original contractor's claim for mechanics lien, and that the statements contained therein are true.

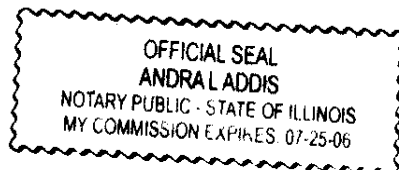

 James A. Weil

Subscribed and sworn to before me
 this 21st day of April, 2006.



Notary Public

My commission expires 7/25, 2006.



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RESIDENTIAL CONSTRUCTION SUBCONTRACTOR AGREEMENT

CONTRACTOR: POLO BUILDERS, INC.
 725 N. Addison Road
 Villa Park, IL 60181
 O: (630) 279-0200 F: (630) 279-4745

VENDOR: BUILDING 2000, Inc.
 P.O. Box 68677
 Schaumburg, IL 60168
 O: 847-878-3393 F: (615) 356-6891

AGREEMENT DATE: September 1, 2002

PROJECT: Master Agreement

THIS AGREEMENT, made and entered into this 1st day of September, 2002, by and between Polo Builders, Inc., having its principal office at 725 N. Addison Road, Villa Park, Illinois, 60181 (hereinafter called "Contractor") and Building 2000, Inc., having its principal office and place of business at P.O. Box 68677, Schaumburg, IL, 60168 (hereinafter called "Subcontractor").

WHEREAS, Contractor has entered into or intends to enter into, Sales Agreements with purchasers of residences to be constructed hereunder (hereinafter called "Purchasers" or "Contractor's Purchasers"), in which Contractor has agreed to perform the work necessary to erect for said Purchasers the said residences to be constructed in strict accordance with the Contract Documents as defined in said Sales Agreements; and

WHEREAS, Subcontractor desires for the consideration hereinafter named to do and perform a portion of the work required of Polo Builders, Inc. to complete the said residences; and

WHEREAS, Subcontractor is fully familiar with the plans and specifications in connection therewith, and the work required of Subcontractor thereunder, and has applied to Contractor to be permitted to do and perform the portion of the work hereinafter described in Page 1, Para. 2, (Scope of Work) of this Agreement and to supply the necessary service and materials to accomplish full performance thereof.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, IT IS HEREBY AGREED as follows:

1. **PREAMBLE INCORPORATED.** That each of the statements herein above set forth by way of preamble to this Agreement is true.
2. **SCOPE OF WORK.** Subcontractor covenants and agrees to furnish all labor, material, equipment, transportation and services necessary for the completion and/or installation of General Contracting and Labor.
3. **SUBCONTRACTOR AGREEMENT COSTS.** For the work to be done, materials to be furnished, permits and/or services to be rendered to Contractor, as set forth above, Subcontractor shall be paid the sum of:

() \$ _____ dollars

OR,

(X) as itemized in, "SCHEDULE OF COSTS" (attached).

Subcontractor will be responsible for completion of their phase of work for all homes/units released to them via a Start Order, for the project or home. It is possible that more than project/home's Schedule of Costs may be attached to this Agreement. This Agreement stipulates all base terms and conditions to be adhered to while working at any of Polo Builders, Inc. projects.

That all Schedules of Costs attached to this Agreement herein are a legal and binding part of this Agreement. The Schedules of Costs will reflect project name and the terms ("from" and "to" dates) that all standard and option costs will be in effect for. The "To" and "From" dates shown on the Schedule of Costs shall not be construed as the term of this Subcontract Agreement and nothing herein shall be construed to guarantee Subcontractor that all work for any project or home will be provided to them. Contractor retains the right to utilize any additional subcontractors as it see fit and that this Subcontractor shall have no right of action against Polo builders for Polo's use of other Subcontractors including other Subcontractors for the work which is the subject matter of this agreement.

Subcontractor further agrees that if the home/unit is released within this Subcontract Agreement period as reflected on the attached Schedule of Costs, but their phase of work for the home/unit is to be completed after the ending date of this Subcontract Agreement, to complete all work necessary, at the agreed upon costs as stated in the attached Schedule of Costs and that all terms and conditions shall remain in full force and effect and will be honored for any and all homes/units meeting this criteria.

JW 12/21/02
 INITIAL DATE

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4. **COVENANTS OF SUBCONTRACT.** That Subcontractor covenants and agrees:
- a. **Plans, Specifications and Schedules of Cost.** That he is familiar with the plans and specifications, has inspected the building site, and is thoroughly familiar with all existing conditions as follows:
 - (1) It is the Subcontractor's responsibility to obtain and review the most current set of plans, specifications, and engineering, become familiar with the field policies of Polo Builders, Inc., know and abide by the schedule of work as outlined by Polo Builders, Inc., and schedule their manpower and deliveries so as not to adversely affect the production performance schedule.
 - (2) All work shall be performed in accordance with all applicable National, State and Local codes, and will conform to the most current set of construction and subcontract documents as hereinafter defined.
 - (3) Subcontractor shall be responsible for the on-site verification of all dimensions and conditions prior to proceeding with their work, and shall notify Polo Builders, Inc. at once of any discrepancies or be responsible for the same. It is also Subcontractor's responsibility to be aware of and to realize that construction documents may not be 100% applicable, and in such case, the field dimensions will prevail.
 - (4) Before starting any operation, Subcontractor shall examine work performed by others to which their work adjoins or pertains. Failure to remedy faults in or to notify Polo Builders, Inc. in writing of deficiencies or faults in preceding work will constitute acceptance and waiver of any claim of its unsuitability, and Subcontractor thereby accepts responsibility for the entire assembly and/or condition.
 - (5) It shall be the responsibility of Subcontractor and their material suppliers to inform themselves of limitations of on-site storage space, limitations of delivery, and limitations of construction activity, and coordinate all such storage, material delivery, and construction activity through Polo Builders, Inc.
 - (6) All materials are to be installed pursuant to the manufacturer's installation requirements and to the highest degree of quality and the best industry practices and standards. Any variation from said requirements will be deemed unacceptable and require that the work be performed over again until correct.
 - (7) Construction specifications for specific phases of work are provided to the Subcontractor by Polo Builders, Inc. and are deemed as being an integral and legal part of this Agreement. These specifications are provided to the Subcontractor in order to clarify these installation, quality, fit, finish and function standards that cannot be reflected properly on the construction documents and reflect the minimum standard that will be accepted by Polo Builders, Inc. in any case where the manufacturer's installation requirements call for installation steps that are not required by the Polo Builders' specifications or are of a higher quality standard than those stipulated in the Polo Builders' specifications, the manufacturer's requirements will prevail and will be adhered to.
 - (8) Subcontractor shall be responsible for calling in or requesting inspections of their Scope of Work, pursuant to municipal requirements.
 - b. **Work Guarantee.** All work performed by Subcontractor shall be unconditionally guaranteed for a minimum period of either one (1) year from the date following Purchaser's closing of said Unit, or eighteen (18) months from date of installation, whichever is longer. Subcontractor shall make good, at their own expense, all defects which may appear during said period, together with any and all damage to other work caused by the defects or repair of the same. All manufacturers' products and materials guarantees are also included, and copies are to be furnished as part of this Agreement. Subcontractor shall not be liable for any damages sustained by Contractor or Contractor's Purchasers for causes attributed to other contractors, or arising outside the scope of this Agreement.
 - c. **Duties, Responsibilities, and Obligations.** That he hereby assumes and agrees to discharge each and all of the duties, responsibilities and obligations pursuant to this Agreement, provided, however, that their assumption hereof and their Agreement to discharge the same shall be limited to the portion of the work he has undertaken pursuant to this Agreement.
 - d. **Risk, Liabilities, Limitations, and Restrictions.** Subject only to the limitations set forth in the preceding paragraph, Subcontractor assumes the risk, liabilities, limitations, and restrictions set forth, contained in and imposed upon Subcontractor pursuant in the Agreement documents.
 - e. **Time is Of The Essence.** Subcontractor agrees that "time is of the essence" in the progress and completion of all work and the Subcontractor agrees that he will at all times deliver sufficient materials and supply a sufficient number of men to perform the work required by this Agreement as directed by the Performance Schedules, and any further direction to Subcontractor by Polo Builders, Inc.'s field management concerning additional requirements for Subcontractor to comply with the Performance Schedules, shall be binding and conclusive on all parties. Subcontractor agrees to deliver and/or install their materials, as required by this Agreement, and to

[Signature] 1/19/2002
 INITIAL DATE

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completes all work required by this Agreement as directed by the Performance Schedules.

- f. **Warranty Service.** Contractor will schedule service appointments for Subcontractors and will communicate those appointments to the Subcontractor in writing. It is the Subcontractor's responsibility to respond to those appointments promptly unless notice is given to the Contractor at least 48 hours in advance of the appointment. Failure to respond promptly for service appointments will result in the Subcontractor being fined \$100.00 for the first occurrence, \$500.00 for the second occurrence and \$1,000.00 for the third occurrence, which will also establish grounds for dismissal. Subcontractor may complete exterior warranty work on specified days as agreed upon or within five (5) working days after notification to do so by Contractor.
- (1) Subcontractor shall have its representative pick up all warranty orders at the job site on a daily basis and report back any information pertaining to the completion of the service request.
 - (2) Subcontractor shall provide a professional representative who looks and acts like a courteous, qualified tradesman for all contact with the Contractor's homeowner(s). The representative shall not discuss other trades problems, other workmanship, business practices or pricing of additional work as requested by the homeowner.
 - (3) Subcontractor shall have all completed service work orders signed by the homeowner and returned to the on-site Project Manager. In the event a homeowner will not sign off that the work was satisfactorily completed, Subcontractor shall notify the Project Manager so that an inspection can be conducted to determine the validity of the homeowner's concern.
 - (4) Service work shall not be considered delinquent if the lack of homeowner availability interferes with scheduling/ completion of work. The subcontractor shall leave a door tag on the entry door for all scheduled appointments that cannot be completed because the homeowner failed to be home at the scheduled time. Additionally, Subcontractor shall notify the on-site Project Manager on the same day of the failed appointment so that another appointment may be scheduled.
 - (5) Repair orders that are more than 30 days old will be considered unacceptable. If Subcontractor allows any repair order to age over 30 days, Polo Builders, Inc. reserves the right to withhold the entire amount of the next payout, regardless of the value of the work that is not completed or is not properly done.
- g. **Clean Up.** Subcontractor shall maintain a clean job site at all times, removing from the site on a daily basis any and all debris caused by their work, so that the construction performance schedule can be maintained and subsequent trades not hampered in the commencement or performance of their work. Such clean up will include any and all material installed by Subcontractor, including any packing for same.
- (1) It is mutually understood that if Subcontractor neglects to remove from the site any and all debris caused by their work, Polo Builders, Inc. reserves the right to remove any such debris, and to back charge Subcontractor at the rate of \$30.00 per hour for labor to clean up plus any costs incurred in scavenger removal. A "clean job" is defined as being left "broom clean" if interior, or "clean site" if exterior, with all debris deposited into a receptacle provided by Polo Builders, Inc. This applies to all trades except for the drywall subcontractor. Their debris will be their complete responsibility to remove all materials from of the project site. No drywall debris shall be placed in the on-site receptacle. Polo Builders, Inc. shall place receptacles within three hundred (300) feet of the building. Subcontractor shall break down and flatten all boxes before placing them in the receptacle.
 - (2) Subcontractor shall clean the streets used by him, or their suppliers, of all debris whenever conditions warrant, or when directed by Polo Builders, Inc.
- h. **Supervision.** Subcontractor will maintain proper and adequate supervision over men employed to perform the work so as to insure adherence to the highest standards of quality and conformance with the Performance Schedules.
- (1) When Subcontractor owner or principal is not personally supervising the work, he will designate to Polo Builders, Inc. the name of the person in charge of the work crew (s).
 - (2) An English-speaking representative from the Subcontractor organization will be on-site at all times when Subcontractor is working.
 - (3) Subcontractor shall provide a representative to attend the regularly scheduled job site foreman's meeting unless specifically excused in advance by the Contractor.
- i. **Protection of Work During Inclimate Weather.** Subcontractor shall be responsible for protecting their materials, components, and/or assemblies from all adverse weather conditions, which may affect their structural or aesthetic integrity of the materials, components and/or assemblies. This work shall be completed, as required at no additional charge to the Contractor. This work shall include the supply and use of heaters, straw, blankets, visqueen, tarping, additives, bracing, and the like.

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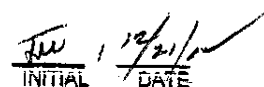
5. **PAYMENT SCHEDULE AND CONDITIONS.** Contractor shall make payments to Subcontractor as follows:
- a. All invoices are to be received by the Contractor by the 15th of each month. Invoices will be reviewed and approved by Polo Builders when received. Once approved, invoices will be submitted on next draw and payment will be received approximately 30 days from that date.
 - b. When the required work, or any portion thereof for which Subcontractor is seeking payment, is complete, Subcontractor will personally complete the inspection required to assure satisfactory materials and workmanship and correct any deficiencies before submitting their invoice to Polo Builders, Inc.
 - c. Polo Builders, Inc. reserves the right to inspect the work and to either approve or disapprove the work and note deficiencies, but such approval or lack of approval will not release Subcontractor from their responsibility to supply satisfactory materials and to perform satisfactory work.
 - d. If there are any disapprovals that require repairs to be made, Subcontractor shall correct them in accordance with the requirements of this Agreement.
 - e. Subcontractor will render a separate invoice in duplicate for each unit properly identified by the unit address, job name, plan or model type. Subcontractor will not submit partial draws for partial completion of work on a unit unless specifically agreed upon in this Agreement. Polo Builders, Inc. reserve the right to withhold any sums billed by Subcontractor for the following:
 - (1) For work that has been previously performed by the Subcontractor, but for which outstanding repair orders that exceed 30 days are still outstanding.
 - (2) For work that is incomplete and for which additional surety is deemed necessary to insure completion for whatever reason. The amount to be withheld shall be in the discretion of Polo Builders, Inc.
 - f. The unpaid balance of the Agreement shall at all times be sufficient in the judgment of Polo Builders, Inc. to complete the work, and to pay any unpaid liens or claims for which Subcontractor is responsible hereunder. If it is discovered by the Contractor that the Subcontractor has "front loaded" their invoices at prior dates and have had those invoices paid, the Contractor shall reserve the right to adjust any invoices pending payment to bring the value of the Subcontractor's work completed as of that date in line with the amount paid to that date.
 - g. Subcontractor shall be required to submit to Polo Builders, Inc. satisfactory evidence of payment of all indebtedness incurred for materials and labor under this Agreement, and Subcontractor shall furnish partial or final waivers of lien prior to being issued payment(s). Subcontractor shall provide Polo Builders, Inc. with a Sworn Statement for the materials to be supplied under this Agreement, itemizing all material and the value thereof for each model style to be constructed.
 - h. If at any time there shall be evidence of any lien or claim for which, if established, Contractor or Contractor's Purchaser may become liable, and which is chargeable to Contractor, Contractor shall have the right to retain, out of any payment due or to become due, an amount sufficient to completely indemnify Contractor or Purchaser against such lien or claim. Should any claim or lien develop after the payments are made, Subcontractor shall refund to Contractor all monies that the latter may be compelled to pay in discharging such claim on the premises in consequences of Subcontractor's default.
 - i. All inquiries concerning the status of payment will be directed to the Contractor's Finance and Accounting Department, Attn. Accounts Payable. Inquiries regarding any payment will not be directed to any other individual or department within Polo Builders, Inc.

6. **ADDITIONAL AGREEMENTS BY SUBCONTRACTOR**

- a. **Cancellation of Agreement Due to Failure to Perform by Subcontractor.** Polo Builders, Inc. reserves the right to cancel this Agreement, at any time, due to the failure of the Subcontractor to carry out any or all provisions of this Agreement which include but are not limited to, quality standards of workmanship and materials, manning the job with required manpower and supervision, meeting scheduled construction work performance completion dates, safety violations, violation of any term or condition of this Agreement, and failure to adhere to the agreed to costs as documented in any attached Schedule of Costs. In the event of cancellation, Subcontractor authorizes Polo Builders, Inc. to employ others to complete any incomplete or unsatisfactory work for any home or unit that has been released to them. Subcontractor will be responsible and liable for any additional costs (reasonable cost difference between their work and work of new subcontractor) and additional damages involved. Judgment with regard to completion and/or satisfactory completion of work will be by Polo Builders, Inc. If in the event that this Agreement is cancelled, it will cause all agreement in place with the Subcontractor, for the designated project to become voided.

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REV. 11/20/01


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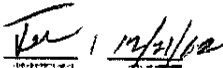
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- b. **Cancellation of Agreement by Contractor.** Subcontractor agrees that it may be necessary to implement the cancellation of this Agreement, by the Contractor in the Instance where a (the) base specification for materials and/or procedures for this subdivision are changed by the Contractor or the financial climate of the marketplace dictates that the subdivision as a whole, a model line(s) and/or model(s) must be eliminated or changed in order to meet the demands of the marketplace and the business plan of Polo Builders. All of the aforementioned situations will cause all agreements in place with the Subcontractor, for the designated project to become voided.
- c. **Notice of Intent to Lien.** Subcontractor agrees that in the event that they intend to lien Polo Builders, Inc., the lien will not be initiated until the Subcontractor has notified the Contractor by certified mail, no less than 2 weeks prior to the intended lien file date.
- d. **Materials and Work Verification.** Subcontractor will confirm correct materials, colors, and check on layout or special conditions with Polo Builders, Inc.'s field management before beginning work on each house or unit. If Subcontractor fails to do this and installs the wrong materials or the work is completed incorrectly, Subcontractor will be required to replace the materials or repair/retrofit the work at their expense, plus the costs of repairing/retrofitting other work that may be affected. Starting application of materials or labor supplied in this Agreement shall constitute acceptance by Subcontractor that the base or adjoining surface to which their materials are to be attached or depend upon for proper fit, finish and function is in proper condition to receive their materials. After such acceptance, Subcontractor shall be liable for correcting all work and materials that produce an unsatisfactory installation. Polo Builders, Inc. shall be the sole authority in determining the acceptability of any installations.
- e. **Quality of Materials and Workmanship.** Subcontractor agrees that the material they supply, if required as part of this Agreement, will be of the quality specified and that he will be responsible for the proper storage, care, and security for their own and any other Subcontractor's materials in their custody. All work of Subcontractor will be performed in a good and workmanlike manner in accordance with plans and specifications and must pass all applicable inspections and code requirements. All work and materials are subject to the satisfaction and acceptance of Polo Builders, Inc., but such acceptance will not discharge the obligations of Subcontractor for satisfactory materials and/or work in the event defects appear at a later date.
- f. **Damage.** Subcontractor shall be responsible for any damage caused by them in the performance of their work, including but not limited to damage to utilities, siding, curbs, (other than ramped areas), adjoining properties, trees and vegetation, as well as damage caused to interior or exterior items in place in or on the unit. Payment for consequential damage to a residence or its contents which is determined to be caused by failure of Subcontractor's workmanship or materials during the warranty period shall be the responsibility of Subcontractor.
- (1) If there is damage to items and the cause of said damage cannot be immediately determined, the cost of repair shall be split ratably among those trades working in the area at the time the damage is discovered, as determined by Polo Builders, Inc., and said determination of Polo Builders, Inc. shall be binding on the Subcontractors involved in the incident. All damaged items are to be immediately reported to Polo Builders, Inc.'s job site superintendent.
 - (2) Subcontractors who access off the paved roads in order to perform their work, shall be responsible for protective ramping of curbs and walks with subsequent removal and cleaning streets of clay or topsoil that may be deposited during trucking, equipment moving, or off pavement work operations.
 - (3) Removal of tub or shower liners is not allowed and violators will be responsible for damage and repairs.
- g. **Theft.** In the event of theft, Subcontractor shall be responsible for all materials that they provide to the job site, until such time as they are permanently installed and become a part of the structure.
- h. **Safety.** It is the responsibility of all Polo Builders' subcontractors to understand, comply with and enforce all OSHA and Polo Builders safety requirements. Each subcontractor is responsible for safety hazard identification and correction. The subcontractor shall be responsible to pay all costs related to losses caused by their actions, work conditions or their negligence in following established safety standards. This includes all liability claims, workers compensation claims, OSHA citations/penalties, and Polo Builders imposed penalties, etc.
- i. **Accidents.** Subcontractor shall exercise all precautions necessary to prevent accidents to themselves, their men and to others. Subcontractor will at their own expense comply with all safety requirements set forth by any governmental authority, including the requirements of the Occupational Safety and Health Act of 1970, the Construction Safety Act of 1969, and subsequent revisions and requirements set forth by agencies that administer such Acts. Subcontractor agrees that he will defend and be responsible for penalties of any nature assessed by such agencies for non-compliance with these regulations by themselves, their employees, or their agents.

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REV. 11/20/01


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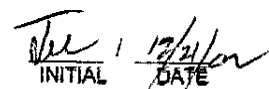
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- (1) **Accident Reports.** All incidents of accident or injury must be reported immediately to Polo Builders, Inc.'s field management upon the discovery of same. A full written report of the occurrence, on a form approved for the purpose by Polo Builders, Inc., shall be submitted within twenty-four (24) hours of the incident. This shall be followed up within two (2) days with a written report giving the findings of the cause of the accident and actions undertaken by Subcontractor to correct the cause or causes for future prevention. Should recommendations for the handling of the accident's cause be deemed insufficient by Polo Builders, Inc.'s own Safety Program Standards, Subcontractor shall carry out any additional actions as indicated by Polo Builders, Inc., to bring matters within the scope of Polo Builders, Inc.'s designated Safety Program. Subcontractor must report compliance on remedying safety deficiencies within twenty-four (24) hours of the notice of deficiency being given by Polo Builders, Inc. or its representative.
- (2) The Subcontractor shall be responsible for the selection and use by their employees of, safe and properly maintained tools, hard hats, safety glasses, and masks. Subcontractor shall take proper measures mandated by federal, state, and local authorities; and common practices in the industry to remedy and prevent safety hazards to any individuals that arise out of or result from the work they do, the presence of the materials they install, and equipment they use. All costs of safety measures shall be incidental to and included in the Subcontractor's contract costs.
- (3) The Subcontractor shall maintain a safety program and conduct safety meetings and provide Contractor with documentation of the safety program, policy and meetings.
- (4) The consumption of alcoholic beverages or illegal drugs or being under the influence or in possession of alcoholic beverages or illegal drugs on the job site is strictly prohibited and shall be grounds for immediate dismissal.
- (5) The use of fire sticks or other unauthorized heating elements is not authorized.
- j. **Manpower, Supervision and Materials.** In the event that Subcontractor fails to supply sufficient labor or supervisory personnel, or fails to supply necessary materials, tools or equipment and deliver the same to the jobsite, or fails, for any reason whatsoever (except through Acts of God), Subcontractor shall within three (3) days request in writing from Polo Builders, Inc. an appropriate extension of time. If such failure continues for a period of time that in Contractor's judgment delays completion of any work in accordance with the Performance Schedules, then, and in any such event, Contractor may terminate this Agreement.
- k. **Unauthorized "Side" Work.** At no time will the Subcontractor be authorized to complete "side" work for individual homebuyers until one year has passed from the closing date of the home or unit. This "side" work is defined as any work that is outside of the contracted scope of work or work that is not initiated and/or authorized by Polo Builders, Inc. If a subcontractor has been found to have completed such work, the estimated value of the lost gross profit to Polo Builders, Inc. will be deducted from any outstanding monies due the Subcontractor.
- l. **Bankruptcy.** If Subcontractor shall be adjudged bankrupt or shall make a general assignment for the benefit of creditors, or if a receiver shall be appointed, or if they shall persistently or repeatedly refuse or fail to proceed with the work as set forth in the contract, or fail to make prompt payment to their employees, their material suppliers, governmental agencies, lending institutions, or union claiming jurisdiction over the work, or to anyone supplying labor, equipment or services pertaining to the work hereunder, or if he shall persistently disregard the instructions of Polo Builders, Inc., or fail to observe or perform provisions of this Agreement, then, and in any such events, Contractor may and without prejudice to any other rights or remedies, terminate Subcontractor's right to proceed with the work. In such event, Polo Builders, Inc. may take over and complete the work by the use of other subcontractors or by use of Polo Builders, Inc.'s own labor, and Subcontractor and their sureties shall be liable to Contractor for any excess cost so incurred. Polo Builders, Inc. may take possession of and use in completing the work, any materials, appliances or equipment that remains on the site.
- m. **Loitering.** Subcontractor's employees shall not eat lunch or congregate in any home or unit not specifically designated by Contractor for that purpose.
- n. **Smoking.** There will be no smoking in any home or unit.
- o. **Wearing of Work Shoes.** No work shoes are permitted in homes after carpeting is installed. Workers entering homes after carpeting is installed must remove their shoes at the entry or bring clean, spare shoes to wear while working inside the home or unit. Absolutely no shoes are allowed in the home or unit after final cleaning has been completed. Violation of this requirement will result in a \$250.00 fine and responsibility for damage and repairs.
- p. **Toilet Facilities.** Toilets facilities are provided for each job site. Relieving oneself anywhere other than in a portable facility will result in expulsion of the individual(s) from the job site.

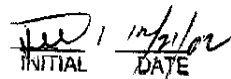

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- q. **Job-Site Parking.** All Subcontractors shall observe specific job site parking restrictions as directed by the Contractor's field management. There will be no driving or parking on finished drives, walkways or areas other than streets or designated parking areas. Violators will be subject to a fine of \$250.00 and any repair costs.
- r. **Job-Site Driving.** Reckless driving will not be tolerated. Job site speed limit is 20 mph.
- s. **Employee Qualification and Conduct.** Any employee of a Subcontractor, who is not qualified, causes problems on the job site, issues threats to other individuals, violates job site rules or creates a liability, or conducts themselves unprofessionally, shall at the request of the Contractor, be immediately removed from the jobsite.
- t. **Radios.** Radios, "boom boxes" and other musical/radio systems are allowed when played at a reasonable volume level. Polo Builders field management will determine appropriate level. Individual headsets are not allowed for safety reasons. Vehicle mounted audio systems are also not allowed.
- u. **Securing of Individual Units.** It is the responsibility of each Subcontractor to secure each building at the end of the workday. This includes securing of all windows, patio doors, entry and service doors.
- v. **Completion of Non-Contract Work for Purchasers.** Subcontractors are not authorized to complete any work that is requested by purchasers that has not been agreed to and authorized by Polo Builders, Inc. If it is discovered that work was conducted, the cost of the work will be evaluated and the amount of anticipated gross profit that would have been realized by Polo Builders, Inc. will be backcharged to the Subcontractor. Additionally, all materials installed by the Subcontractor will be and the effected areas returned to their original condition. The Contractor will not be responsible for any material or monetary losses resulting from this action.
- w. **Communications with Purchasers.** Subcontractors and their field representatives will not have any direct communications with purchasers. At no time will Subcontractor or their representatives converse with purchasers about any topic concerning Polo Builders, Inc. or any aspect of the home under construction. If it is discovered that unauthorized communications have taken place between a Subcontractor, its representatives and a purchaser, an evaluation with regard to the sensitivity of the information discussed and the resulting issues will be made by Polo Builders, Inc. and appropriate action will be taken up to and including termination of this Agreement.
7. **ADDITIONAL WARRANTIES BY SUBCONTRACTOR.**
- a. **Solvency.** That he is financially solvent; that he is able to furnish the plant, tools, materials, supplies, equipment and labor; that he is experienced in and competent to perform the work set forth in this Contract; and that he is authorized to do the work herein, and qualified to do business in the State of Illinois and the municipality in which the project site is located.
- b. **Licenses and Permits.** That he holds such necessary licenses and permits as are or may be required by any governmental authority or agency having jurisdiction of the work.
8. **CHANGE ORDERS.** In the event that Polo Builders, Inc. shall exercise the right which it has reserved to require performance of extra work or to require that certain work be omitted to the extent that the exercise of such right shall affect or refer to the work of Subcontractor hereunder, Subcontractor agrees that he will do and perform such extra work at a price to be agreed upon with Polo Builders, Inc., and that in the event that Polo Builders, Inc. shall require that certain work be omitted, there shall be deducted from the amount payable to Subcontractor under this Agreement the amount allotted by Polo Builders, Inc. to such omitted work, and Subcontractor shall have no claim against Contractor for any loss of profit by reason thereof. Subcontractor shall make no changes in the work except upon written order of Polo Builders, Inc. or by signed Change Order.
9. **NON-ASSIGNABLE.** Subcontractor agrees he will not assign this Agreement or enter into any agreements pursuant to which any of the work contemplated by this Agreement shall be done by other subcontractors, unless he shall first have obtained the consent in writing of Contractor.
10. **INSURANCE REQUIREMENTS.** Subcontractor hereby specifically agrees to assume, and does assume, all risk of injury or damage from any cause to persons or property employed or used on or in connection with the work and of all injury or damage to any persons or property wherever located, resulting from any accident or operation under this contract or in connection with the work thereby, and undertakes and promises to indemnify, protect, defend and save harmless Contractor, and Contractor's Purchasers against all claims and suits on account of such injury or damage, and does further agree to carry insurance, at Subcontractor's expense, specifically naming Polo Builders, Inc. as additional insured, in limits and in companies satisfactory to Polo Builders, Inc., and to furnish Polo Builders, Inc. with Certificates of Insurance therefor. Subcontractor shall also carry at their own expense, at all times, Workmen's Compensation Insurance and Employer's Liability Insurance in accordance with the laws of the State of Illinois. Subcontractor shall also carry at their own expense policies of Public Liability Insurance in limits and in companies

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satisfactory to Polo Builders, Inc. Prior to the start of work, Subcontractor shall furnish to Polo Builders, Inc. Certificates from their Insurance Carriers in satisfactory form showing the date of the expiration of the policies and the limits of liability thereunder, which Certificates shall provide that said insurance shall not be canceled or changed until after at least thirty (30) days' written notice to Polo Builders, Inc. All subcontractors who are to provide any work below grade shall furnish Polo Builders, Inc. with Certificates of Insurance at Subcontractor's expense, showing coverage for underground explosion and collapse, in limits and in companies satisfactory to Polo Builders, Inc.

11. **INDEMNIFICATION AND HOLD HARMLESS.** Subcontractor agrees to indemnify and save harmless Contractor, and Contractor's Purchasers from all claims, losses, expenses or liability, including but not limited to the payment of the following:
- All contributions, taxes or premiums which may be payable under the Unemployment Insurance Laws of any State or under the Federal Social Security Act, or other payroll taxes or deductions which may be levied or required by governmental authority.
 - All sales and personal property taxes levied or assessed against Polo Builders, Inc. arising out of the furnishing or installing by Subcontractor of materials, equipment or any other kind of personal property in the improvement of the real property herein provided for.
 - All gross receipts, income or other taxes levied or assessed by reason of payments made.
 - Any sums due any union making any claims against Subcontractor for any sums that are due from Subcontractor.
 - In addition, the Subcontractor agrees to indemnify and save harmless the Contractor, and all of their officers, agents and employees from and against all losses, expenses, claims of damages (including court costs and attorney's fees) by reason of liability imposed by law upon the Subcontractor for damages because of bodily injury, including death resulting therefrom sustained by any person or persons, or on account of damage to or destruction of property, real or personal, including loss of use thereof arising from the conduct of the Subcontractor, its officers, agents, subcontractors and employees, done in connection with the performance of any obligations of the Contractor pursuant to this Agreement. The Subcontractor shall defend at their own expense any actions based thereon and shall pay all charges of attorneys and all costs and other expense arising therefrom. Notwithstanding the foregoing, this indemnification shall not be effective in the event of a finding of contributory negligence on the part of the Contractor or any employees of the Contractor in conjunction with any such claims and Contractor's indemnification shall thereupon be liable solely for Contractor's share of such liability.
12. **NOTICE PROVISIONS.** All notices and other communications hereunder shall be in writing and shall be delivered personally or by registered mail, certified mail, express mail service, or overnight delivery service, postage prepaid and return receipt requested, or by telefax, addressed to the parties at the addresses indicated in the first part of this Agreement or such other place as a party may designate in writing to the other party. Any notice in accordance herewith shall be deemed received when delivery is received or refused, as the case may be, as indicated on the receipt.
13. **SEVERABILITY.** In the event that any court of competent jurisdiction hereof holds any provision invalid, the remainder of this Agreement shall not be affected thereby.
14. **APPLICABILITY.** For convenience, Subcontractor is referred to herein as an individual. The word "he" shall, as the same may require, be construed to mean "she", "it" and "them", and the word "his" shall be construed to mean "her", "its" and "their".
15. **LIMITATIONS.** No action or special proceeding, including arbitration, shall lie or be maintained against Polo Builders, Inc. by Subcontractor, unless the same shall be commenced within ten months after the date of a Certificate of Occupancy, either temporary or permanent, from the governing municipality.
16. **AUTHORITY TO EXECUTE.** That person that he has the power and authority to bind any corporation, copartnership or other business entity for which he purports to act shall deem the signature of any person to this Agreement a personal warranty.
17. **BINDING EFFECT.** The terms of this Agreement shall be binding on the parties hereto, their respective heirs, executors, administrators, successors, and assigns.

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IN WITNESS WHEREOF, Subcontractor has caused this Agreement to be executed by a duly authorized representative, and Contractor has caused this Agreement to be executed by a duly authorized corporate officer and its corporate seal to be impressed thereon or has hereunto set his hand and seal the day and year first above written.

CONTRACTOR:

POLO BUILDERS, INC.

BY: *Paul Celli*

DATE: 11/9/03

SUBCONTRACTOR:

BUILDING 2000, INC.

BY: *James W. P. ...*

DATE: 12/21/02

Property of Cook County Clerk's Office

JW / *12/21/02*
INITIAL / DATE