

SUBCONTRACT #3500XXXX**TO:**
ATTN:**JOB NUMBER:**
JOB NAME:

3500XXXX

VENDOR #:**ADDRESS****PROJECT FLOORS**

You are hereby authorized to proceed with all labor and materials to complete the XXXXX work at the above noted project, including but not necessarily limited to:

Subcontractor shall perform its Work in accordance with and comply with all requirements contained in the following Exhibits, each of which is included as an integral part of the Subcontract and is expressly incorporated by reference and made a part hereof as if fully set forth herein at length:

| SUBCONTRACT EXHIBITS | | | |
|----------------------|--------------------------------------|------------|------------------|
| Exhibit A: | Scope of Work | Exhibit D: | [Not Applicable] |
| Exhibit B: | Document List | Exhibit E: | Not Applicable |
| Exhibit C: | Subcontractor Insurance Requirements | Exhibit F: | Not Applicable |

1. Terms and Conditions of the Subcontract

1.1 Subcontractor shall perform all Work ("Work") in accordance with the drawings, specifications, these Terms and Conditions, which include the Pavarini North East Construction Co., LLC Corporate Safety Manual and associated Subcontractor Requirements and the STO Building Group North American Operations Supplier Code of Conduct and Ethics (the "Policies"), and any other contract document(s) described herein which are all included by reference, including, without limitation, the Owner Contract and any existing Master Subcontract Agreement with the subcontractor, and any exhibits or documents incorporated by reference therein (collectively, the "Contract Documents"). All Contract Documents are incorporated by reference and made a part hereof. In the event no Contract Documents are set forth, the Work is to be performed in accordance with these Terms and Conditions and in a first-class manner consistent with the construction practices prevailing in the area. The Safety Manual and associated Subcontractor Requirements can be found at <http://stobuildinggroup.com/safety/>. The STO Building Group North American Operations Supplier Code of Conduct and Ethics can be found at <http://stobuildinggroup.com/compliance/supplier-code/>. By execution of this Subcontract, Subcontractor agrees that they have reviewed and will comply with all terms and conditions of the Policies, and the Contract Documents, the terms of which are expressly incorporated into the Subcontract by reference and made a part hereof as if fully set forth herein at length. Subcontractor acknowledges and agrees that the Policies may be updated by Pavarini North East Construction Co., LLC at any time. Subcontractor shall keep abreast of any changes made to the Policies and the Subcontractor shall comply with all such changes as they are posted to the website.

1.2 Throughout this Subcontract, unless otherwise distinguished, the requirements imposed upon "Subcontractor" shall apply to any sub-subcontractor and/or supplier engaged by Subcontractor to perform any portion of the Work (collectively "Sub-Subcontractor").

1.3 Subcontractor is bound to Pavarini North East Construction Co., LLC in the same manner as Pavarini North East Construction Co., LLC is bound to Owner under Pavarini North East Construction Co., LLC's contractual obligations to the Owner (the "Owner Contract"). In addition to compliance with the scope of Work as applicable, the Subcontractor will also be bound to all terms and conditions of the Owner Contract imposed upon Pavarini North East Construction Co., LLC including, without limitation, provisions pertaining to indemnity, confidentiality, dispute resolution (to the extent the Owner is involved), and all damages including without limitation liquidated damages. The Subcontractor has been given the opportunity to review the pertinent parts of the Owner Contract and affirms that it has received all of the information it needs concerning the Owner Contract (including the Contract Documents incorporated therein), all of which are incorporated by reference and made a part hereof. In event of any conflict between the terms and conditions of the Owner Contract and

the balance of the Contract Documents or between the sundry Contract Documents themselves, the terms imposing the more demanding condition, duty or standard of performance, or the greater limitation on the nature and type of relief allowed to Subcontractor shall control.

- 1.4** For the avoidance of doubt, other than as may be expressly set forth in this Subcontract to the contrary, in the event of a conflict between the Terms and Conditions of this Subcontract and the terms set forth in Subcontractor's proposal or any rider thereto issued by Subcontractor, the Terms and Conditions of this Subcontract will govern as between Subcontractor and Pavarini North East Construction Co., LLC.
- 1.5** Subcontractor shall furnish all labor, materials, supervision, and items required for the proper and complete performance of the Work and in compliance in every respect with: (i) all applicable local, state and federal laws, regulations, codes and ordinances; and (ii) the regulations of the building in which the Work is located.
- 1.6** Subcontractor shall perform the Work in a prompt and diligent manner and in accordance with schedules given from time-to-time to Subcontractor. In the event Subcontractor fails to maintain the schedule as reasonably determined by Pavarini North East Construction Co., LLC, Subcontractor shall immediately, at its own cost and expense, furnish such additional labor and services or work on an additional and/or overtime basis or as Pavarini North East Construction Co., LLC may otherwise direct, until the Subcontractor's Work is in compliance with such schedule.
- 1.7** In the event Subcontractor is delayed in the performance of its Work by any act, neglect or default of Pavarini North East Construction Co., LLC, Owner, Architect, other contractor or by any cause beyond the control of Subcontractor (collectively referred to as "Delay"), Subcontractor shall provide written notice to Pavarini North East Construction Co., LLC in sufficient time for Pavarini North East Construction Co., LLC to make a claim under the Contract Documents, but in any event, no later than three (3) days after the occurrence of the event. Such notice must include a full description of the event, its estimated duration, the probable impact on Subcontractor's performance and any other information that Pavarini North East Construction Co., LLC must submit to Owner in accordance with the Owner Contract. Subcontractor shall use its best efforts and act with reasonable dispatch to avoid, eliminate, remedy and/or mitigate the consequences of any such event on its performance. If Subcontractor fails to comply with the foregoing, it shall be deemed to have waived its entitlement to an extension of time. Subcontractor's relief for such event will be limited to the pro rata schedule relief, if any, Pavarini North East Construction Co., LLC actually receives from the Owner in connection such Delay in its Work. Subcontractor expressly agrees for itself and its Sub-subcontractors not to make and hereby waives any claim for damages or additional compensation of any kind on account of any such Delay, whether foreseeable or unforeseeable, and agrees that any such Delay will be solely compensated for by an extension of time.
- 1.8** The Subcontract Total includes all material, labor, applicable sales tax, supervision, insurance, delivery, overhead and profit.
- 1.9** Payments of the Subcontract amount, including final payment shall be subject to the following: (i) compliance with Pavarini North East Construction Co., LLC's payment requisition procedures; (ii) approval of Work by Pavarini North East Construction Co., LLC; (iii) receipt by Pavarini North East Construction Co., LLC of satisfactory evidence that all labor, including customary fringe payments and payments due under collective bargaining agreements, and all Sub-Subcontractors have been paid to date and have submitted appropriate waivers of lien; (iv) receipt of payment from the Owner; and (v) compliance by Subcontractor with all Contract Documents.
- 1.10** Notwithstanding any language to the contrary contained in this Subcontract, to the extent permitted by law, receipt of payment for Subcontractor's Work from Owner by Pavarini North East Construction Co., LLC shall be a condition precedent to the right of Subcontractor to receive payment from Pavarini North East Construction Co., LLC and the Subcontractor expressly acknowledges and understands that it shall assume all monetary risk which may be occasioned by Owner's nonpayment, and the Subcontract Total includes such risk. Subcontractor hereby acknowledges that it relies on the credit of Owner, not Pavarini North East Construction Co., LLC for payment of its Work, and Pavarini North East Construction Co., LLC shall have no obligation for the payment of any portion of the Subcontract Total owed for Work satisfactorily completed by Subcontractor until Pavarini North East Construction Co., LLC has received payment from Owner for such portions of the Subcontract Total due to Subcontractor.
- 1.11** Pavarini North East Construction Co., LLC may withhold payment because of (i) defective work not remedied; (ii) claims filed or reasonable evidence indicating probable filing of claims, including lien claims, involving or arising out of Subcontractor's Work; (iii) failure of Subcontractor to make payment to Sub-Subcontractors; (iv) reasonable evidence the Work cannot be completed for the unpaid balance of the Subcontract Total; (v) reasonable insecurity regarding Subcontractor's intention or ability to continue with the proper and timely performance of the Work; (vi) failure or default of the Subcontractor to perform or comply with any of its obligations under the Contract Documents; (vii) offsets or back charges arising out of any other Subcontract issued by Pavarini North East Construction Co., LLC to Subcontractor, to the extent permitted by law; (viii) disputed Work; or (ix) withholding of payments from Owner to Pavarini North East Construction Co., LLC arising out of any acts or omissions of Subcontractor.
- 1.12** Subcontractor shall be liable for any damages incurred by Pavarini North East Construction Co., LLC arising out of any acts or omissions of Subcontractor.
- 1.13** Subcontractor shall timely furnish all submittals necessary for the performance of the Work.
- 1.14** The terms and conditions set forth in a separate Master Subcontract Agreement are incorporated by reference and made

a part of this Subcontract to the extent that a Master Subcontract Agreement has been signed by Subcontractor. That Master Subcontract Agreement is amended herein by the parties, to the extent that any reference therein to a predecessor or affiliated company to Pavarini North East Construction Co., LLC is changed to Pavarini North East Construction Co., LLC for purposes of this Subcontract. In addition, to the extent of conflict between the terms and conditions of Exhibit B – Insurance, Indemnification and Bonding Requirements of the Master Subcontract Agreement and the terms and conditions of Exhibit C – Subcontractor Insurance Requirements of this Subcontract and/or Exhibit D - Subcontractor Performance & Payment Bond and Default Insurance Requirements, the terms and conditions of the latter will prevail. Otherwise, the Master Subcontract Agreement will continue in full force and effect in accordance with its terms.

- 1.15** Should Subcontractor at any time fail: (i) to supply a sufficient number of properly skilled workers or sufficient materials and equipment of the proper quality; (ii) to prosecute the Work with promptness and diligence; (iii) to promptly correct defective Work; Pavarini North East Construction Co., LLC at its option and in its sole discretion, without waiving any other remedies it may have, may: (a) employ labor, equipment, materials and supervision to complete or correct the Work or any portion thereof, or (b) take possession of, and finish, the Work by whatever means or method Pavarini North East Construction Co., LLC may deem necessary. In such event, Subcontractor will not be entitled to receive any further payments until the Work is completed. The costs so incurred by Pavarini North East Construction Co., LLC, together with all loss or damage occasioned thereby, will be deducted from the Subcontractor's unpaid balance. If those amounts so incurred exceed the unpaid balance thereof, the difference will be paid by the Subcontractor to Pavarini North East Construction Co., LLC upon demand.
- 1.16** Pavarini North East Construction Co., LLC may order additions, deletions or other revision to the Work and pending any determination of the value thereof, Subcontractor agrees to proceed with such Work when so directed by Pavarini North East Construction Co., LLC. Any Proceed Orders or other authorization issued to Subcontractor for additional or deleted Work shall be governed by these Terms and Conditions.
- 1.17** Subcontractor agrees to promptly correct without additional cost to Pavarini North East Construction Co., LLC any and all defects in the Work which may appear within the guarantee or warranty period as established in the Contract Documents, and if no such period is stipulated in the Contract Documents, then such guarantee shall be for a period of one (1) year from date of completion and acceptance of the Work by Pavarini North East Construction Co., LLC. Subcontractor further agrees to execute any special guarantee as provided by the terms of the Contract Documents.
- 1.18** It is agreed and understood between the parties that that any strike, picketing, work stoppage, slowdown, hand billing, banner, jurisdictional dispute, demonstration, refusal to handle goods, or refusal to perform work or other disruptive activity for any reason - including but not limited to disputes relating to the negotiation or renegotiation of any local collective bargaining agreement (referred to collectively as "Disruptive Activity") which interferes with Work, will result in irreparable damage to Pavarini North East Construction Co., LLC, whether in the form of additional cost or reputation. In addition to and without limiting or restricting other rights and remedies available to Pavarini North East Construction Co., LLC under any relevant agreement or applicable law:
- 1.18.1** Subcontractor shall, at its sole cost and expense, take any and all steps and actions (including commencement and diligent pursuit of legal or related proceedings in court or other appropriate forum), including but not limited to that specifically recommended by Pavarini North East Construction Co., LLC, for the purpose of proceeding with the Work of Subcontractor and addressing any Disruptive Activity. Subcontractor shall remain at all times responsible for performing the Work, without interruption or delay during such time. Should Subcontractor fail to take all such steps and actions, upon 24 hours written notice Pavarini North East Construction Co., LLC may do so at the cost and expense of Subcontractor.
- 1.18.2** Subcontractor agrees that if any jurisdictional claims or disputes arise out of or related to the Work, whether applicable to the Work being performed by Subcontractor or other subcontractors or suppliers in connection with the Project, that it will be Subcontractor's responsibility to resolve any such claim or dispute at its sole cost and expense and in a manner that avoids delay or disruption to the Work, the work of other subcontractors or suppliers and the Project. Where any such jurisdictional claim or dispute can be expeditiously adjusted in accordance with any plan for the settlement of jurisdictional disputes which may be in effect in the locality in which the Work is being done, Subcontractor shall abide by such plan and be bound and abide by any determinations or settlements reached pursuant to such plan.
- 1.18.3** If Subcontractor fails to take any and all such steps or actions, Subcontractor shall be in breach of the Subcontract. Subcontractor shall be liable to Pavarini North East Construction Co., LLC for any additional costs and expenses which Pavarini North East Construction Co., LLC incurs in securing completion of the Work.
- 1.19** Subcontractor agrees to keep all information concerning the Project confidential at all times during and after the term of this Subcontract. Subcontractor shall not disclose any such information to any third party, except as required by law, without the prior written consent of Pavarini North East Construction Co., LLC. The foregoing shall not prohibit or interfere with the disclosure of information required in connection with the performance of Subcontractor's duties hereunder to the extent required for such purposes.
- 1.20** Subcontractor agrees that all lower tier subcontracts entered into with respect to this Project will be in writing, will include assignment provisions allowing their assignment to Pavarini North East Construction Co., LLC (or Owner, if it so elects) following any termination of the Subcontract, will obligate all such lower tier subcontractors to provide any and all required insurance, and will pass through the obligations of Subcontractor to Pavarini North East Construction Co., LLC under this Subcontract.

1.21 This Subcontract and the rights of the parties subject to this Subcontract will be governed by and construed in accordance with the laws of the state where the Project is located, irrespective of conflict or choice of law rules.

1.22 If any term, condition, or covenant of this Subcontract is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Subcontract will be valid and binding on Contractor and Subcontractor. Any notice required under this Subcontract will be in writing, addressed to the appropriate party at the address which appears on the first page of this Subcontract (as modified in writing from time to time by such party) and given personally, by registered or certified mail, return receipt requested, by facsimile, or by a nationally recognized overnight courier service. All notices shall be effective upon the date of receipt.

2. Insurance and Bonding Requirements

2.1 Subcontractor's Insurance Requirements for this Job/Project are set forth in Exhibit C – Subcontractor Insurance Requirements identified with the Job/Project Number above, which is incorporated by reference and made a part hereof. Subcontractor affirms that, prior to execution of this Subcontract, it has reviewed these Insurance Requirements, understands same, and will procure and maintain all required coverages laid out therein. Subcontractor shall cause each of its Sub-Subcontractors to purchase and maintain insurance of the same types with the same limits and endorsements as required of Subcontractor and shall provide proof of coverage.

2.2 Subcontractor's Bonding Requirements, if any, for this Job/Project are set forth in Exhibit D – Subcontractor Performance & Payment Bond and Default Insurance Requirements identified with the Job/Project Number above, which is incorporated by reference and made a part hereof, as applicable. To the extent this Subcontract requires Subcontractor to issue a Performance Bond and Payment Bond or alternatively, at the option of Pavarini North East Construction Co., LLC, requires Subcontractor to enroll in a Subcontractor Default Insurance Program, Subcontractor affirms that, prior to execution of the Subcontract, it has reviewed the requirements set forth in Exhibit D, understands same, and will comply with the terms and conditions laid out therein.

Subcontractor Payment & Performance Bond Required: No; or

Subcontractor Default Insurance Program Enrollment Required: No

3. Indemnification Requirements

3.1 To the fullest extent permitted by law, Subcontractor shall defend, indemnify and hold harmless Pavarini North East Construction Co., LLC, the owner of the project, the owner of the property where the job/project is located, and all parties Pavarini North East Construction Co., LLC is required to indemnify in the Owner Contract, including all Additional Insureds, as defined in Exhibit C – Subcontractor Insurance Requirements and specified therein or in any other Contract Document, or as set forth in CertFocus/Verkital under the above Project Number which is incorporated by reference and made a part hereof, and any other parties reasonably requested in writing by Pavarini North East Construction Co., LLC, as well as their respective affiliates, officers, directors, partners, agents, representatives, employees, sureties, successors and assigns (collectively, the "Indemnitees") from and against any and all claims, losses, damages, costs, expenses, suits, debts, actions, proceedings, causes of action, reasonable legal fees, and liability of any kind which the Indemnitees, or any of them, may incur, suffer, sustain or be required to pay by reason of: (1) the injury to and/or the death of any person or the damage to any property whatsoever caused or alleged to have been caused in whole or in part by any act or omission of the Subcontractor, its Sub-Subcontractors, and their officers, directors, partners, agents, and employees, or (2) the failure of the Subcontractor to perform, or to perform properly, its obligations, including the failure of the Subcontractor to perform professional design services, required under the Subcontract. Such obligation to defend, indemnify and hold harmless will apply regardless of whether or not such claims, losses, damages, or expenses are caused in part by a party indemnified hereunder.

3.2 The obligations of the Subcontractor under this Section 3 shall not be construed to negate, abridge, or otherwise reduce any other rights or obligations of indemnity which would otherwise exist as to a party or person described in this Section 3. In claims against any person or entity indemnified under this Section 3, the indemnification obligation under this Section 3 shall not be limited by a limitation on the amount or type of damages, compensation or benefits payable by or for any party under workers' or workmen's compensation acts, disability benefit acts or other employee benefit acts.

4. M/W/DBE Contract Requirements

4.1 To the extent Pavarini North East Construction Co., LLC is required to meet specified socially or economically disadvantaged business enterprises participation goals under the provisions of the Owner Contract or otherwise, Subcontractor acknowledges that these goals have been communicated to Subcontractor, and that a portion, or all, of the dollar amount of the Subcontract is being used by Pavarini North East Construction Co., LLC to meet the specified goals.

4.2 A Subcontractor with an M/W/DBE certification agrees to perform a "commercially useful function" in connection with the work covered by this Subcontract. In doing so, Subcontractor agrees that it will be responsible for and will perform, manage, and supervise the work covered by this Subcontract and agrees that it will not Sub-Subcontract a significantly greater portion of the work than would be expected on the basis of normal industry practices and will inform Pavarini North East Construction Co., LLC in writing of any work that is sub-contracted. In the event it is determined that a Subcontractor with an M/W/DBE certification fails to perform a "commercially useful function," Pavarini North East Construction Co., LLC will have the right to terminate the Subcontract, without penalty or liability, and Pavarini North East Construction Co., LLC may recover from Subcontractor any damages it may suffer arising out of Subcontractor's failure to perform a "commercially

useful function.”

4.3 A Subcontractor without an M/WDBE certification who sub-contracts a portion of the work to a Subcontractor with an M/W/DBE certification (“M/W/DBE Subcontractor”) represents and warrants that the M/W/DBE Subcontractor will adhere to the provisions set forth in this Section, and has performed the work enumerated in the sub-contract. If the M/W/DBE Subcontractor is unable to perform the work enumerated in the sub-contract, the Subcontractor agrees to immediately notify Pavarini North East Construction Co., LLC in writing and that failure to do so may result in Pavarini North East Construction Co., LLC terminating the Subcontract with the right to recover from the Subcontractor any damages including any increased costs attributable to obtaining a replacement subcontractor acceptable to Owner to complete the work.

5. Equal Employment Opportunity and Affirmative Action Policy

5.1 Pavarini North East Construction Co., LLC is an equal opportunity employer. We evaluate qualified employees and applicants for employment without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, disability, veteran status, and other legally protected characteristics.

Pavarini North East Construction Co., LLC’s Equal Employment Opportunity and Affirmative Action Policy is available here: <http://stobuildinggroup.com/compliance/eeo-affirmative-action/>.

5.2 Unless exempt, Subcontractor shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment qualified individuals without regard to race, color, religion, sex, sexual orientation, gender identification, national origin, protected veteran status or disability. If applicable, the Subcontractor shall also abide by the requirements 41 CFR § 61-300.10 regarding veterans’ employment reports and 29 CFR Part 471, Appendix A to Subpart A regarding posting a notice of employee rights.

**** Please refer to the attached billing schedule. All invoices must match the detail as shown and be emailed to PavariniNorthEastAP@pavarini.com**

Subcontract Total: \$XXXXXXXX

Pavarini North East Construction Co., LLC

Accepted By

Accepted By

Subcontractor

Date

Date

Approved Billing Schedule of Value Breakdown for Subcontract No: 3500XXXX

Name and Address: Pavarini North East Construction Co., LLC
One Star Point Stamford, CT 06902

Subcontractor Name:

Project Acc’t Contact:

Job No:
Project Acc’t Tel:

**Project Acc't
Email:**

**Project Acc't
Fax:**

**Account
Executive
Project
Manager:**

**Estimating
Contact:**

Billing Instructions

To all Subcontractors,

Listed below is your approved Scheduled of Values to date, please read this document carefully and follow the billing instructions to avoid any delay in processing your Invoices for payment.

- All Invoices submitted by your company must be prepared using the Industry standard AIA format (G702 and G703).
- Each Invoice must include an executed "Exhibit H" for Partial RFP or an "Exhibit I" for Final Request for Payment.

Note: If you do not have a sample template of either of the Forms noted above, please contact the Project Accountant, the forms will be available on our website in the near future.

The Schedule of Values listed on the G703 AIA document must include only "Approved" scope of work as noted in the breakdown listed below. Each Sub Change Order code must be listed on your G703 continuation sheet in the correct sequence. Please read the instructions below for billing on "Unapproved Scope".

****Important instructions for executing this Subcontract:**

1. The parties to this Subcontract agree to and hereby sign this Subcontract by electronic signature (whatever form the electronic signature takes) and that this method of signature is as conclusive of the intention of the parties to be bound by this Subcontract as if signed by their manuscript signature and witnessed by a Notary Public.
2. Please review and sign the Subcontract electronically within three (3) business days to assure processing payment. This Subcontract is not valid unless it is signed via DocuSign. Subcontracts that are sent via mail or email will not be accepted. If you find there to be an error or omission in this subcontract, contact the Purchasing Agent indicated in the contract immediately at 203-327-0100.
3. Although this Subcontract is posted in our Accounts Payable system, it is NOT payable until the Subcontract is properly executed via DocuSign AND the required insurance documentation has been received via CertFocus/Vertikal, both of which are condition precedents to subcontractor's first payment.
4. For more information about required insurance, you can contact the Risk Management Department at 203-327-0100.
5. The recipient of this Subcontract is determined by contact information that has been provided as the destination to receive subcontracts associated with this project. If there is a different destination that should be receiving subcontracts for this project, please reply to the purchasing agent and provide the correct contact information and we will make the appropriate updates.

Unapproved Scope

If you have work in place that is not listed in the "Approved Schedule of Values", do not include this scope of work in your monthly request for payment to avoid delay in expediting your invoice for payment in our system, instead, submit a separate email and note "Claim" in the subject along with the Job Number/Name. Please attach all supporting documentation along with the authorization to proceed. Please follow up with the Project Manager and/or Estimator on any "Pending" Subcontract Change Orders.

Invoice Submission

Please submit your monthly Request for Payment(s) electronically ONLY to the following email address noted below, along with the required reference information.

- Email address: PavariniNorthEastAP@pavarini.com
- Include the following in the Subject field: Job No, Job Name, Your Company Name, Month and Period To

Approved Billing Schedule of Value

| Column A | | Column B | | Column C | |
|-----------|---------------------|----------|-----------|-------------------|--|
| SCCO Code | Description of Work | CC | Base SOV | Change Orders SOV | |
| 000 | XXXXX | | \$XXXXXXX | | |

Total Approved Subcontract: \$XXXXXXX

AIA Instructions (G703)

The following information listed above must be inserted in the AIA G703 document as follows:

Column A – Insert the SCCO Code in the correct sequence

Column B – Insert the description of work as noted above, along with the CC Code

Column C – Insert the Appropriate Schedule of Values based on the SCCO Code

Sample

Exhibit A

Scope of Work

Subcontractor Name:

Project Name:

Project Address:

This Exhibit A – Scope of Work generally defines but does not limit the Scope of Work. Subcontractor is responsible for all work within its trade unless otherwise specifically noted in this Scope of Work. All Work must be performed in conformity with the Contract Documents, including but not limited to all drawings, plans and specifications.

All Work per Attachment A

Sample

Exhibit B

Document List

Subcontractor Name:

Project Name:

Project Number:

Project Address:

DRAWINGS LIST:

See Attachment A

Sample

EXHIBIT C
SUBCONTRACTOR INSURANCE REQUIREMENTS

Insurance Requirements: Subcontractor shall purchase, maintain and provide evidence of insurance with the coverages, types and limits as specified below under the above Project Number, or such coverages and limits as otherwise specified in the documents set forth herein or in CertFocus/Verkital with respect to this Project. Subcontractor represents that, prior to execution of this Subcontract, it has reviewed these insurance requirements, and understands and will purchase and maintain all required coverages. Throughout this Subcontract, unless otherwise distinguished, the requirements imposed upon "Subcontractor" shall apply to any sub-subcontractor, vendor, supplier, rental equipment company or delivery company of any tier, engaged in any portion of the Work (collectively "Sub-Subcontractor"). Subcontractor shall cause each of its Sub-Subcontractors to purchase and maintain insurance of the same types with the same limits and endorsements as required of Subcontractor and shall provide proof of coverage.

1. Duration: All coverage to be maintained, without interruption, for the duration of the Project. Subcontractor shall also include completed operations coverage, for a period of not less than two (2) years after final completion of the entire Project or expiration of the period for warranty/correction of the Work as specified in the Contract Documents, whichever is longer.

2. Specific Requirements: The following coverages are required:

2.1 Worker's Compensation and Employers Liability

2.1.1 Statutory Worker's Compensation Insurance (including occupational disease).

2.1.2 Employers Liability Insurance with limits of at least \$1,000,000.

2.1.3 Policies must be issued in the state where the work is conducted.

2.1.4 Alternate Employer Endorsement. Worker's compensation and employer's liability insurance must be endorsed with ISO form WC 00 03 01 A (or a substitute form providing equivalent coverage. (Applicable when the following are utilized: temporary or contract crews/employees, leasing employees or renting equipment with operators, etc.)

2.2 Primary Commercial General Liability ("CGL") Insurance

2.2.1 Minimum limits as follows:

| | |
|---|-------------|
| Each Occurrence | \$2,000,000 |
| Personal & Advertising Injury | \$4,000,000 |
| Annual General Aggregate | \$4,000,000 |
| Products & Completed Operations Aggregate | \$4,000,000 |

2.2.2 Written on a current Insurance Services Office (ISO) occurrence form, CG 00 01 Edition date 12/07.

2.3 Business Automobile Liability

2.3.1 Insurance with a combined single limit for bodily injury (including death) and property damage of at least \$2,000,000.

2.4 Excess/Umbrella Insurance

2.4.1 Excess/Umbrella Insurance, applicable to all Subcontractors with the exception of supply only vendors and delivery companies, to be issued on a follow-form basis, including products and completed operations coverage, and containing the following minimum limits of liability:

| | |
|-----------------|-------------|
| Each Occurrence | \$5,000,000 |
| Aggregate | \$5,000,000 |

2.4.2 Limits are subject to change based upon Subcontractor's Scope of Work. The CGL and Excess or Umbrella liability insurance policies must be written an occurrence basis form, and **must not** contain any of the following exclusions / endorsements:

- Injury to Contractors or Subcontractors and Their Workers
- Labor Law Exclusion/Action Over Exclusion
- Employers Liability Exclusion
- Cross Liability Exclusion
- Construction Exclusion or Height Limitation Exclusion
- Contractual Liability Exclusion
- "Designated States Exclusion," or "Designated Work Exclusion" (state/location)
- Work in NYC Exclusion (if applicable)
- Classification (codes) Limitation/Scope of Work/Height Exclusions
- Residential Exclusion (where applicable)

- Subsidence/earth movement Exclusion (including landslides, mudflow, earth sinking, earth rising, earth shifting especially during excavating, development contractors, underground utility)
- Professional Liability Exclusion
- No exclusions in addition to standard exclusion (form CG00011207 or equivalent); as relates to contract liability, pollution, bodily injury, property damage, personal injury, explosion, collapse, underground property, mobile equipment
- CIP Exclusion – when a project CIP has been provided by the prime contractor or owner of the construction project in which you are involved
- Subcontractor and/or independent Contractor special requirements Endorsement
- Amendment to the Definition of "Insured" for Underlying Additional Insureds

2.5 Professional Liability Insurance

2.5.1 If the Subcontractor's Work involves providing professional services, inclusive of any Design Services (and including but not limited to preparing shop drawings), Subcontractor shall obtain Professional Liability insurance, with limits no less than \$2,000,000 per claim/\$5,000,000 aggregate. However, for Design Professionals providing Design Services, such limits will be no less than \$5,000,000 per claim/\$5,000,000 aggregate.

2.6 Contractor's Tools and Equipment Insurance

2.6.1 Property insurance coverage for tools and equipment owned, leased, or used by Subcontractor in the performance of the Work.

2.7 Contractor's Pollution Liability Insurance

2.7.1 If Subcontractor and/or its subcontractors or suppliers, regardless of tier, perform remediation of hazardous material, or if their operations create an exposure to hazardous material, Subcontractor must obtain a policy with limits of at least \$5,000,000 per claim and \$5,000,000 aggregate for Bodily Injury, Personal Injury and Property Damage.

In the event any of Subcontractor's insurance policies are on a "claims made" basis, Subcontractor shall either maintain either "tail" coverage or continuous "claims made" liability coverage in accordance with the statute of repose.

2.8 OCIP, CCIP and Labor Guard Program Requirements

2.8.1 In the event that an Owner Controlled Insurance Program ("OCIP"), Contractor Controlled Insurance Program ("CCIP") or Labor Guard Program is utilized for the Project, Subcontractor is required to comply with all contractual requirements (including any subcontractor OCIP or CCIP insurance manual issued) associated with such OCIP, CCIP or Labor Guard Program, as specified thereunder, prior to the commencement of the Work and during the entire performance of the Work and thereafter. If any particular Insurance Requirement specified hereunder is stricter or broader than what is required under the CCIP, OCIP or Labor Guard Program, those stricter and broader Insurance Requirements will apply.

3. Cranes and Crane Liability Insurance (If Applicable)

3.1.1 Should Subcontractor's Work include using or providing a crane or their engagement of a Sub-Subcontractor using or providing a crane and/or crane operating services, Subcontractor or their Sub-Subcontractor shall purchase, maintain and provide evidence of Commercial General Liability and Excess Liability Insurance coverage with minimum limits of \$5,000,000 to \$10,000,000 per occurrence insuring against bodily and property damage arising from such crane operations, with such minimum limits of insurance subject to review and approval by Pavarini North East Construction Co., LLC's Corporate Risk Management Department. The Commercial General Liability Insurance and Excess Insurance policies must comply with all insurance related requirements of this Subcontract and also include Riggers Liability Insurance coverage. Such Riggers Liability Insurance coverage must include damage to property being lifted and must include Primary Non-Contributory and Waiver of Subrogation Endorsements. If Riggers Liability Insurance coverage is not included as part of the required Commercial General Liability and Excess Liability Insurance Policies, Riggers Liability Insurance must be separately provided in limits not less than the maximum value of property lifted at any one time. In addition, Subcontractor is required to comply with American Society of Mechanical Engineers ("ASME") B-30.5, and will abide by all applicable OSHA and other regulations with regard to operation of cranes on the Project, including the OSHA Crane and Derrick Standards published in 29 CFR 1926.1400 – 1442.

3.1.2 As set forth and defined under OSHA Safety and Health Regulations for Construction Standard #1926.1400, excluded from these insurance requirements are truck mounted articulating/knuckle boom cranes used to deliver materials to a construction site when used to transfer the materials from the truck crane to the ground, without arranging the materials in a particular sequence for hoisting. Also excluded are articulating/knuckle-boom truck cranes that deliver material to a construction site when the crane is cranes that deliver material to a construction site when the crane is used to transfer building supply sheet goods or building supply packaged materials from the truck crane onto a structure, using a fork/cradle at the end of the boom, but only when the truck crane is equipped with a properly functioning automatic overload prevention device. Such sheet goods or packaged materials include but are not limited to sheets of sheet rock, sheets of plywood, bags of cement, sheets or packages of roofing shingles, and rolls of roofing felt. See 29 CFR 1926.1400. regard to operation of cranes on the Project, including the OSHA Crane and Derrick Standards published in 29 CFR 1926.1400 – 1442.

3.1.3 In addition, Subcontractor's contract with its Sub-Subcontractor providing a crane or crane operating services must incorporate all terms and conditions of this Subcontract including, the obligations and responsibilities concerning insurance, indemnification, and provision of additional insured status. An executed copy of such Sub-Subcontract and evidence of all applicable insurance must be provided to Pavarini North East Construction Co., LLC prior to starting work on the Project. Such contracts are subject to review and acceptance by Pavarini North East Construction Co., LLC's Corporate Risk Management Department.

4. TERMS AND CONDITIONS APPLICABLE TO INSURANCE. The following terms and conditions are applicable to all insurance policies:

- 4.1** All insurance shall be issued by a company(ies) lawfully authorized to do business in the jurisdiction of the Project with an AM Best rating of "A-" or above. All policies shall be primary and non-contributory to any other insurance maintained by the Additional Insureds and shall provide waivers of subrogation in favor of each Additional Insured. Policy deductibles or self-insured retention exceeding \$25,000 per occurrence or \$50,000 in the aggregate are subject to review, and Subcontractor shall be solely responsible for the payment of same, regardless of cause. Pavarini North East Construction Co., LLC reserves the right to request complete copies of all Subcontractor provided insurance policies. All policy limits shall apply on a per project/location basis and defense costs are in addition to the limits of coverage.
- 4.2** Primary and Excess/Umbrella Insurance Policies: The limits required herein for each type of liability insurance may be satisfied with a combination of primary, excess and/or umbrella policies.
- 4.3** Additional Insureds: All insurance required by this Subcontract (excluding only Worker's Compensation Insurance & Professional Liability Insurance) must name all those listed in the Contract Documents, or as identified on the Certificate of Insurance required hereunder, including Pavarini North East Construction Co., LLC, the Owner, the owner of the property where the Project is located, all other parties required to be indemnified by the Contract Documents, and any other parties reasonably requested in writing by Pavarini North East Construction Co., LLC, as additional insureds (collectively "Additional Insureds"). Policy Endorsements must be in the form of CG2010 11 85 or CG2038 04 13 and CG 2037 04 13 and must specifically list all upstream parties as Additional Insureds. The scope and limits of coverage for the additional insureds shall be the same or broader/higher as those for Subcontractor (including excess/umbrella limits).
- 4.4** Certificate of Insurance, Policy Endorsements and ACCORD FORM 855NY and Proof of Insurance: Prior to commencing the Work, and anytime thereafter as required by Pavarini North East Construction Co., LLC, Subcontractor shall provide Pavarini North East Construction Co., LLC and all Additional Insureds with a current Certificate of Insurance, Endorsements, and Accord Form 855NY if work is being performed in New York. Subcontractor shall be responsible, at no additional cost to Pavarini North East Construction Co., LLC, for the payment of any deductibles or self-insured retention ("SIR") in connection with the insurance policies required by the Contract Documents.
- 4.5** No Limitation: The insurance coverages maintained by Subcontractor shall not limit any of Subcontractor's indemnity obligations or other liabilities under the Contract Documents.
- 4.6** Severability of Interests (Cross Liability): No cross-liability exclusions are permitted.
- 4.7** Claims Made Policies: Except for Professional Liability and Contractor's Pollution Liability, claims made policies are not acceptable.
- 4.8** Breach of Insurance Requirements: Subcontractor's failure to obtain and maintain insurance policies required by the Contract Documents shall constitute a material breach of the Subcontract.
- 4.9** No Waiver of Insurance Requirements: It is expressly agreed between Pavarini North East Construction Co., LLC and the Subcontractor that the failure of Pavarini North East Construction Co., LLC to require or verify complete and timely performance of the Subcontractor's obligations under the Contract Documents shall not be a waiver by Pavarini North East Construction Co., LLC to require the Subcontractor to comply with these insurance requirements and/or to seek damages because of Subcontractor's failure to comply with the insurance requirements laid out in the Contract Documents.
- 4.10** Eroding Limit Provisions: No policy with the exception of Professional Liability shall contain any eroding limit provisions, wasting policy limits, defense-within-limits, cannibalizing or self-liquidating limits, that would reduce insurance coverage. Pavarini North East Construction Co., LLC must be notified immediately upon knowledge of any possible claims that might cause any reduction to project specific insurance limits

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Sample

| | | |
|--|--|--|
| ACORD CERTIFICATE OF LIABILITY INSURANCE | | DATE |
| PRODUCER AGENT OR BROKER NAME ADDRESS CITY, STATE, ZIP CODE PHONE NUMBER | THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW | |
| INSURED | INSURERS AFFORDING COVERAGE | |
| | INSURER A: GENERAL LIABILITY COMPANY | |
| | INSURER B: AUTOMOBILE LIABILITY COMPANY | |
| | INSURER C: EXCESS LIABILITY COMPANY | |
| | INSURER D: WORKER COMPENSATION COMPANY | |
| | | INSURER E: CONTRACTORS EQUIPMENT COMPANY |

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE | POLICY NUMBER | POLICY EFFECTIVE DATE (MM/DD/YY) | POLICY EXPIRATION | LIMITS | |
|----------|--|---------------|----------------------------------|-------------------|--|--------------|
| A | GENERAL LIABILITY | POLICY NUMBER | 00/00/00 | 00/00/00 | EACH OCCURRENCE | \$ 1,000,000 |
| | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY | | | | FIRE DAMAGE (Any one fire) | \$ 50,000 |
| | <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR | | | | MED EXP (Any one person) | \$ 5,000 |
| | <input type="checkbox"/> OWNER'S & CONTRACTORS PROT | | | | PERSONAL & ADV INJURY | \$ 1,000,000 |
| | <input checked="" type="checkbox"/> PER PROJECT | | | | GENERAL AGGREGATE | \$ 2,000,000 |
| | <input checked="" type="checkbox"/> NO RESIDENTIAL EXCLUSION | | | | PRODUCTS-COMP/OP | \$ 2,000,000 |
| | | | | | | |
| B | AUTOMOBILE LIABILITY | POLICY NUMBER | 00/00/00 | 00/00/00 | COMBINED SINGLE LIMIT (Ea accident) | \$ 1,000,000 |
| | <input checked="" type="checkbox"/> ANY AUTO | | | | BODILY INJURY (Per person) | \$ |
| | <input type="checkbox"/> ALL OWNED AUTOS | | | | BODILY INJURY (Per accident) | \$ |
| | <input type="checkbox"/> SCHEDULED AUTO | | | | PROPERTY DAMAGE (Per accident) | \$ |
| | <input type="checkbox"/> HIRED AUTOS | | | | AUTO ONLY – EA ACCIDENT | \$ |
| | <input type="checkbox"/> NON OWNED AUTOS | | | | OTHER THAN EA ACC | \$ |
| | <input type="checkbox"/> GARAGE LIABILITY | | | | AUTO ONLY: AGG | \$ |
| | | | | | | |
| C | EXCESS LIABILITY | POLICY NUMBER | 00/00/00 | 00/00/00 | EACH OCCURRENCE | \$ 3,000,000 |
| | <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS | | | | AGGREGATE | \$ 3,000,000 |
| | | | | | | |
| | <input type="checkbox"/> DEDUCTIBLE | | | | | |
| | <input type="checkbox"/> RETENTION \$ | | | | | |
| D | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY | POLICY NUMBER | 00/00/00 | 00/00/00 | <input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER | |
| | E.L. EACH ACCIDENT | | | | \$ 500,000 | |
| | E.L. DISEASE-EA EMPLOYEE | | | | \$ 500,000 | |
| | E.L. DISEASE-POLICY LIMIT | | | | \$ 500,000 | |
| E | OTHER CONTRACTORS EQUIPMENT | POLICY NUMBER | 00/00/00 | 00/00/00 | STATE LIMIT / STATE DEDUCTIBLE STATE FORM / VALUATION | |

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS AT Job # TBD : PROJECT NAME: PROJECT ADDRESS. Pavarini North East Construction Co., LLC , owners, their trustees, officers, directors, agents, affiliates, members, and employee INSERT OWNER ADDITIONAL INSURED are included as additional insured. The above insurance is primary and noncontributory to any other insurance available. Waiver of Subrogation shall apply. Please submit second COI for BUILDING MANAGEMENT/ OWNER

THIS IS FOR INFORMATION PURPOSES ONLY
ADDITIONAL INSURED WILL FOLLOW
REQUIREMENTS MAY INCREASE IF BUILDING/ OWNER REQUIRES ADDITIONAL COVERAGE. SEE JOB SPECIFIC INSURANCE REQUIREMENTS
ALL INSURANCE WILL BE PROCESSED THROUGH CERT FOCUS

| | | |
|--|---|---|
| CERTIFICATE HOLDER | ADDITIONAL INSURED; INSURED; INSURER LETTER: X | CANCELLATION |
| Pavarini North East Construction Co., LLC | | SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. |
| | | |

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the first page does not constitute a contract between the issuing insurer(s), authorized representative, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.



**SPECIAL NOTICE
INSURANCE REQUIREMENTS**

JOB # 35000

ALL INSURANCE CERTIFICATES FOR **AWARDED** SUBCONTRACTORS ON THIS PROJECT **MUST** BE SUBMITTED THROUGH CERTFOCUS. PAVARINI **WILL NOT** ACCEPT CERTIFICATES FOR THIS PROJECT SUBMITTED DIRECTLY TO OUR OFFICE.

UPON AWARD: SUBMIT YOUR CERTIFICATE OF INSURANCE VIA CERTFOCUS FOLLOWING THESE STEPS:

1. If you are not already registered with CERTFOCUS, go to www.certfocus.com and click on Insured Registration and complete the requested information. If you have questions or issues registering, please call 1-877-576-2378 for assistance. **SUBCONTRACTORS MUST BE REGISTERED WITH CERTFOCUS PRIOR TO SUBMITTING A CERTIFICATE.** Note that it is not necessary for your insurance broker to register and you only need to register once.

2. After obtaining the PAVARINI project number, go to www.certfocus.com and insert this number under "Search for Insurance Requirements Posted by Certificate Holder". Either forward these requirements to your insurance broker or provide them with the CERTFOCUS website and project number and let them do the rest.

Please note that the certificate holder for this project must read as follows.

Pavarini North East Construction Co., LLC (30-05)

c/o CertFocus

PO Box 140528

Kansas City, MO 64114

3. Your insurance broker may either email or fax the insurance certificate to:

Email: cert@certfocus.com

Fax: 877-237-8560

4. PAVARINI will be notified by CERTFOCUS upon receipt of your insurance certificate. PAVARINI will review your certificate and notify you and your insurance broker via e-mail of the acceptance or rejection of your submitted certificate. If your certificate is rejected, PAVARINI will supply the reason for the rejection so that your insurance broker may issue a corrected certificate.

If you require additional information or assistance, please contact:

Katlyn A. Tracey

Phone: 203-978-2341

Email: katlyn.tracey@pavarini.com

To All Out-of-State Subcontractors:

Please find attached information related to Out-Of-State Subcontractors performing work in the State of CT. It is a requirement of the State of CT that 5% of your total contract value is posted in the form of a bond directly to the State if certain requirements are not met to obtain a Nonresident Notice of Verified Status. If you already possess a Nonresident Contractor Notice of Verified Status (sample attached) please forward immediately.

1.) If your firm is registered with the State of CT and you have filed a CT tax return for three (3) consecutive years (and are in good standing), simply complete Form AU-960 (Nonresident Contractor Request for Verified Status) and submit to the State of CT as instructed on the form. It should take approximately two (2) weeks for CT to notify you if you have met the requirements.

2.) If item #1 is not applicable to your firm then you must complete BOTH Form AU-960 (Nonresident Contractor Request for Verified Status) and AU-961(Verification Bond) and remit directly to the State of CT as instructed on the forms. (The 5% bond is either partially or fully reimbursable and that is determined by the State of CT. The attempt to be reimbursed is solely between your firm and the State of CT.) Once both forms are submitted, it is likely that by your next project in the State of CT your firm will be eligible for Verified Status.

3.) If your firm has a fully operational location in the State of CT, a valid Residency Letter issued by the State of CT must be produced.

*** If your contract is FURNISH ONLY (NO LABOR PERFORMED ON SITE) you are exempt from the above; however, if it is likely that you may perform labor in the State of CT in the future, it is suggested that you complete this process ASAP. ***

**** Please be advised that the Non Resident Statute discussed in this email is a separate issue from the CT State sales tax rate of 6.35% that you are responsible to invoice and remit. All projects in CT are fully taxable unless otherwise advised, all invoices submitted should break out the CT sales tax value OR "ALL CT SALES TAX INCLUDED" should be noted on your invoice.

Please note that 5% of your total contract value will be withheld by Pavarini Construction until either your firm can produce a valid Nonresident Contractor Verified Status, a fully executed Verification Bond or valid Residency Letter issued by the State of CT. As an absolute last resort, the 5% withheld by Pavarini Construction will be forwarded to State of CT on your behalf if your firm does not produce either of the previously mentioned items. This is not a preferred method of Pavarini Construction or the State of CT.

If you have any questions or concerns, please contact the person that sent you this information and they will direct you to the appropriate party for assistance. Thank you in advance.



25 Sigourney Street Ste 2
Hartford CT 06106-5032

STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

SN 2012(2)

SPECIAL NOTICE

2011 Legislative Changes to the Procedures Governing Nonresident Contractors

Purpose: This Special Notice explains the amendments made to Conn. Gen. Stat. §12-430(7) during the 2011 regular session of the Connecticut General Assembly affecting the requirement for nonresident contractors to provide bonds.

This Special Notice has been updated from a previous version to include guidance on remitting to the Department of Revenue Services (DRS) amounts held back from an unverified subcontractor by a prime or general contractor.

Effective Date: Effective for contracts commencing on and after October 1, 2011.

Statutory Authority: Conn. Gen. Stat. §12-430(7) as amended by 2011 Conn. Pub. Acts 61, §66; Conn. Gen. Stat. §12-35; Conn. Gen. Stat. §12-415; Conn. Gen. Stat. §12-430(1).

Overview: The law requiring nonresident construction contractors to furnish security for Connecticut taxes arising from jobs performed in Connecticut has been changed in the following major ways:

- Under the law as amended, there are two classes of nonresident contractors: *verified* and *unverified*. A nonresident prime or general contractor may gain verified status and thus eliminate the requirement to file a surety bond with DRS, and a nonresident subcontractor may become verified and thus eliminate the requirement for the prime or general contractor to hold back a portion of the amount owed the subcontractor under the contract.
- Under the law as amended, a **single** surety bond for 5% of the entire project price is required to be filed with DRS by an unverified prime or general contractor where the contract price for the entire

project is \$250,000 or more. A person doing business with an unverified prime or general contractor for such a project must obtain proof that the contractor has filed a bond with DRS, but is no longer required to withhold an amount from payment due to the contractor under the contract.

- A prime or general contractor must hold back 5% of the amount due an unverified subcontractor until the subcontractor obtains and furnishes **Form AU-968, Certificate of Compliance**, from DRS. A **Form AU-968** authorizes the prime or general contractor to release all or a portion of the amounts held back from payment to the unverified subcontractor.
- Compliance with the provisions of Conn. Gen. Stat. § 12-430(7) relieves the person doing business with a nonresident contractor from liability for the nonresident contractor's withholding tax liability or liability for sales or use tax on materials and consumables. It does not relieve the person doing business with a nonresident contractor from liability for sales or use tax on purchases of services.

Prior law required compliance with one of three options to secure payment of Connecticut taxes for each contract with a nonresident prime or general contractor and with a nonresident subcontractor. This is now replaced by the procedures described above.

As under prior law, owners or tenants of residential real property are excluded from the requirements of Conn. Gen. Stat. §12-430(7).

Definitions:

Nonresident contractor means a contractor or subcontractor who does not maintain a regular place of business in Connecticut.

Resident contractor means a contractor or subcontractor who maintains a regular place of business in Connecticut.

Regular place of business means:

- Any bona fide office, factory, warehouse, or other space in Connecticut at which a contractor is doing business in its own name in a regular and systematic manner; and that is
- A place continuously maintained, occupied, and used by the contractor in carrying on its business through its employees regularly in attendance to carry on the contractor's business in the contractor's own name.

A regular place of business does not include:

- A place of business for a statutory agent for service of process or a temporary office whether or not it is located at the site of construction;
- Locations used by the contractor only for the duration of the contract, such as short-term leased offices, warehouses, storage facilities, or facilities that do not have full time staff with regular business hours; or
- An office maintained, occupied, and used by a person affiliated with a contractor.

Verified contractor means a nonresident contractor or subcontractor who:

- Is registered for all applicable taxes with DRS;
- Has filed all required tax returns with DRS;
- Has no outstanding tax liabilities to DRS; and
- Has submitted a **Form AU-960, Nonresident Contractor Request for Verified Contractor Status**, and has been verified by DRS to meet the above requirements, plus either:
 1. Has been registered for all applicable taxes with DRS for at least three years preceding the contract; or
 2. Posts with DRS a good and valid verification bond using **Form AU-961, Verification Bond**.

Unverified contractor means a nonresident contractor or subcontractor who is not a verified contractor.

Subcontractor means a person who is engaged in contracting real property work and who contracts with a prime or general contractor to perform all or any part of the contract of the prime or general contractor, or who contracts with a subcontractor

who has contracted to perform any part of the contract entered into by the prime or general contractor.

Prime or general contractor includes (i) any person who contracts with the owner, lessee or other person having authority to enter into a contract involving the premises or property that is the subject matter of the contract, to perform services or furnish materials, or both, for the construction, alteration or improvement of any real property or project, or (ii) any person who owns or leases real estate for the purpose of developing the real estate other than for his or her own occupancy, and who, in the development of the real estate, contracts, alters or makes improvements on it.

Contract price means the total contract price, including deposits, amounts held as retainage, costs for any change orders, or charges for add-ons.

Person doing business with a nonresident contractor (referred to below as *customer*) means any person who makes payments of the contract price to a nonresident contractor, and includes, but is not limited to property owners, governmental, charitable or religious entities, and resident or nonresident general contractors or subcontractors. An owner or tenant of residential real property is not a person doing business with a nonresident contractor and is not required to comply with the provisions of Conn. Gen. Stat. §12-430(7).

Commencement of the contract means the time when the nonresident contractor signs the contract, but, in any event, occurs no later than when the work under the contract actually starts. If a change order is made after the commencement of the original contract, the change order commences when it is signed by the nonresident contractor, but, in any event, occurs no later than when the work under the change order actually starts.

Completion of the contract means the time when the nonresident contractor makes the final periodic billing for the contract. The final periodic billing may be due before payment of any retainage becomes due. If a change order is made after the final periodic billing for the original contract, the change order is complete when the nonresident contractor bills for the change.

Residential real property means real property used exclusively for residential purposes and consisting of three or fewer dwelling units in one of which the owner or tenant resides.

Certificate of compliance means a certificate issued to an unverified subcontractor by DRS, exonerating

the subcontractor from sales or use taxes owed by the subcontractor under Chapter 219 of the Connecticut General Statutes and any income tax withholding owed by the subcontractor pursuant to Chapter 229 of the Connecticut General Statutes, but only to the extent that these taxes arise from the activities of the subcontractor on the project for which the certificate was required.

Customer of an Unverified Prime or General Contractor: The customer of an unverified prime or general contractor must obtain proof that the contractor has posted a surety bond with DRS. Failure to do so leaves the customer liable for payment of any sales and use taxes and any income tax withholding owed by the unverified contractor arising from the activities of the contractor on the project, up to 5% of the contract price required to be paid to the unverified contractor.

However, compliance with the provisions of Conn. Gen. Stat. §12-430(7) does not relieve the customer of the customer's liability for use taxes due on purchases of services from the unverified contractor.

Unverified Prime or General Contractor Must File a Bond: An unverified prime or general contractor must file a surety bond with DRS in an amount equal to 5% of the contract price. DRS has issued **Form AU-964, *Surety Bond and Release***, which must be used to post that bond.

DRS will release the surety bond once the contract is complete and the unverified prime or general contractor establishes that it has paid all taxes it owes in connection with the contract and that its unverified subcontractors have paid all of the taxes that they owe in connection with the contract.

Otherwise, DRS will release the surety bond once the contract is complete and the unverified prime or general contractor establishes that it has:

1. Paid all taxes it owes in connection with the contract;
2. Held back an amount equal to 5% of the payments being made by the contractor in connection with the contract to its unverified subcontractors; and
3. Paid over amounts held back from unverified contractors to the extent that DRS has issued certificates of compliance for full or partial release of such amounts, and remitted to DRS any amounts held back that have not been authorized by DRS to be released to the unverified contractors. See the section of this publication

titled *Release or Remittance of Amounts Held Back*, for the procedures to release held back payments to the unverified subcontractors.

Hold Backs Required by All Prime or General Contractors from Payments to Unverified Subcontractors: Prime or general contractors, whether resident, verified, or unverified, doing business with unverified subcontractors on projects over \$250,000 must hold back an amount equal to 5% of the payments required to be made to the subcontractor until the subcontractor provides a *Certificate of Compliance* authorizing full or partial release of the amount held back.

The prime or general contractor must provide notice of the requirement to hold back to the unverified subcontractor not later than the time of commencement of work under the contract by the subcontractor.

The amount held back from unverified subcontractors is deemed to be held in a special fund in trust for the state. An unverified subcontractor does not have any right of action against a prime or general contractor with respect to any amount held back in compliance or intended compliance with Conn. Gen. Stat. §12-430(7).

Release or Remittance of Amounts Held Back: When all work is completed under a contract, the amount held back will be released to the unverified subcontractor or remitted to DRS depending on the following:

1. Unverified subcontractor **DOES** submit **Form AU-967, *Request for Certificate of Compliance***, to DRS:

An unverified subcontractor requests DRS to issue Form AU-968 by submitting Form AU-967. DRS will review the request in the context of generally accepted construction industry cost guidelines for the scope and type of construction project. DRS will issue one of the following not later than 120 days after Form AU-967 and all required documents are received:

A. Certificate of Compliance (AU-968):

If DRS issues Form AU-968, to the unverified subcontractor and the prime or general contractor authorizing full or partial release of held back amounts, the prime or general contractor must pay over the released amount to the subcontractor and must remit any unreleased amount to DRS. The prime or general contractor remits the unreleased

amount on **Form OS-114, Sales and Use Tax Return**, Line 6 on the first return due after the issuance of the Certificate of Compliance.

B. Denial of Certificate of Compliance and Remittance of Holdback (AU-970)

If DRS denies the request a **Form AU-970, Denial of Certificate of Compliance and Remittance of Holdback**, will be issued to the unverified subcontractor and the prime or general contractor. The prime or general contractor must remit the total amount held back to DRS on Form OS-114, Line 6. This held back amount must be reported on the first return due after the issuance of the Denial of Certificate of Compliance and Remittance of Holdback.

2. Unverified subcontractor DOES NOT submit Form AU-967 to DRS.

If the unverified nonresident subcontractor does not submit Form AU-967 to the prime or general contractor for endorsement within 90 days of the completion date, then the prime or general contractor must remit the amount held back to DRS on Form OS-114, Line 6, on the first return due after the 90 day period following the completion of the contract.

The calculation used to arrive at the amount to be included on Form OS-114, Line 6 is:

| | |
|----------------------------------|--|
| <u>Amount Held Back</u> .0635 | = Taxable Amount to be included on Line 6 |
|----------------------------------|--|

Example: If the Total Contract Amount is \$300,000, then the Amount Held Back is \$15,000 (300,000 X .05). The amount to be included on Line 6 is \$236,220.47 (15,000 / .0635).

The prime or general contractor will not be liable for any claim by DRS for taxes of the unverified subcontractor arising from the activities of the subcontractor on the project when the prime or general contractor pays over to the subcontractor the amount authorized by the Form AU 968. Furthermore, when the prime or general contractor pays over to DRS the unreleased hold back amount, the prime or general contractor will not be liable for any claim by the subcontractor for the amount paid over to DRS.

The prime or general contractor doing business with the nonresident contractor must keep supporting documentation with the tax return on which it was reported. If the prime or general contractor fails to timely remit to DRS any amount that was unclaimed by, or not released by DRS to the unverified

subcontractor, the prime or general contractor will be subject to applicable interest and penalties under Chapter 219 of the Connecticut General Statutes.

Disclosures by DRS Authorized under Conn. Gen. Stat. §12-430(7): Notwithstanding the provisions regarding confidentiality of tax return information under Conn. Gen. Stat. §12-15, DRS is authorized to:

- Verify whether or not a nonresident contractor or subcontractor is a verified contractor;
- Disclose to a person doing business with an unverified subcontractor who is required to hold back amounts from payments to the unverified contractor whether a Form AU-986 has been requested by or issued to the subcontractor by DRS; DRS may disclose a copy of the certificate to the person doing business with the unverified subcontractor;
- Disclose to a person doing business with an unverified prime or general contractor whether a good and valid surety bond has been posted with DRS; and
- Verify whether or not any contractor or subcontractor is a resident contractor.

Effect on Other Documents: This Special Notice modifies and supersedes **Special Notice 2011(17), 2011 Legislative Changes to the Procedures Governing Nonresident Contractors**, and modifies and supersedes **Informational Publication 2006(35), Building Contractors' Guide to Sales and Use Taxes**, to the extent it discusses the provisions of Conn. Gen. Stat. §12-430(7).

Effect of This Document: A Special Notice announces a new policy or practice in response to changes in state or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by DRS.

For Further Information: Call DRS during business hours, Monday through Friday:

- 1-800-382-9463 (Connecticut calls outside the Greater Hartford calling area only); or
- 860-297-5962 (from anywhere).

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

For questions regarding the nonresident contractor bond law, call 860-541-7538.

Forms and Publications: Visit the DRS website at www.ct.gov/DRS to download and print Connecticut tax forms and publications.

Paperless Filing/Payment Methods (fast, easy, free, and confidential):

Business and individual taxpayers can use the **Taxpayer Service Center (TSC)** at www.ct.gov/TSC to file a variety of tax returns, update account information, and make payments online.

File Electronically: You can choose to get first-time filer information and filing assistance, or can log directly into the *TSC* to file returns and pay taxes.

Pay Electronically: You can pay taxes for tax returns that cannot be filed through the *TSC*. Log in and select the **Make Payment Only** option. Designate a payment date up to the due date of the tax and mail a paper return to complete the filing process.

DRS E-Alerts Service: Get connected to the latest news from DRS. Receive notification by email of changes to legislation, policies, and procedures. **DRS E-Alerts** provide information for employer's withholding tax, News – Press Releases, and Top 100 Delinquency List. Visit the DRS website at www.ct.gov/DRS and select e-alerts from the left navigation bar.

SN 2012(2)
Sales and use taxes
Withholding tax
Contractor bonds
Issued: 03/22/2012

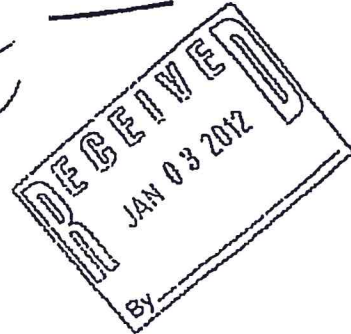
STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

Nonresident Contractor
Notice of Verified Status

December 28, 2011

AUNEXUS

SAMPLE



Nonresident Contractor: :

Connecticut Tax Registration Number: '

Verification Period: January 1, 2011 through December 31, 2012

This above-named nonresident contractor is considered a "verified contractor" under Connecticut General Statutes §12-430(7) for contracts occurring within the verification period.

The prime or general contractor doing business with this verified contractor, upon receipt of a copy of this notice, is relieved of the requirement to deduct and withhold 5% of any contract commencing during the verification period listed above.

This acceptance does not relieve the nonresident contractor's customer of their liability for use tax due on their purchases of services from this nonresident contractor.

Note: The Department of Revenue Services reserves the right to revoke the Verified Contractor status at any time if any of the conditions listed on **Form AU-960, Request for Verified Contractor Status**, are not met.

For the Commissioner:

VILAS DESHMUKH

Print Name

Vilas Deshmukh

Authorized Signature

REV. ETAMINGR

Title

12/28/11

Date

AU-962 (New 10/01/2011)

Form AU-960
Nonresident Contractor
Request for Verified Contractor Status

Purpose: A nonresident contractor uses Form AU-960 to request "Verified Contractor" status for a two-year period beginning January 1st of the requested year and ending December 31st of the following year. Verified contractors are not subject to the 5% holdback provisions under Conn. Gen. Stat. §12-430(7). For assistance, call 860-541-7538, Monday through Friday, during business hours.

| | |
|--|----------------------------------|
| Part I: Nonresident Contractor Information | |
| Name | Connecticut Tax Registration No. |
| Address (Street or PO Box, City, State, and ZIP Code) | |
| Type of Organization: <div style="display: flex; justify-content: space-between;"><div><input type="checkbox"/> Limited liability company (LLC) <input type="checkbox"/> Single member LLC (SMLLC)</div><div><input type="checkbox"/> Corporation <input type="checkbox"/> S Corporation</div><div><input type="checkbox"/> Sole proprietorship <input type="checkbox"/> Other (explain):</div></div> | |
| Part II: Verification Period (Two-year Period) | |
| January 1, 20__ through December 31, 20__ | |
| Part III: Person Doing Business with Nonresident Contractor, if applicable | |
| Name | Project Name |
| Commencement Date | Contract Dollar Amount |

Part IV: Conditions

- Is registered for all applicable taxes with DRS,
- Has filed all required tax returns with DRS,
- Has no outstanding tax liabilities with DRS, AND
 1. Has been registered for all applicable taxes with DRS for three years and is current with filings and payment; OR
 2. If the three year registration requirement is not met then the contractor needs to complete **Form AU-961**, *Verification Bond*, and submit it with this form.

Nonresident Contractor Declaration: I, an authorized agent of the nonresident contractor named above, declare under the penalty of law that I have examined Form AU-960 and, to the best of my knowledge and belief it is true, complete, and correct. I understand the penalty for willfully delivering a false document or return to DRS is a fine of not more than \$5,000, or imprisonment for not more than five years, or both.

Nonresident Contractor:

Print Name

Title

Signature

Date

Instructions

Part I: Enter the name and complete address of the nonresident contractor applying for "verified contractor" status. Include the Connecticut tax registration number. Check the box related to the type of organization.

Part II: Enter the two-year verification period beginning January 1st of the requested year and ending December 31st of the following year.

Part III: Enter the name of the person doing business with the nonresident contractor (prime or general contractor, property owner, or other contractor), project name, commencement date, and contract dollar amount for all known or proposed contracts during the verification period. If additional space is needed attach separate sheet.

Part IV: The following conditions must be met in order to be approved as a "verified contractor":

- The nonresident contractor is registered for all applicable taxes with DRS:
 - For S Corporations and Limited Liability Corporations this generally means sales and use tax, withholding for Connecticut income tax, business entity tax, and Connecticut composite income tax.
 - For C Corporations this generally means sales and use tax, withholding for Connecticut income tax, and corporation business tax.
- The nonresident contractor has filed all required tax returns with DRS,
- The nonresident contractor has no outstanding tax liabilities with DRS, AND
 1. Has been registered for all applicable taxes with DRS for three years and is current with filings and payment; OR
 2. If the three year registration requirement is not met then the contractor needs to complete Form AU-961, Verification Bond, and submit with this form.

Please register for all the necessary tax types prior to submitting this application for verified contractor status.

Declarations: The nonresident contractor must sign and date Form AU-960 and mail to:

Department of Revenue Services
Compliance Support Unit
25 Sigourney Street, Ste. 2
Hartford CT 06106-5032

**Form AU-961
Verification Bond**

Purpose: A nonresident contractor working in Connecticut must use Form AU-961 to post a verification bond covering the verification period specified below from a surety company licensed to do business in Connecticut before it is eligible to become a verified contractor with the Department of Revenue Services (DRS). The verification bond ensures all taxes due to the State of Connecticut from the contractor are paid to DRS for the two-year period during which the nonresident contractor is considered "verified" by the DRS. Form AU-960, *Nonresident Contractor Request for Verified Contractor Status*, must be submitted with Form AU-961. Prior to completing refer to the instructions on the reverse. For assistance, call 860-541-7538, Monday through Friday, during business hours.

| | | |
|---|---|---|
| Part I: Nonresident Contractor Information | | |
| Name | | Connecticut Tax Registration No. |
| Address (Street or PO Box, City, State, and ZIP Code) | | |
| Part II: Surety Company Information | | |
| Name | | Bond # |
| Address (Street or PO Box, City, State, and ZIP Code) | | |
| Column A Total actual or proposed gross receipts during verification period | Column B Multiply Column A by 2 | Column C Multiply Column B by 5% (.05), (if result is less than \$10,000 enter \$10,000) |
| | | |
| Part III: Verification Period (Two-Year Period) | | |
| January 1, 20__ through December 31, 20__ | | |
| Part IV: Conditions of the obligation: | | |
| <ul style="list-style-type: none"> The nonresident contractor has entered into a contract or contracts related to real property at a Connecticut location. The nonresident contractor and the surety company are posting a bond of 5% to cover two times any proposed or actual work to occur within the verification period. If the nonresident contractor pays all taxes, interest, and penalties within three years from the last day of the month succeeding the reporting period in which the contractor posted the bond, the bond expires; otherwise the obligation remains in full force. This bond jointly and severally binds the nonresident contractor and the surety company, their heirs, executors, administrators, successors, and assigns for payment of this obligation. | | |
| Nonresident Contractor Declaration: I, an authorized agent of the nonresident contractor named above, declare under the penalty of law that I have examined Form AU-961 and, to the best of my knowledge and belief it is true, complete, and correct. I understand the penalty for willfully delivering a false document or return to DRS is a fine of not more than \$5,000, or imprisonment for not more than five years, or both. | | |
| Print Name | Title | |
| Authorized Signature | Date | |
| Surety Company Declaration: I, an authorized agent of the surety company named above, declare under the penalty of law that I have examined this Form AU-961 and, to the best of my knowledge and belief it is true, complete, and correct. I understand the penalty for willfully delivering a false document or return to DRS is a fine of not more than \$5,000, or imprisonment for not more than five years, or both. | | |
| Print Name | Title | Raised Seal |
| Authorized Signature | Date | |

Instructions

Part I: Enter the name and complete address of the nonresident contractor furnishing the bond. Include the nonresident contractor's Connecticut tax registration number.

Part II: Enter the name and complete address of the surety company that guarantees this bond. Include the bond number. Complete Columns A, B, and C. Please note that the minimum bond is \$10,000.

Part III: Enter the verification period. This period must be two years beginning January 1 of the period for which the verification is requested and ending two years later on December 31 of that year.

Part IV: Conditions of the obligation

- The nonresident contractor has entered into a contract or contracts related to real property at a Connecticut location.
- The nonresident contractor and the surety company are posting a bond of 5% of the amount that is twice the receipts from any proposed work in Connecticut to occur within the verification period.
- If the nonresident contractor pays all taxes, interest, and penalties within three years from the last day of the month succeeding the reporting period in which the contractor posted the bond, the bond expires; otherwise the obligation remains in full force.
- This bond jointly and severally binds the nonresident contractor and the surety company, their heirs, executors, administrators, successors, and assigns for payment of this obligation.

Declarations: An authorized representative for the nonresident contractor and the surety company must sign and date the declaration on Form AU-961. The name of the nonresident contractor and the surety company must be exactly as it appears on the bond. The raised corporate seal of the surety company must be affixed by its signature on Form AU-961.