



June 29, 2010

J.R. Reading
Aaronsburg, PA 16820

Dear Mr. Reading,

We are pleased to submit a proposal for your solar electric energy system.

We are proposing a system that achieves the best energy cost savings for you. And we believe this represents a good investment for your future well-being. In this proposal, we have taken into account your particular needs and desires, your energy requirements, and included a summary of any available local, state and federal incentives.

We are committed to a quality installation and to ensuring your total satisfaction with our products and service. The next step is to sign the necessary agreements so we can reserve your rebates and begin the engineering and permitting processes. This proposal is valid for 30 days.

We look forward to helping you achieve more energy independence, providing a good investment for years to come, and helping you make a more positive environmental impact.

I will follow-up with you shortly to review our proposal in more detail and to answer any questions you may have.

Sincerely yours,

Scott Cronk
President
Energy Matters LLC
P.O. Box 4352
Santa Rosa, CA 95402
Phone: 707-861-0101
eMail: lectrascott@yahoo.com



Performance & Financial Analysis

Prepared June 29, 2010 for

J.R. Reading

Aaronsburg, PA 16820

Prepared by Scott Cronk

President
Energy Matters LLC
P.O. Box 4352
Santa Rosa, CA 95402
Phone: 707-861-0101
eMail: lectrascott@yahoo.com



Executive Summary

Electric Utility Savings: The purchase of electricity (kWh) from your utility is expected to be reduced 85%. Expect a savings of \$1,426 in electric bills next year. Annual utility electric costs will be reduced from \$1,680 to \$254. These savings will grow as electric utility rates are expected to rise 3.78% a year.

Propane Utility Savings: The purchase of Propane from your utility is expected to be reduced 45%. Expect a savings of \$417 over the next year in your Propane bills. Annual Propane costs will be reduced from \$930 to \$513. These savings will grow as Propane utility rates are expected to rise 3.78% a year.

Over 25 years, annual utility savings are expected to average \$3,094, for a total utility savings of \$77,338. After tax affects are applied, savings average \$4,617 annually or \$115,430 over the system life.

System Performance Summary

Solar Electric (PV) System: 9 kW DC (8.55 kW AC, 7.823 kW CEC) producing 10,178 kWh annually
 Solar Water Heating System: 3,762 kWh annual production (140 Gallon Propane)

Purchase Price & Net Cost

Gross Price: \$93,206
 Incentives to Contractor: **(\$17,227)**
Contract Price: \$75,979
 Incentives to Customer: **(\$22,794)**
 Net Purchase Cost: \$53,185
 Incentives in Later Years: \$53,311
 Cash Gained over Life: \$60,674
 Customer Type: Residential

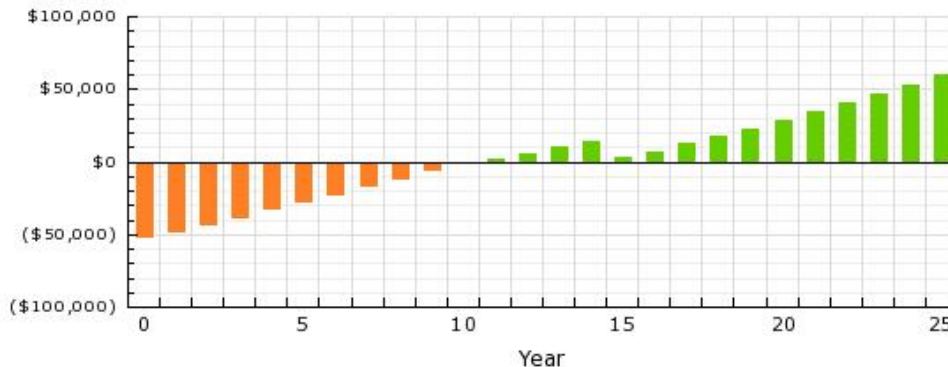
Financial Ratios

Customer's Profitability Index: 1.2
 Cashflow Payback: 10.3 years
 Internal Rate of Return (IRR): 7%
 Modified IRR (MIRR): 7.5%
 Net Present Value (NPV): \$10,803
 Levelized Energy Cost (LEC): \$0.12 per kWh
 \$3.24 per Gallon Propane

- Property Value Appreciation: \$71,375 (First-year utility savings x system life in years)
- CO2 Saved over System Life: 187 tons. Equivalent to driving 374,000 auto miles

Finance: Cash

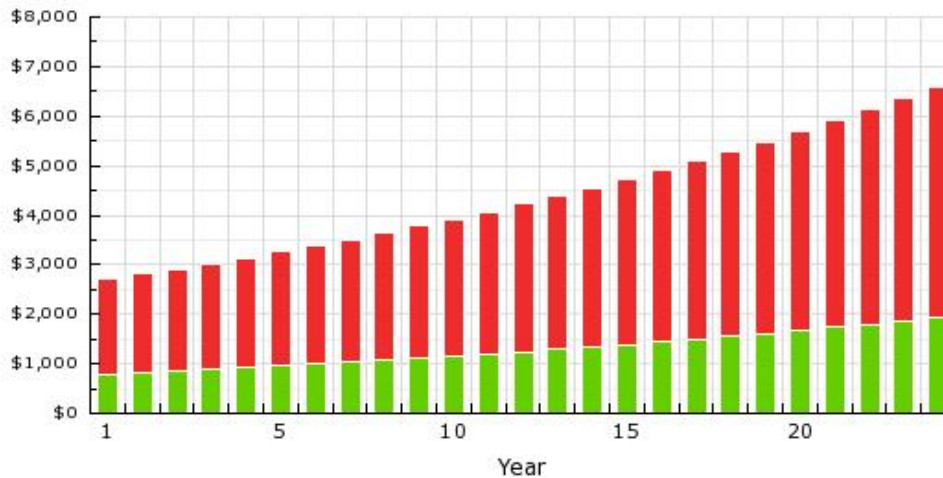
Cumulative Cash Flow





The Cost of Doing Nothing

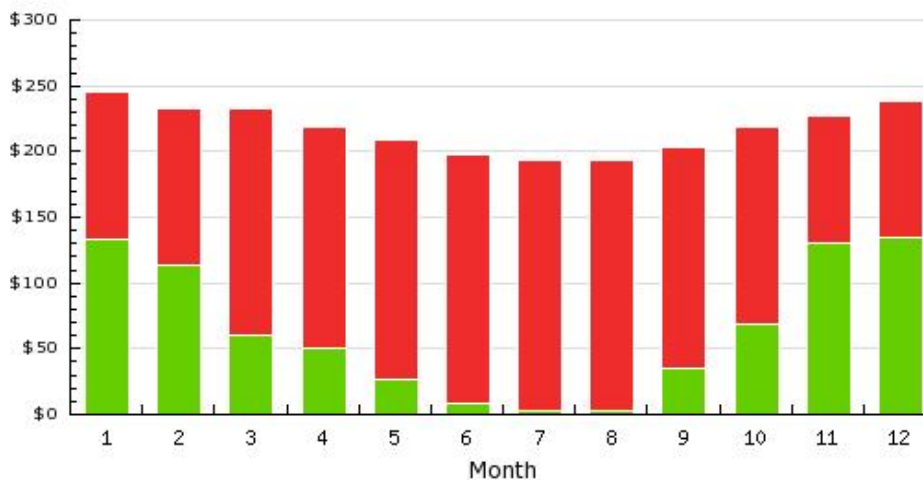
Utility Cost over Time



Your Hedge Against Utility Inflation: Your investment in this project will protect you from utility rate inflation. The graph above represents the cost of utility bills over time. The **red** area represents the the utility bills you can expect if you do nothing. The **green** area represents the utility bills you can expect by making this investment.

Utility Cost by Month

Utility Cost by Month





Carbon Footprint

Your carbon footprint will be reduced.

Over the life of your system 187 tons of carbon dioxide (CO₂) will be eliminated from your footprint.

187 Tons of CO₂ is Equivalent to:



Planting 935 trees.



Reducing your driving by 374,000 auto miles.



Your Solar Home

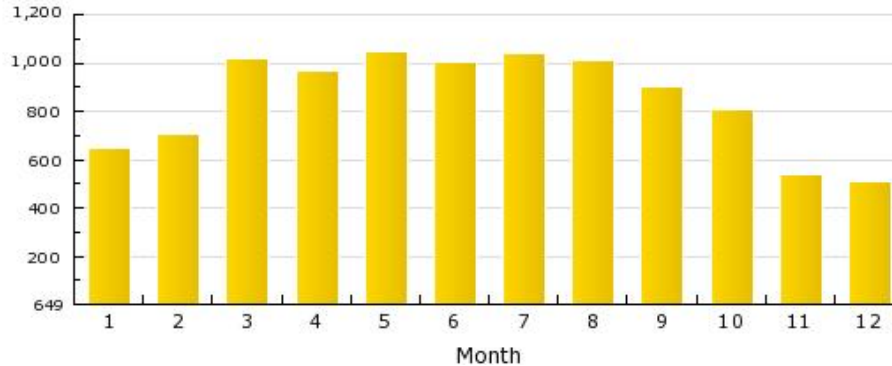


Charge your new electric motorbike with the sun



Solar Electric (PV) System Summary

Solar Electric (PV) kWh Production by Month



Array Configuration: Tilt: 30° Azimuth: 180° 3" Standoff
Shade: 0%

PV Panels: 45 x Centrosolar America, Model:D200

Inverters: 3 x SMA America, Model:SB3000US (208V)

Total Panel Area: 779 sq-ft

System Peak Power: 9 kW DC (8.55 kW AC, 7.823 kW CEC)

Annual Production: 10,178 kWh. Supplying 85% of annual electric use

Contract Price Summary: Solar Electric (PV) System

Gross Price: \$87,300 (\$9.7 per watt DC)

Incentives to be received by Contractor in 1st Year

PA State SunShine Rebate (Residential) \$ 1.75 per watt: (\$15,750)

Contract Amount: \$71,550

Incentives to be received by Customer in 1st Year

Federal Tax Credit (30% of Net Cost at Installation) (\$21,465)

Net Cost at Install (Year 0): \$50,085

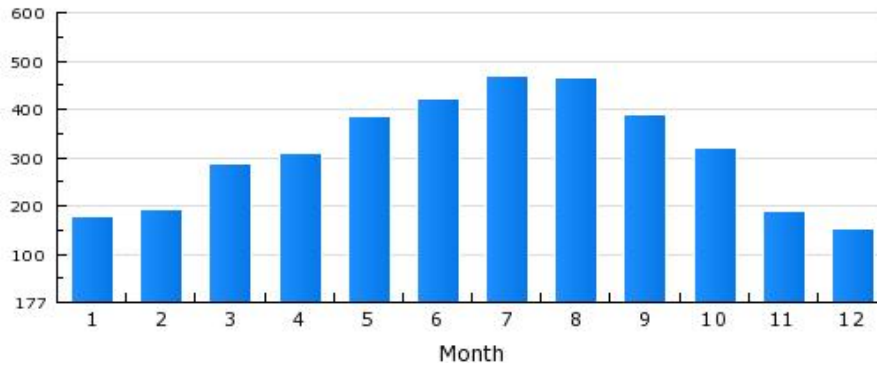
Net Installed Price per Watt: \$5.57 per watt DC (\$5.86 per watt AC)

Total Incentives to be received by Customer in Later Years: \$30,517 (See Cash Flow Tables)



Solar Water Heating System Summary

Solar Water Heating: kWh Displaced by Month



Collector Configuration: Tilt: 30° Azimuth: 180°
Shade: 0%

Collectors: 2 x Bubbling Springs Solar Inc., Model:MS 29

Water Tank: 80 gallons with heat exchanger

Configuration: Freeze-Protected/Closed-Loop

Annual Utility Energy Displaced: 3,762 kWh (140 Gallon Propane)

Estimated Demand: 80 gallons of water per day heated to 120° F

<u>Month</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
Solar Energy Fraction (SEF)	20%	25%	33%	39%	54%	72%	90%	94%	77%	54%	28%	19%

Contract Price Summary: Solar Water Heating System

Gross Price: \$5,906

Incentives to be received by Contractor in 1st Year

PA State SunShine Rebate (Residential) 25% of Gross Cost: (\$1,477)

Contract Amount: \$4,429

Incentives to be received by Customer in 1st Year

Federal Tax Credit (30% of Net Cost at Installation) (\$1,329)

Net Cost at Install (Year 0): \$3,100



How to Interpret Financial Ratios and Measures

A Measure of Security: Payback

Cashflow Payback: 10.3 years.

The most commonly used measure of the security of a proposed investment is its payback, defined as the length of time until one gets one's money back. Cashflow Payback is the time it takes to gain back the initial investment amount.

Profitability Index: 1.2

What PI Means: Generally, if $PI > 1$ then accept the project. If $PI < 1$ then "qualitative" factors may justify the project.

Profitability Index (PI) is a measure of investment efficiency. It identifies the relationship of investment to its return. Profitability Index (PI) is calculated as: (Net-Present Value of the Returns plus the Initial Investment) divided by the Initial Investment. For example: If \$10,000 is invested and the NPV of the returns is \$2,000, then the $PI = (\$10,000 + \$2,000)/\$10,000 = 1.2$

Net Present Value (NPV): \$10,803.

What NPV Means: NPV is an indicator of how much value an investment or project adds to the customer. If NPV is positive then the investment would add value. If NPV is zero or negative then other "qualitative" factors may add adequate value to justify the project (for example, lengthening a swimming pool season).

Net Present Value (NPV) is one way to account for the time value of money. NPV calculates the current value of each future cash flow. For example, \$1.00 received two years from now is equivalent to something less today, if it can be invested now at some interest rate. This allows us to "discount" the cash flows (whether positive or negative) that the proposed investment is expected to generate at various times in the future back to their equivalent value today (that is, their "present value"). If one then subtracts the cost of the proposed investment from the sum of the present values of the ongoing cash inflows, one obtains the net present value (NPV) of the investment.

Internal Rate of Return (IRR): 7%

Internal Rate of Return (IRR) is another common measure of investment efficiency. It is defined as the interest rate that causes the project's net present value (NPV) to equal zero, and is equivalent to the yield to maturity of a bond. The internal rate of return (IRR) on an investment or potential investment is the annualized effective compounded rate of return that can be earned on the invested capital.

Modified Internal Rate of Return (MIRR): 7.5%

Modified Internal Rate of Return (MIRR), as the name implies, is a modification of the internal rate of return (IRR) and as such aims to resolve some problems with the IRR. First, IRR assumes that positive cash flows are reinvested at the same rate of return as that of the project that generated them. This is usually an unrealistic scenario and a more likely situation is that the funds will be reinvested at a rate closer to the cost of capital. For determining MIRR, we assume a reinvestment rate of 8%.

Measures of Predictability: Using "hurdle rates" Levelized Energy Cost

Levelized Energy Cost (LEC): \$0.12 per kWh (\$3.24 per Gallon Propane).

Another dimension of concern about a proposed investment is the predictability of its anticipated costs and returns, which requires measures of the uncertainty associated with them. Levelized Energy Cost (LEC) analysis provides us with a "hurdle rate" (the levelized energy cost) which can be compared to the expected change in utility rates (by way of utility rate inflation). LEC is a average lifetime cost of energy for a particular system. We can compare the LEC to the current utility rate and its expected rise (or fall) in price as time goes on. In this manner one can judge how likely it may be the investment will be a "better bet" than utility rates to contain energy costs.



Assessing Option Value

The option value of a proposed investment represents the value of future opportunities that would be made available only if the investment were made. Like the ante in a poker game, the investment may promise no return other than the opportunity to look at the cards being dealt, at which point one can either fold or "exercise the option" by making additional investments in an attempt to win the pot. To realize future value here new investments are not necessarily required to "exercise the options" - ownership is enough.

In the case of renewable energy systems in general, there are primarily two opportunities, or options, which may have future value: Property value appreciation, and Renewable energy certificates (RECs or SRECs)

Property Value Appreciation

Installing a renewable energy system can result in increased property valuation. The research papers on this topic assume that by decreasing utility bills (operating costs) the property owner's cash flow can accommodate higher loan-to-value ratios. In other words, by reducing monthly expenses, a property owner can afford to take on more debt. In this manner, according to one report by the Appraisal Journal, a home's value can be increased by \$20,000 for every \$1,000 reduction in annual operating costs due to energy efficiency improvements. This assumes a 5% cost of money ($\$20,000 \times 5\% \text{ interest} = \$1,000$).

Property value appreciation = Ave. annual utility savings x 20 years

(Note: If system life is expected to be less than 20 years, the expected life is used.)

The following factors should be kept in mind:

1. The annual savings will not be the same every year. Utility inflation rates, assuming the renewable energy system is grid connected, will alter the annual savings over time - more savings with utility rate inflation, less if utility rate deflation occurs.
2. At some point in the system's life, its value as a "saleable" asset will start to reduce to zero as the system comes to its end of life.
3. Property valuations are based upon many variables (external factors), many of which are location-specific and/or contingent upon macro-economic and micro-economic factors such as interest rates, the economy, new developments, changing lifestyle and living patterns, etc. A property's value can change by many percentage points as a result of these external factors and one needs to consider the amount of value a renewable energy system may add to a property vis-a-vis the overall property's value.

Renewable Energy and/or Carbon Credits or Certificate (REC or SREC)

Renewable Energy Certificates (sometimes called "solar renewable energy credits/certificates" - SRECs, S-RECs, or simply RECs) are a new and evolving method to ascribe future financial value to a renewable energy system. RECs represent the bundle of legal rights to the "green" part of each unit of energy produced by a renewable energy system. This green part can be sold for a value, which generates additional revenue for the seller. These certificates can be sold and traded or bartered and the owner of the REC can claim to have purchased renewable energy.



Utility Energy Summary: Electric

Electric Utility Rates	
Current Rate	Post Project Rate
Fixed Price per unit	Fixed Price per unit
Average Cost: \$0.14 per kWh	Average Cost: \$0.14 per kWh
Tiered Rate: No	Tiered Rate: No
Time-of-Use Rate: No	Time-of-Use Rate: No
Demand Charges: No	Demand Charges: No

Summary of Utility & New Source Electricity

Electric by Month (kWh)	1	2	3	4	5	6	7	8	9	10	11	12	Total
<u>Entered into Software (historical)</u>													
Current Use	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12,000
Current Cost	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$1,440
<u>Estimated by Software</u> (Includes any planned energy increases)													
Current Use	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12,000
Current Cost	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$1,680
Baseline Use after Efficiency	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12,000
Baseline Cost after Efficiency	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$1,680
Post Project Use	351	296	-15	36	-46	-3	-41	-8	101	195	462	494	1,822
Post Project Cost	\$49	\$41	\$0	\$5	\$0	\$0	\$0	\$0	\$14	\$27	\$65	\$53	\$254



Utility Energy Summary: Propane

Propane Utility Rates													
Current Rate							Post Project Rate						
Fixed Price per unit							Fixed Price per unit						
Tiered Rate: No							Tiered Rate: No						
Summary of Utility Propane & New Source Energy													
Propane by Month (Gallon)	1	2	3	4	5	6	7	8	9	10	11	12	Total
<u>Entered into Software (historical)</u>													
Current Use	35	31	31	26	23	19	18	18	21	26	29	33	310
Current Cost	\$105	\$93	\$93	\$78	\$69	\$57	\$54	\$54	\$63	\$78	\$87	\$50	\$881
<u>Estimated by Software</u> (Includes any planned energy increases)													
Current Use	35	31	31	26	23	19	18	18	21	26	29	33	310
Current Cost	\$105	\$93	\$93	\$78	\$69	\$57	\$54	\$54	\$63	\$78	\$87	\$99	\$930
Baseline Use after Efficiency	35	31	31	26	23	19	18	18	21	26	29	33	310
Baseline Cost after Efficiency	\$105	\$93	\$93	\$78	\$69	\$57	\$54	\$54	\$63	\$78	\$87	\$99	\$930
Post Project Use	28	24	20	15	9	3	1	1	7	14	22	27	171
Post Project Cost	\$84	\$72	\$60	\$45	\$27	\$9	\$3	\$3	\$21	\$42	\$66	\$81	\$513



Cash Flow Details for the System

Cash Flows in Year	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
Gross Cost: PV	(87300)				
O&M Cost: PV	()	(218)	(218)	(218)	(218)
Gross Cost: Water Heating	(5906)				
O&M Cost: Water Heating	()	(15)	(15)	(15)	(15)
Gross Cost: TOTAL	(93206)				
O&M Cost: TOTAL	(0)	(233)	(233)	(233)	(233)
Utility Bill Savings with Inflation Applied	0	1913	1985	2060	2138
Utility Bill Net Cash Savings after Tax Affects		2855	2963	3075	3191
<u>Solar Electric (PV) Incentives</u>					
PA State SunShine Rebate (Residential) \$ 1.75 per watt *	15750				
Pennsylvania SREC Market (assumes \$ 300 per MWh for 10 years)		3053	3053	3052	3052
Federal Tax Credit (30% of Net Cost at Installation)	21465				
<u>Solar Water Incentives</u>					
PA State SunShine Rebate (Residential) 25% of Gross Cost *	1477				
Federal Tax Credit (30% of Net Cost at Installation)	1329				
Total Incentives	40021	3053	3053	3052	3052
Total Incentives Taxable as Income	0	3053	3053	3052	3052
Income Tax on Incentives	(0)	(1007)	(1007)	(1007)	(1007)
Net Annual Cash Flow	(53185)	4668	4776	4887	5003
Cumulative Cash Flow	(53185)	(48517)	(43741)	(38854)	(33851)

* - Indicates Contractor to receive this incentive.

Cash Flows in Year	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>
O&M Cost: PV	(218)	(218)	(218)	(218)	(218)
O&M Cost: Water Heating	(15)	(15)	(15)	(15)	(15)
O&M Cost: TOTAL	(233)	(233)	(233)	(233)	(233)
Utility Bill Savings with Inflation Applied	2219	2303	2390	2480	2574
Utility Bill Net Cash Savings after Tax Affects	3312	3437	3567	3701	3842
Pennsylvania SREC Market (assumes \$ 300 per MWh for 10 years)	3052	3052	3051	3051	3051
Total Incentives	3052	3052	3051	3051	3051
Total Incentives Taxable as Income	3052	3052	3051	3051	3051
Income Tax on Incentives	(1007)	(1007)	(1007)	(1007)	(1007)
Net Annual Cash Flow	5124	5249	5378	5512	5653
Cumulative Cash Flow	(28727)	(23478)	(18100)	(12588)	(6935)



Cash Flow Details for the System

Cash Flows in Year	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>
O&M Cost: PV	(218)	(218)	(218)	(218)	(218)
O&M Cost: Water Heating	(15)	(15)	(15)	(15)	(15)
O&M Cost: TOTAL	(233)	(233)	(233)	(233)	(233)
Utility Bill Savings with Inflation Applied	2670	2771	2877	2986	3099
Utility Bill Net Cash Savings after Tax Affects	3985	4136	4294	4457	4625
Pennsylvania SREC Market (assumes \$ 300 per MWh for 10 years)	3050				
Total Incentives	3050	0	0	0	0
<i>Total Incentives Taxable as Income</i>	<i>3050</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Income Tax on Incentives	(1007)	(0)	(0)	(0)	(0)
Net Annual Cash Flow	5795	3903	4061	4224	4392
Cumulative Cash Flow	(1140)	2763	6824	11048	15440

Cash Flows in Year	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	<u>19</u>
O&M Cost: PV	(16561)	(218)	(218)	(218)	(218)
O&M Cost: Water Heating	(15)	()	()	()	()
O&M Cost: TOTAL	(16576)	(218)	(218)	(218)	(218)
Utility Bill Savings with Inflation Applied	3216	3337	3463	3594	3730
Utility Bill Net Cash Savings after Tax Affects	4800	4981	5169	5364	5567
Net Annual Cash Flow	(11776)	4763	4951	5146	5349
Cumulative Cash Flow	3664	8427	13378	18524	23873

Cash Flows in Year	<u>20</u>	<u>21</u>	<u>22</u>	<u>23</u>	<u>24</u>
O&M Cost: PV	(218)	(218)	(218)	(218)	(218)
O&M Cost: TOTAL	(218)	(218)	(218)	(218)	(218)
Utility Bill Savings with Inflation Applied	3871	4017	4169	4326	4490
Utility Bill Net Cash Savings after Tax Affects	5778	5996	6222	6457	6701
Net Annual Cash Flow	5560	5778	6004	6239	6483
Cumulative Cash Flow	29433	35211	41215	47454	53937

Cash Flows in Year	<u>25</u>	<u>26</u>	<u>27</u>	<u>28</u>	<u>29</u>
O&M Cost: PV	(218)	()	()	()	()
O&M Cost: TOTAL	(218)	()	()	()	()
Utility Bill Savings with Inflation Applied	4660	0	0	0	0
Utility Bill Net Cash Savings after Tax Affects	6955				
Net Annual Cash Flow	6737	0	0	0	0
Cumulative Cash Flow	60674	0	0	0	0



Other Assumptions Used in this Analysis

Tax Affects Applied to Utility Savings: As a residential customer, we have assumed Pre-tax dollars are saved. This means the Utility Savings are divided by 1 minus the effective income tax rate (28% federal and 5% state).

System Life: PV System: 25 years, Inverters: 15 years, Solar Thermal System: 15 years,

Water Heater Efficiency: Pre-project: 60%, Post-project: 60%.

Solar Water Heating Losses: 25%

Performance Degradation and O&M Costs: We have assumed performance will degrade by 1% per year due to soiling and general wear. Annual operating and maintenance (O&M) costs are assumed to be a percent of gross system price, as follows: Solar Electric (PV): 0.25%. Solar Thermal: 0.25%.

Income Tax Rates: Federal: 28%, State: 5%

Annual Inflation Rates: Consumer price index: 2.80%, Electric Rates: 3.78%, Propane Rates: 3.78%

Discount Rate: 5.00%. Used to estimate net present value of future cash flows.

Reinvestment Rate: 8%. Used to calculate MIRR.

This is an estimate only. Actual situations will vary.

The following renewable resource assumptions were used to develop estimates for the job location:

Solar Resources: Flat-Plate, South-facing Tilted at Latitude

Month	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
kWh/m2/day	2.84	3.44	4.63	4.79	5.15	5.29	5.32	5.15	4.57	3.90	2.63	2.31

Water Inlet Temperature (°F)

Month	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
°F	34	34	34	39	50	61	68	72	68	61	50	39

Ambient Temperature Data (averages)

Month	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
Mean °F	26	29	38	49	59	68	73	71	63	51	41	32
Max °F	35	38	48	60	71	79	84	82	74	63	51	40
Min °F	18	19	27	37	47	57	61	59	52	40	32	23



Sales & Service Contract

This Contract is made by and between Energy Matters LLC located at P.O. Box 4352, Santa Rosa, CA 95402. (Contractor) and:

Customer

Correspondence & Work Location

J.R. Reading

Aaronsburg, PA 16820

Major Equipment to be Installed

Solar Electric (PV) System

PV Panels: 45 x Centrosolar America, Model:D200

Inverters: 3 x SMA America, Model:SB3000US (208V)

Solar Water Heating System

Collectors: 2 x Bubbling Springs Solar Inc., Model:MS 29

Water Tank: 80 gallons with heat exchanger

Payment Schedule

Down Payment	\$1,500	Due at Signing
Equipment Delivery	\$22,344	Due about week 3
Contract Balance	\$52,135	Due upon Completion
Contract Total	\$75,979	



Sales & Service Contract

General Terms and Conditions of Sale

Our business relationships with our customers shall be based on our General Terms and Conditions of Sale, as defined below:

1. **Turn Key Service:** Contractor is providing a "turn key" system which includes all applicable standard hardware, materials, supplies and services required to provide a fully-operational system.
2. **Compliance to Building Codes:** All work shall be completed in a workmanship like manner and in compliance with all building codes and other applicable laws.
3. **License Status:** To the extent required by law all work shall be performed by individuals duly licensed and authorized by law to perform said work.
4. **Use of Subcontractors:** Contractor may at its discretion engage subcontractors to perform work hereunder, provided Contractor shall fully pay said subcontractor and in all instances remain responsible for the proper completion of this Contract.
5. **Liens and Waivers of Liens:** Contractor shall furnish Customer appropriate releases or waivers of lien for all work performed or materials provided at the time the next periodic payment shall be due. To protect Customer against liens being filed by Contractor, subcontractors and providers of materials, Contractor agrees that Final payment to Contractor shall be withheld by Customer until Contractor presents Customer with lien waivers, lien releases, or acknowledgment of full payment from each subcontractor and materials provider.
6. **Change Order (Mid-Performance Amendments):** The Contractor and Customer recognize that Contractor's original cost and time estimates may prove too low due to unforeseen events, or to factors unknown to the Contractor when the contract was made; Customer may desire a mid-job change in the specifications that would add time and cost to the specified work possibly inconvenience the Contractor; or Other provisions of the contract may be difficult to carry out because of unforeseen events, such as a materials shortage or a labor strike. If these or other events beyond the control of the parties reasonable require adjustments to this contract, the parties shall make a good faith attempt to agree on all necessary particulars. Such agreements shall be put in writing, signed by the parties and added to this contract. Failure to reach agreement shall be deemed a dispute to be resolved as agreed herein.
7. **Liability Waiver:** Contractor warrants it is adequately insured for injury to its employees and others incurring loss or injury as a result of the acts of Contractor or its employees and subcontractors.
8. **Permits and Approvals:** Contractor shall at its own expense obtain all permits necessary for the work to be performed.
9. **Surety Bond:** Prior to beginning job, Contractor shall be required to obtain a surety bond covering Contractor's obligations under this contract, in the amount of \$ _____.
10. **Taxes:** Unless otherwise indicated, no taxes are included in the prices. Customer agrees to pay any taxes which are paid or payable, or assessed in connection with this Work. In the event Customer shall fail to pay any periodic or installment payment due, Contractor may cease work without breach pending payment or resolution of any dispute.
11. **Dispute Resolution:** All disputes hereunder shall be resolved by binding arbitration in accordance with the rules of the American Arbitration Association.
12. **Force Majeure:** Contractor shall not be liable for any delay due to circumstances beyond its control including strikes, casualty or general unavailability of materials. Any starting or completion dates stated by us shall be subject to clarification of all technical details. Moreover, our obligation to meet any deadlines shall be based on the punctual and proper fulfillment of the customer's obligations. In the event of strikes, lockouts, Force Majeure, delayed shipments by suppliers or subcontractors or other causes hindering punctual Completion for reasons that we are not accountable for, we shall be entitled to extend the Completion date(s) by a reasonable amount of time.
13. **Materials:** All materials shall be new, in compliance with all applicable laws and codes, and shall be covered by a manufacturer's warranty if appropriate.



14. What Constitutes Completion: The work specified herein shall be considered completed upon approval by Customer, provided that Customer's approval shall not be unreasonably withheld. Except for the "retainage amount" of 10% of the contract price, substantial performance of the specified work in a workmanlike manner shall be considered sufficient grounds for Contractor to require final payment by Customer, except as provided in Liens and Waiver of Liens clause herein.

15. Limited Warranties: Contractor will complete the specified work in a substantial and workmanlike manner according to standard practices prevalent in Contractor's trade. The specified work will comply with all applicable building codes and regulations.

Contractor warrants that the labor and materials provided as part of the specified work will be free from defects for a period of five (5) years from the date of completion.

Major equipment as supplied by third-party(ies) manufacturer(s) shall be warranted in accordance that manufacturer's warranty.

Additional warranties offered by the Contractor are as follows: _____

Contractor disclaims any liability for direct or indirect damages due to improper modifications, alterations or repair attempts, inappropriate use or operation, insufficient ventilation of electrical equipment, non-compliance with relevant safety standards or regulations, flood, lightning, over voltage, storm, fire (acts of nature).

Contractor will not be liable for any direct, indirect or consequential damages, losses, costs or expenses however arising in contract or tort, including without restriction any economic losses of any kind, any loss or damage to property, any personal injury, any damage or injury arising from or as a result of misuse or abuse, or the incorrect operation of the equipment.

16. Site Maintenance: Contractor agrees to be bound by the following conditions when performing the specified work:

Contractor shall perform the specified work between the following hours: _____

At the end of each day's work, Contractor's equipment shall be stored in the following location: _____

At the end of each day's work, Contractor agreement to clean all debris from the work area and leave all appliances and facilities in good working order except as follows: _____

Contractor agrees that disruptively loud activities shall be performed only at the following times: _____

Contractor agrees to confine all work-related activity, materials and products, including dust and debris, to the following areas: _____

17. Right of Cancellation: Customer may cancel this Contract within three (3) days after signature by notifying Contractor of such in writing.

18. Other Terms: Customer and Contractor additionally agree that:



All agreements between Customer and Contractor related to the specified work are incorporated in this Contract. Any modification to the Contract shall be in writing.

I have read and agree to the above Sales Contract:

CUSTOMER:

Signature _____

Date _____

CONTRACTOR:

Signature _____

Date _____