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TERMS and WARRANTY

This Proposal, and any subsequent Invoice(s) issued by MIR Hardwood Design based on this Proposal as countersigned by you ("You") (hereinafter sometimes referred to herein as our "Agreement") for goods identified on the first page of this Proposal (hereinafter sometimes referred to as the "Products") is subject to the following terms, unless inconsistent with the special terms on the first page of this Proposal, in which case such special term(s) shall control, with the remainder of the Additional Terms below in full force and effect.

Custom Flooring since 1946

1. Materials.

- a. More material may be delivered to the job site than necessary. Any left over materials remain property of MIR Hardwood and will pick up upon work completion. MIR guarantee flooring installation amount only, outlined in contract, not areas. All additional square footage subject to additional charge.
- b. This Proposal does not include installation of base shoe and moldings.
- c. All flooring and steps materials plain cut, unless otherwise specified.
- d. This Proposal does not include installation of flooring under cabinets.

2. Subfloor. If the wood floor and/or plywood are to be installed over a concrete slab, the slab must be leveled by purchaser to within 1/8" deviation in 10'. The slab must be sound and flat. This proposal does not include leveling, filling or shimming. Subfloor installation over light weight concrete subject to additional charge.

3. Schedule.

- a. The time needed to acclimate the wood, prior to installation, is 14 days.
- b. The time needed to acclimate the wood, after the installation, is 14 days.
- 4. Jobsite conditions.
- a. The building should be closed in with outside windows and doors in place. All concrete, masonry, sheetrock and framing members, etc. should be thoroughly dry before flooring is delivered to the job site. In warm months the building must be well ventilated; during winter months heating should be maintained near occupancy levels at least five days before the flooring is delivered and until sanding and finishing are complete. From the time flooring is delivered and until occupancy, temperature and humidity should be maintained by owner/contractor at or near occupancy levels. Humidity level of 40-45% and temperature 70-75 degree.
- b. After occupancy, owner should continue to control the environment.
- c. Purchaser gives MIR Hardwood Design permission to display MIR Hardwood Design banner on the construction site fence for the duration of work described in this contract. The sign will be 2'x 3' and will contain MIR Hardwood Design address and contact information.
- d. A charge \$70.00 per man hour will be charged if areas not cleared for work.

5. Floors and steps protection.

a. Purchaser responsible for covering floors and steps with red rosin paper with ram boards on top of it.Both red rosin and ram board should be sealed with blue masking tape. First layer of rosin paper to be

installed with no tape, second to be installed perpendicular and taped to first. To tape should touch the finished floor!

b. The covering should be installed after installation and polyurethane or oil application. Absence of covering may result in scratches and dents for which MIR will not be responsible.

8. Arbitration. Except as otherwise provided in this Agreement, any controversy or dispute arising out of this Agreement, the interpretation of any of the provisions hereof, or the action or inaction of any party hereunder shall be submitted to final and binding arbitration in Los Angeles, California administered by JAMS/Endispute in accordance with the then-existing JAMS/Endispute Arbitration Rules and Procedures for Commercial disputes. In the event of such an arbitration proceeding, the parties should select a mutually acceptable neutral arbitrator from among the JAMS/Endispute panel of arbitrators. In the event such parties shall be unable to agree on an arbitrator within thirty (30) days after initially attempting to choose an acceptable arbitrator, the Administrator of JAMS/Endispute will appoint an arbitrator. Any award or decision obtained from such arbitration proceeding shall be final and binding on the parties, and judgment upon any awards thus obtained may be entered in any court having jurisdiction thereof. No action at law or in equity based upon any claim arising out of or related to this Agreement shall be instituted in any court by any party except (a) an action to compel arbitration pursuant to this Section..... or (b) an action to enforce an award obtained in an arbitration proceedings in accordance with this Section.....

6. Governing Laws. This Agreement and all disputes or controversies arising out or relating to this Agreement or the transactions contemplated hereby shall be governed by, and construed in accordance with, the internal laws of State of California, without regard to the laws of any other jurisdiction that might be applied because of conflict of laws principles.

7. Attorneys' Fees. If any actions or proceedings is brought by any party to this Agreement with respect to this Agreement, the transaction referred to herein or with respect to interpretation, enforcement or breach hereof, the prevailing party in such action shall be entitled to an award of all reasonable cost of litigation, including, without limitation, attorneys' fees to be paid by the losing party in such amount as may be determined by the court having jurisdiction of the action. This attorneys' fees clause shall include all post judgment attorneys' fees and costs and not be merged into, but rather shall survive, the judgment.

8. Warranty. MIR guarantees all materials and workmanship purchased from MIR, and agrees to replace, at its sole cost and expense, and to the satisfaction of the owner/contractor, any and all materials adjudged defective or improperly installed for a period of one (1) year from completion and acceptance of work covered by the prime contract. MIR products are warranted to the original owner/contractor that the urethane surface wear layer will not wear through or separate from the wood floor for a full one (1) year from the date of installation when used under normal residential traffic conditions.

9. Warranty Exclusions. The patterns and color variations created in a living tree are like all of nature - never repeated. Naturally occurring wood characteristics such as mineral streaks, knots, variations in grain and color, are not considered defects. Your newly installed floor will vary from samples or pictures shown — this variation is not covered by our warranty. Also, species, age, character and exposure to sunlight may keep new or replacement flooring from matching existing flooring or samples. Purchaser is responsible for providing proper temperature and humidity conditions at the jobsite. Purchaser is aware that jobsite temperature and moisture conditions may adversely affect wood products and therefore Purchaser expressly agrees that Seller shall not be responsible for any expansion, shrinkage, cupping, buckling or other reaction of wood to moisture or dryness. If there is radiant heat, the system must be activated long enough to remove 98% of all moisture from concrete. A reading of under 2% must be verified by contractor or purchaser before the seller can perform his work. Because hardwood flooring is a natural product, it may expand and contract due to seasonal moisture level changes and may cause some squeaking. All wood flooring will undergo natural color changes due to the effects of sunlight and/or Ultraviolet light and these changes are not covered by our warranty. Material warranties are solely those of the manufacturers of the materials specified. Purchaser agrees to look only to those manufacturers for all warranty claims. Area rugs and other furnishings should be moved occasionally as

they block sunlight and may give the appearance of discoloration under the rug. This is not a product defect. MIR warranties exclude indentations, scratches, or damages caused by misuse, negligence, accidents, fire, erosion, insects, pets, shoes, pebbles, sand, other abrasives, and lack of proper maintenance, insufficient protection on furniture, and misuse or improper alterations of the wood flooring. Damage due to water and/or moisture, including, but not limited to damage resulting from broken or leaking pipes, wet mopping, weather conditions or natural disasters, is excluded from MIR warranties. Gloss reduction is not considered surface wear; therefore it is not covered under this warranty. No warranties apply to cabin, off-grade, or any other products not included in the products specifically outlined in the warranty. This writing is the complete and exclusive statement of the warranty, and is in lieu of all other expressed and/or statutory warranties. MIR assumes no liability for incidental or consequential damages.

10. Payments. Unfinished flooring: Deposit – 50%. Installation – 40%. Finish – 10% Prefinished flooring: Deposit – 60%. ½ Installation – 20%. ½ Installation – 20%.

11. Additional work. Hourly work for items not included in this contract will be billed at the following rates. Field lead man: \$85.00 /hour/man. Field journeyman \$70.00 /hour/man. Field laborer \$60.00 /hour/man.

12. Samples. MIR will provide 18" x 15" hardwood flooring sample of each specie listed in this contract with no charge. All additional custom samples, after contract signed and each custom sample requested by owner/contractor approved and signed will be charged \$299.00 for each additional sample. Small (5"x10") color samples will be charged \$75.00 for each additional sample.

13. Breach and Default -Goods/Products Not in Stock or Specially Ordered. In the event that you breach this Agreement (or any subsequent invoice based on this Proposal) with respect to specially ordered Products and/or with respect to Products not in stock at the time of order, you acknowledge and agree that the Products are being ordered specially for You, that actual damages for your breach of the Agreement are uncertain, and therefore the parties hereto have provided for liquidated damages as follows: Upon breach, we will, at our option, either (i) Retain the goods that are the subject of the order and Your ENTIRE deposit; or (ii) Retain the goods and retain the deposit and sue You for the full unpaid balance of the purchase price plus any costs and fees of collection or enforcement of any lien for storage or; at our sole option, (iii) Restock the goods and charge You a restocking fee of 50%.

15. Miscellaneous. Time is of the essence. The parties to this Agreement have the authority to enter into this Agreement. If any part of this Agreement is declared void, the remaining parts shall remain valid. This is a fully integrated agreement. There are no other prior oral agreements between us, all of which are merged into this Agreement. This Agreement cannot be waived, modified, or amended without a writing signed by both parties.

13. Signature. Up on acceptance, as evidence by signatures of the Purchaser (Owner or Contractor) and an officer of MIR Hardwood Design Inc. this proposal automatically becomes an agreement. The above price, specifications and conditions are satisfactory and hereby accepted. MIR Hardwood Design Inc. is authorized to do the work as specified, and the payment will be made as outlined above