



(PLEASE READ THE ENTIRE DOCUMENT REGARDING OUR PAYMENT TERMS)

To all Rimrock Construction, LLC Subcontractors and Suppliers:

In an effort to expedite all payments for work contracted and performed on projects for Rimrock Construction, LLC (Rimrock), there are two items that require attention on behalf of Rimrock at this time: (1) Additional detail of the relationship expectations and conditions between Rimrock and their Subcontractor and Suppliers (2) Terms for Receiving Payment. Please be aware that our intent is for the sole purpose of maintaining a strong working relationship while also ensuring receipt of payments in the most efficient manner possible.

Item #1

Subcontracted Work or Materials Provided on Projects IN UTAH

Currently, the State of Utah has implemented the State Construction Registry (SCR) to protect and minimize unknown project liability and risk to all General Contractors, Subcontractors, and Suppliers. Please read the following summary regarding the SCR.

During the 2004 State legislative session, House Bill 136, Sixth Substitute, Electronic Filing of Preliminary Lien Documents was passed and put into law. The new legislation modified the Mechanics' Lien statute and called for the development of a standardized, statewide system for filing and managing preliminary notices, as well as notices of commencement and notices of completion. Additional technical changes were made in 2005 under House Bill 105, Construction Filing Amendments.

The concept behind HB 136 is to establish, in essence, an online project "bulletin board" providing full disclosure to property owners, contractors, and other interested parties, of people providing goods and services to a construction project. By providing a centralized resource for project participant information, the State Construction Registry (SCR) will help property owners minimize unknown project liability and risk.

Another function of the SCR program is to implement an efficient and standardized system for protecting lien rights associated with all types of construction projects - residential, public and commercial projects. **The SCR will be the exclusive system for filing and managing preliminary notices and will provide a suite of automated and streamlined services.**

The full SCR system will be implemented for commercial projects on May 1, 2005, and for residential projects on November 1, 2005, and will be administered by a designated agent, Utah Interactive, under the oversight of the Division of Occupational and Professional Licensing.

Please be aware that going forward, the Subcontractor, has the sole responsibility to verify that the information on the SCR is correct and the suppliers who have filed pre-lien notices are your actual suppliers. Rimrock Construction, LLC **cannot** release any funds without the **written consent** from each supplier certifying the amount owing for each applicable invoice period. By policy, joint-checks will be issued for any monies that are shown as being owed to suppliers that are registered on the SCR.

(Please reference section 3.10 RIGHT OF JOINT-CHECK PAYMENT of our Subcontract Agreement which states: “Contractor, at its option, may make any payment due hereunder by check payable jointly to Subcontractor and any of his subcontractors, suppliers, and material men who have performed Work or furnished materials under this Subcontract Agreement.”)

We encourage you to familiarize yourself with the SCR. This will ensure that you are protected as a subcontractor or supplier and that payments being owed from Rimrock Construction, LLC are processed in the most efficient manner possible.

The following documents can be printed from our website (www.Rimrock.us) under the Custom Bid Room/Forms & Information heading:

- Subcontractors Request for Payment (Progress/Final Payment)
 - Must include the correct job information, subcontract number, and payment details.
- Supplier Notification Form
 - (To be filled-out and returned by Subcontractor with suppliers consent certifying any balance owed)
- W-9 Form
- Certified Payroll Forms (required for labor performed on all HUD jobs)
- Schedule of Values Form

There is also a link to the SCR on our website along with a link to where you can search all of Rimrock’s current projects and their corresponding SCR numbers for you to reference (<https://secure.utah.gov/scr2/scr/complexsearch.html?nocache=1>). We will try to email monthly reminders to you when we submit the draw to the owner. We are requiring you to collect the appropriate information from your suppliers by referring to the SCR, collecting the supplier notification from the suppliers that have filed on the SCR, and submitting those signed notifications back to Rimrock. Providing Rimrock the most current and appropriate email addresses is critical to ensuring this communication is sent to the appropriate authoritative individual within your company. We will not be faxing out these reminders. Please send the correct email information to Info@rimrock.us.

Subcontracted Work or Materials Provided on Projects OUTSIDE of Utah

There are currently no other states that provide an online program, such as Utah’s SCR, but Subcontractors are still expected to provide detailed supplier information on the Schedule of Values Form and signed Supplier Notification Forms for supplied materials on all work performed prior to receiving payment from Rimrock.

Summary of Responsibilities and Expectations:

Subcontractor / Suppliers

- **Items Required PRIOR to any work Performed:**
 - Signed Subcontracts or Purchase Orders
 - By commencing work or supplying materials **prior** to returning a signed contract or purchase order, **you agree to all the terms outlined in the appropriate document in its entirety.**
 - Current Insurance Certificates (Liability Insurance & Workers Comp.)
 - W-9 Form Filled out and Signed
 - Completed Schedule of Values Form for Scope of work being subcontracted and a list of all your suppliers with appropriate contact information
- **Items Required PRIOR to Payment:**
 - Submit “Request for Payment” by 25th of the month. (**Subcontract Agreement 4.0**)
 - Collect all **signed** Supplier Notification forms from your suppliers prior to any disbursements of funds from the draw. This is critical in timely payment.
 - Verify the amounts shown are correct and any discrepancies resolved

Rimrock Construction, LLC.

- Provide access to applicable forms for Payment, Supplier Notifications, certified payroll forms, etc. via www.rimrock.us
- Provide the SCR link information via www.rimrock.us for projects in Utah
- Pay according to **Subcontract Agreement 4.1.2 and Purchase Order Terms**

Item #2

Terms for Receiving Payment

As a responsible General Contractor, Rimrock Construction, LLC strives to maintain the best pool of subcontractors and suppliers. Based on the current economic conditions affecting the country, we must ensure that we protect every party’s interest on our construction projects. Rimrock, however, cannot shoulder the total burden of risk associated with construction and want to clarify our payment terms for doing business. The following language specifying our terms can be found in both our Subcontracts and Purchase Orders going forward and it is to be understood that these terms will establish precedent in our relationship for doing business.

Subcontract Terms:

4.1.2 Subcontractor will be paid within one week (7 calendar days) after Contractor receives verification from its bank that funds have been deposited specifically designated for the work and materials provided by Subcontractor for this Project. Contractor's receipt of payment from Owner is an express condition precedent to Contractor's payment obligations hereunder and the source of payment. Subcontractor expressly accepts this condition for all payments or reimbursements and accepts all risks this may imply for compensation for any and all costs expended in the performance of the Subcontract Agreement.

Purchase Order Terms:

Supplier will be paid within one week (7 calendar days) after Contractor receives verification from its bank that funds have been deposited specifically designated for the work and materials provided by Supplier for this project. Contractor's receipt of payment from Owner is an express condition precedent to Contractor's payment obligations hereunder and the source of payment. Supplier expressly accepts this condition for all payments or reimbursements and accepts all risks this may imply for compensation for any and all costs expended in the performance of the Purchase Order Agreement.

Again, Rimrock wants to ensure that every party associated with one of our projects has all the information needed to do business according to our terms and will do everything in our power to make sure you receive compensation for the goods and services you provide to our projects. Rimrock values your relationship and hopes to continue to make a difference in our industry by building quality structures in the communities we live in.

Sincerely,

Rimrock Construction, LLC