



K2 ENGINEERING, INC.

AN ALABAMA CORPORATION

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Cold-Formed Steel Observation Contract Acknowledgement / Terms & Conditions

Effective Date: November 6, 2009

Entire Agreement/Acceptance

Thank you for your order of cold-formed steel observation services (described below). Our acceptance of it is expressly conditional on your assent to this document and all of its provisions as a contract between Example client (hereinafter "Client") and K2 Engineering, Inc. (hereinafter "K2 Engineering")

This document shall constitute the entire agreement between the Client and K2 Engineering. No additional, different, or revised terms and conditions shall become part of this agreement unless expressly agreed to by K2 Engineering in writing. No other representation, expressed or implied, and no other warranty or guarantee is included or intended in this contract, or in any report, opinion, document, or otherwise generated as a result of this contract.

The scope of the cold-formed steel observation work for this contract is as specifically described below:

Project / Building Name: Example project Kingsport, TN

Client agrees and understands that the on-site visit by K2 Engineering's engineers to the site noted above is solely for the purpose of making an observation of the cold-formed steel framing built as per the sealed drawing set previously submitted to the client. Observation of other construction, including cold-formed steel framing not shown in the seal drawing set, are outside the scope of this contract and will not be performed. Observation is defined as the visual observation of the in-place cold-formed steel framing for general conformance to the provisions of the sealed drawing set at the time of the observation.

Client agrees that the observation shall not be construed as inspection or approval of construction, and that the observation does not replace inspections and/or testing by the testing agency or special inspector, if any.

Client agrees that job site visits by K2 Engineering's engineers, for any reason, shall not constitute approval, awareness, or liability for any hazardous conditions, improper means and methods by the contractors and sub-contractors, job site safety, or any other aspects not directly related to cold-formed steel framing.

Client agrees that K2 Engineering and its engineers will not guarantee the performance of, and shall have no responsibility for, the acts or omissions of any contractor, sub-contractor, supplier, or any other entity furnishing materials for or performing any work on the project. Client further agrees that K2 Engineering and its engineers will have no role in the supervision of the contractor's work.

Techniques employed will include a review of the sealed drawing set and a cursory visual review of the in-place cold-formed steel framing. The level of effort will be tailored to reflect the available time and fee and will not generally be comprehensive, but will be geared to identify and document the significant characteristics as pertaining to general conformance to the provisions of the drawing set noted above.

A report will be produced which summarizes whether or not the in-place cold-formed steel framing was in general conformance with the provisions of the sealed drawing set at the time of observation. Any items which were not in general conformance will be noted and the applicable note(s) or detail(s) will be specified.

The trip to the job site, if required, will be billed as noted in section "Rates, Expenses, and Payment" on page 2 of this contract. Given the distance from K2 Engineering's offices to the job site, an overnight stay may possibly be required. The report generation is expected to take about 1 - 2 hours. An invoice for the trip expenses will be submitted as soon as all expenses are known and will be due and payable at time of report submission. Contract terms and obligations shall expire and become void if not signed and accepted by both parties on or before November 11, 2009.

UNLESS SPECIFICALLY STATED TO THE CONTRARY ABOVE, THE CLIENT HAS SPECIFICALLY RELEASED AND HOLDS HARMLESS K2 ENGINEERING FROM ALL OTHER ASPECTS OF THE BUILDING DESIGN INCLUDING, BUT NOT LIMITED TO, OVERALL BUILDING STRUCTURAL INTEGRITY, STRUCTURAL STEEL DESIGN, INTEGRITY OF EXISTING STRUCTURES, FOUNDATION, TEMPORARY BRACING, LOADS FROM TORNADOES, BLAST-INDUCED LOADS, NON-LOAD-BEARING INTERNAL PARTITIONS, EXTERIOR CLADDING AND ROOFING, INTERIOR FINISHES AND FIXTURES, PLUMBING, INTERIOR EQUIPMENT, ELECTRICAL, EGRESS, ACCESS, ACCESSABILITY AND OCCUPANCY, ELEVATORS, FIRE PROTECTION AND FIRE RESISTANCE, NON-STRUCTURAL BUILDING CODE ISSUES, RADON ISSUES, VERMIN CONTROL, AND ENERGY EFFICIENCY. The Client agrees to seek other professional help as needed regarding these other building design aspects. The Client agrees that K2 Engineering shall not be held liable for any special, indirect, incidental, or consequential damages suffered during the building erection. The Client also agrees that K2 Engineering shall not design, approve, or otherwise assume any responsibility for the design of any temporary bracing required during construction. Further, Client agrees that K2 Engineering shall not be responsible for any acts or omissions of any Contractor(s), subcontractors, or suppliers nor for failures or other problems arising from unsafe and/or unworkmanlike construction practices or failure to comply with all applicable construction specifications, documents and construction and safety codes. Client agrees that changes in, or deviations from, any aspect of engineered details shown on any submitted document or drawing without written consent from K2 Engineering relieves K2 Engineering and its employees and/or associates from any and all responsibility for the altered detail.

Performance

Timely performance by K2 Engineering is contingent upon Client furnishing K2 Engineering, when needed, all required technical information, drawings, and referenced specifications, and drawing approval. Performance is also contingent upon prompt response from any relevant third parties. K2 Engineering shall not be held responsible for delays in completing design work or other performance due to matters beyond its control.

The standard of care for all professional engineering and related services performed or furnished by K2 Engineering will be the reasonable care and skill ordinarily used by members of the structural engineering profession practicing under similar circumstances at the same time and in the same locality. K2 Engineering makes no warranties, expressed or implied, in connection with services rendered.

Rates, Expenses, and Payment

Hourly rates for registered engineers are \$80 per hour. Drafting services (if available) are at the drafting subcontractor's rate plus 15%. Engineering software development at a rate of \$70 per hour. Costs for drawing reproduction and/or delivery, sealing of drawing sets, miscellaneous services, etc. are the total of engineer's time at full rate (1 hour minimum) plus subcontractor costs, if any. Other expenses, if any, such as travel, lodging, mileage, etc. are invoiced at cost. Travel time is charged at the full hourly rate. Out of town travel is subject to a minimum charge of eight hours per day. Fees from Architect or EOR for electronic drawing files or other materials are invoiced at cost and added to invoice.

Should the Client change the scope of the work described above either in writing or verbally, Client agrees to pay K2 Engineering for the additional work involved in said change. K2 Engineering may elect to document the changes in the form of an Engineering Change Notice (ECN) or Contract Addendum.

Changes made or additional work requested after the contract has been satisfied will be invoiced separately on a "time and materials" basis using rates noted above. Client agrees that the provisions of this contract shall extend to any additional work. Client agrees and understands that all invoices, whether for contracted work or subsequent additional work, are considered due and payable upon presentation of invoice to Client.

In the event that all or any portion of the work prepared or partially prepared by K2 Engineering be suspended, abandoned, or terminated by the Client, the Client shall pay K2 Engineering for all fees, charges, and services provided for the Project, not exceeding any contract limit set herein.

Allocation of Risks

To the fullest extent permitted by law, the total liability, in aggregate, of K2 Engineering to the Client, or anyone else claiming by, through, or under the Client for any and all claims, loss, or damages in any way related to this Project for any cause or causes, including but not limited to negligence, professional errors or omissions, shall not exceed the total compensation received by K2 Engineering. Any applicable statute of limitations shall begin to run not later than the date of final completion of the project.

Intellectual Property

K2 Engineering agrees to honor and keep private all trade secrets, confidential business matters and other intellectual property of the Client. Any methodologies, software, etc. developed by K2 Engineering during the course of the work described above remain the intellectual property of K2 Engineering. K2 Engineering will retain possession of one copy of the final set of drawings and/or design documents and all red-lined or revised interim sets of drawings and/or documents.

Client Acceptance (by Client or Agent for Client)

Client has read this document completely and fully understands its terms and implications. Signature below is by the Client or a duly authorized agent of the Client. Client agrees that any terms of which he had questions were explained to his satisfaction.

Client, or Agent for Client

Date

President, K2 Engineering, Inc.

Date

(Please initial 1st page, sign above, and make a copy for your records.)