

HATLEY CONSTRUCTION & REPAIR LLC

d/b/a Hatley Construction & Millwork
113 State Ave, STE 101, Clayton, NC 27520 | 919-879-0639

TERMS & CONDITIONS

When entering into a contractual agreement with Hatley Construction & Repair LLC, you are affirming your commitment to the outlined work as detailed in the agreement. These Terms & Conditions ("Terms") apply to and are incorporated into all proposals, contracts, invoices, change orders, shop drawings, production authorizations, and other project documents issued by Hatley Construction & Repair LLC (the "Contractor"). The party purchasing services is the "Customer." Definitions used throughout these Terms: (i) "PMS" means Contractor's project management and document-tracking system, including any platform Contractor uses to issue, store, and track project documents, approvals, messages, and payment records; (ii) "NIC" means Not In Contract; and (iii) "Fabrication Release" means Customer's written authorization to begin fabrication after approval of shop drawings.

ARTICLE 1 — GENERAL PROVISIONS

1.1 Incorporation; Order of Precedence. These Terms are incorporated into every Contractor proposal, contract, invoice, change order, and authorization. If there is a conflict, the following order controls: (1) Signed Proposal/Contract (including exhibits), (2) Approved Change Orders, (3) Approved Shop Drawings/Fabrication Release/Production Authorization, (4) These Terms, (5) All other project communications.

1.2 Acceptance; Electronic Signatures; PMS Records. Customer accepts and is bound by these Terms by: (a) signing (including e-signature), (b) approving in the PMS, (c) paying any invoice or retainer, or (d) directing Contractor to start or continue work in writing (email, text, or PMS message). Electronic signatures and electronic records are enforceable to the maximum extent allowed by law. PMS logs, approvals, messages, and document history may be used as business records to evidence authorization, scope, pricing, and timing.

1.3 Entire Agreement. The signed Proposal/Contract plus these Terms and approved Change Orders constitute the entire agreement and supersede prior discussions or representations.

1.4 Commercial/GC Projects — Dual Execution. For commercial projects where a GC/CM issues a subcontract, Contractor's Proposal must still be executed (signed/approved) to define scope, inclusions, NIC, and commercial terms. Execution of a third-party subcontract does not waive Contractor's requirement that Contractor's Proposal and Terms govern Contractor's scope. If a GC does not sign and return Contractor's Proposal, Contractor's Terms shall govern all work performed.

1.5 Force Majeure. If events beyond a party's reasonable control (material shortages, labor issues, acts of God, government action, pandemics, etc.) make performance commercially unreasonable, the affected party is excused during the event. If the event continues more than sixty (60) days, either party may terminate by written notice. Customer remains responsible for all work performed and materials ordered or allocated up to termination.

1.6 Schedule; No Guaranteed Completion Date. There is no definitive timeframe for the completion of services, and multiple visits may be necessary. Any timeline provided is a planning estimate, not a guarantee. Work shall be completed within a reasonable time per

industry standards. Scheduling is impacted by job complexity, site readiness, selections and approvals, lead times, inspections, trade coordination, and other factors beyond Contractor's control. Customer agrees Contractor is not liable for schedule impacts caused by the foregoing. Customer further acknowledges that Contractor's pricing is based on Contractor's discretion to schedule work efficiently, including selection of start times, end times, crew size, and sequencing. Contractor's standard work hours are daylight hours ending no later than 9:00 PM. Customer-imposed scheduling restrictions not disclosed in the Proposal — including but not limited to restricted work hours, access windows, staging limitations, required off-site breaks, or required advance notice beyond what Contractor determines necessary — may result in additional charges billed via Change Order per Article 3.

1.7 Property Access. Customer grants Contractor access to the property as needed to perform the agreed-upon services. Contractor shall provide such notice as is reasonable under the circumstances, which may be as short as same-day notice for scheduled work, verification visits, or emergency response. Customer shall not unreasonably restrict Contractor's access. Any Customer-imposed access restriction that materially impacts Contractor's schedule or pricing shall be addressed via Change Order per Article 3.

1.8 Promotional Use. By utilizing Contractor's services, Customer grants permission to use any photos, descriptions, reviews, quotes, texts, or videos of the property for promotional purposes and consents to receive communications about services or promotions. Contractor shall not publish Customer name or address without separate written consent.

1.9 Privacy & Data Protection. Contractor does not sell Customer data. Contractor uses third-party software platforms to manage projects and communications. Customer acknowledges no system can guarantee absolute security; Contractor shall not be held liable for data breaches, unauthorized access, or data loss caused by third-party software providers, criminal intrusion, or events beyond Contractor's reasonable control.

1.10 Subcontractors. References to "by others" in any project document indicate work that may be performed by a subcontractor of Contractor. Any warranties for work performed by subcontractors shall be provided directly by the subcontractors themselves.

1.11 General Contractor Designation. If applicable, Customer may be required to sign the North Carolina affidavit (Form G.S. 87-1(b)(2)) acknowledging responsibility for permitting and acting as their own General Contractor for the project.

1.12 Home Solicitation Cancellation Right. If this Agreement is signed by Customer at Customer's residence, or at any location other than Contractor's permanent place of business at 113 State Ave, STE 101, Clayton, NC 27520, and is for personal, family, or household purposes, Customer may cancel this Agreement by delivering written notice of cancellation to Contractor at the address above (by mail, email to contact@hatleyconstruct.com, or in person) no later than midnight of the third business day following the date Customer signs this Agreement, pursuant to N.C.G.S. Chapter 25A Article 4 and 16 C.F.R. §429. Upon timely cancellation under this Section, Contractor shall refund all payments received, less any documented third-party material deposits already placed, within ten (10) business days. This cancellation right does NOT apply to Agreements signed at Contractor's place of business, Agreements for commercial or non-consumer purposes, or Agreements for emergency repairs requested by Customer.

ARTICLE 2 — ESTIMATES & PRICING

2.1 Estimate Nature. The provided estimate is an initial approximation, not a final guarantee. The ultimate cost may fluctuate, either upward or downward, following the finalization or

negotiation of all project components. Final contract value may change due to selections, field conditions, scope changes, concealed conditions, or customer-directed revisions.

2.2 Proposal Validity. Unless otherwise stated, pricing is valid for thirty (30) days from proposal date.

2.3 Taxes. Customer is responsible for the payment of all applicable federal, state, and local taxes, fees, and assessments unless explicitly included in the Proposal.

ARTICLE 3 — SCOPE OF WORK & CHANGE ORDERS

3.1 Defined Scope; NIC Doctrine. Contractor shall provide only the services explicitly defined in the signed Proposal/Contract, approved drawings, and approved selections, as updated by Change Orders. All items, work, materials, adjustments, coordination, repairs, modifications, or accommodations not explicitly listed in the Proposal/Contract or an approved Change Order are Not In Contract (NIC), regardless of their size, duration, or apparent simplicity. No assumptions shall be made. Customer requests for additions to scope, however minor, shall be handled exclusively through the Change Order process under this Article.

3.2 Change Order Categories. Change orders fall into two categories: (a) Fabrication Change Orders, which affect shop drawings, production, or materials after Fabrication Release; and (b) Site Change Orders, which affect installation, field conditions, or on-site scope.

3.3 Fabrication Change Orders. All Fabrication Change Orders shall require written approval prior to work proceeding. Written approval may be via signed Change Order, email, text, or PMS message confirming scope, pricing, and time impact. Fabrication Change Orders may result in additional costs, extended lead times, or the necessity to fabricate replacement components at Customer's expense. Fabrication Change Orders shall be invoiced upon execution and payment shall be due upon receipt.

3.4 Site Change Orders — Residential. For residential projects where Customer is acting as their own general contractor, verbal authorization from Customer (or Customer's on-site representative) shall be acceptable for Site Change Orders. Contractor shall make reasonable efforts to communicate pricing prior to performing change order work; however, Customer acknowledges that field conditions may require immediate decisions. Verbal authorization shall be binding unless Customer provides written objection within twenty-four (24) hours and prior to work being performed. Changes may affect schedule and cost.

3.5 Site Change Orders — Commercial. For commercial projects, verbal authorization from Customer, GC, or their on-site representative shall be acceptable for Site Change Orders when immediate field decisions are required. If work is performed at the time verbal authorization is given, the change shall be deemed approved. Contractor shall either (a) invoice the change directly, or (b) follow up with written documentation, depending on the billing arrangement. If work is not performed immediately, Contractor shall document the change and proceed upon written confirmation; if no written objection is received within twenty-four (24) hours of documentation, the change shall be deemed approved and billable.

3.6 Customer-Requested Additions. Any addition to scope requested by Customer — whether at the jobsite, via text, email, PMS, or verbally to Contractor's personnel, and whether framed as an addition, a modification, a favor, a quick fix, or a while-you-are-here request — shall be billable. Contractor may, at its sole discretion, (a) price the addition via Change Order prior to performance, (b) perform the addition and invoice at Contractor's standard shop rates plus materials, or (c) decline the addition. Customer expressly waives any claim that work performed under this Section is non-billable, gratuitous, or included in the original scope. A

Contractor courtesy or good-neighbor accommodation, if offered in writing, does not constitute a waiver of this Section for any other addition.

ARTICLE 4 — SHOP DRAWINGS & PRODUCTION AUTHORIZATION

4.1 Shop Drawings & Engineering. Shop drawing and engineering services may or may not be included in the Proposal at Contractor's discretion. For standard residential cabinetry projects where a 50% retainer is received, initial shop drawings are included at no additional charge. For commercial clients with established relationships where retainers are not required, Contractor shall invoice 10% of the total contract value upon commencement of shop drawing development, due upon receipt. Initial drawings are typically developed from provided plans; field verification measurements shall be conducted when construction conditions allow, and drawings revised accordingly.

4.2 Pre-Contract Design Work. If Customer requests design, engineering, or shop drawing development prior to executing a contract, Customer agrees to pay for such services regardless of whether a final contract is executed. Pre-contract design invoices shall be due upon receipt and are non-refundable.

4.3 Production Authorization (Fabrication Release). Once Customer approves shop drawings and provides written Fabrication Release (PMS approval or signed release), fabrication begins. After Fabrication Release, changes shall be handled as Fabrication Change Orders per Article 3.3 and may require re-fabrication, additional lead time, and additional cost. Shop drawings and production files shall not be released for production approval until all invoices for design, engineering, materials, and shop drawing development are paid in full. Once Fabrication Release is provided, Customer acknowledges and agrees to pay for fabricated components in full, even if changes to layout, project scope, or site conditions occur after fabrication that render components unable to be installed as originally planned.

4.4 Responsibility for Deviations. If fabricated components materially deviate from the most recently approved shop drawings due to Contractor error, Contractor shall correct at its expense. If deviation is caused by site conditions, trade interference, or Customer changes, Contractor shall submit a Change Order per Article 3.3 (Fabrication Change Orders) or Article 3.4/3.5 (Site Change Orders) as applicable.

4.5 Mobilization/Installation Start. Unless otherwise agreed, Contractor shall not mobilize or commence installation until required payments under Article 5 are received. Contractor shall not show up on site until approximately 50% of the total contracted amount has been paid, unless Contractor and Customer have an established relationship in good faith, which shall be treated on a case-by-case basis.

ARTICLE 5 — PAYMENT TERMS

Payment for all services rendered by Contractor shall be governed by this Article. Unless otherwise stated in writing, all invoices shall be due upon receipt. Extended payment terms, including but not limited to Net 7, Net 30, or other arrangements, are not automatic and shall only be extended at Contractor's sole discretion, in writing, on a case-by-case basis. Extended terms are typically reserved for established commercial clients or repeat customers with a history of timely payment. Contractor reserves the right to revoke any extended payment terms at any time, for any reason, without prior notice. If extended terms are revoked, all outstanding invoices shall become due upon receipt immediately.

Contractor's standard billing date is the 25th of each month. Progress payments, change orders, and monthly billings may be invoiced on this date. Invoices may also be issued at any time at Contractor's discretion based on project milestones, material deliveries, or work performed.

5.1 Initial Payment (Retainer). An initial payment of fifty percent (50%) of the contract value (the "Initial Payment" or "Retainer") is required for all projects, residential and commercial, prior to commencement of measurements, shop drawing development, or material ordering. The Initial Payment represents Contractor's reservation of production capacity, design and engineering labor, project-specific material procurement, and scheduling commitment. This requirement may only be waived at Contractor's sole discretion in writing, based on an established relationship and history of timely payment. Unless explicitly granted in writing, no payment terms other than due upon receipt shall apply.

5.2 Progress Payments. A 30% progress payment, calculated from the original contract value, shall be due upon the occurrence of the applicable milestone(s) as follows:

(a) Cabinetry Projects. For projects involving cabinetry fabrication, progress payment shall be due upon delivery of cabinetry to site.

(b) Stone Projects. For projects involving stone countertops, showers, or similar materials, progress payment shall be due upon the earliest of: (i) delivery of stone materials to site, (ii) commencement of stone installation, or (iii) completion of templating for stone prior to stone fabrication.

(c) Installation Projects. For projects not involving cabinetry delivery or stone materials, progress payment shall be due upon commencement of installation.

(d) Multiple Milestones. For projects involving multiple categories above, progress payments may be invoiced separately as each milestone is reached, or combined at Contractor's discretion.

5.3 Final Balance. A 20% final balance, calculated from the original contract value, shall be due upon Substantial Completion and prior to scheduling of final walkthrough or punch list closeout. "Substantial Completion" shall mean the point at which the work is sufficiently complete in accordance with the contract documents such that the Customer may occupy or utilize the work for its intended purpose, notwithstanding minor punch list items or corrections remaining. Final balance shall include all approved change orders and extras, whether authorized verbally or in writing, that were not previously invoiced.

5.4 Commercial Payment Terms. For commercial projects or established clients, progressive billing structures or alternative payment terms may apply as specified in writing. Contractor may invoice monthly for work performed and materials delivered during the billing period, with invoices typically issued on or around the 25th of each month. For commercial clients with extended terms, invoices issued on the 25th shall be due per the agreed terms; failure to pay within the extended terms shall constitute grounds for a stop work order per Article 12.

5.5 Change Order Billing. Change orders shall be invoiced at Contractor's sole discretion at any of the following times: (a) immediately upon execution of the change order, with payment due upon receipt; (b) on the 25th of the month following approval, with payment due per applicable terms; or (c) at project completion with supporting documentation, included in the final balance. Unpaid change order invoices may constitute grounds for stop work order or withdrawal per Article 12.

5.6 Non-Refundable Initial Payment. Customer's right to cancel this Agreement and receive a refund of the Initial Payment, if any, is limited to the cancellation period set forth in Section 1.12 (Home Solicitation Cancellation Right), where that Section applies. Following expiration of the Section 1.12 cancellation period — or immediately upon execution, if Section 1.12 does not apply (including any Agreement signed at Contractor's place of business or for commercial or non-consumer purposes) — the Initial Payment shall become non-refundable, subject only to refund at Contractor's sole discretion. Refunds, if granted, shall be issued on a timeline

determined by Contractor based on project accounting and fund allocation, but in no event less than fourteen (14) business days from written approval of refund by Contractor. Customer acknowledges that upon receipt of the Initial Payment, Contractor begins allocating design labor, production slots, and material procurement, and the Initial Payment reflects Contractor's reasonable estimate of damages if Customer cancels after the Section 1.12 period.

5.7 Refund Processing. If a refund is granted at Contractor's sole discretion, processing shall require no less than fourteen (14) business days from the date refund is approved in writing. Contractor shall not be obligated to expedite refunds for any reason.

5.8 Late Payment; Stop Work; Withdrawal. Overdue invoices shall accumulate interest from the due date until paid in full, at the maximum rate permitted under North Carolina law. Contractor reserves the right to issue a stop work order or withdraw from the project if payment terms are not met, per Article 12. Contractor shall not incur any back charges, offsets, or deductions due to lack of payment on Customer's behalf.

5.9 Non-Contingent Payment. Payment shall be due regardless of owner funding, third-party approvals, lender draws, inspection delays, or other conditions outside Contractor's control. Delays in client or third-party payments shall not relieve Customer of payment obligations to Contractor.

ARTICLE 6 — SITE CONDITIONS & INSTALLATION

Contractor's scope assumes site conditions meeting the tolerances and requirements set forth in this Article, consistent with ANSI/AWI 0620-2024 (Finish Carpentry/Installation) and related AWI Standards. Customer is responsible for ensuring the jobsite is prepared and maintained accordingly. Any site preparation, remediation, or correction of conditions not meeting the standards below is NIC unless explicitly included in the Proposal/Contract. Contractor shall not be held liable for installation results affected by site conditions that exist prior to or occur after Contractor's work, including but not limited to conditions created or left by other trades.

6.1 Jobsite Readiness. Customer shall ensure the jobsite is safe, accessible, clean, and ready for Contractor's work. The following shall be completed prior to Contractor's arrival: (a) all rough-in work for plumbing and electrical; (b) HVAC system fully operational and actively conditioning the space to maintain controlled relative humidity continuously; (c) stable power sufficient for tools and equipment; (d) clear and unobstructed access to work areas; and (e) removal of debris, materials, and personal property from work areas. Sheetrock shall be flush to blocking and studs where millwork is to be installed.

6.2 Environmental Conditions; Warranty Void. Jobsite must be conditioned or all warranties on millwork shall be void. Wood, finish materials, and adhesives are sensitive to humidity and temperature fluctuations. Consistent with AWI 200 (Care & Storage), Customer shall maintain climate control consistent with normal residential occupancy standards (temperature between 65°F and 75°F, relative humidity between 30% and 50%) for a minimum of seventy-two (72) hours prior to delivery, continuously during installation, and continuously thereafter. Failure to maintain controlled relative humidity continuously prior to, during, and after installation shall void all warranties. Damage caused by failure to maintain proper environmental conditions, including but not limited to warping, cracking, delamination, finish failure, or adhesive failure, shall be the sole responsibility of Customer.

6.3 Site Tolerances — Prerequisite Conditions. Contractor's scope assumes the following site tolerances consistent with AWI standards. In the absence of specification in contract documents, floor, wall, ceiling, and opening variations in excess of the following are not acceptable for the installation of product and it is not the responsibility of Contractor to scribe or fit to conditions exceeding these tolerances:

- (a) Floors.** Floors shall be level within 1/4" (6.4 mm) in 8 feet (2438 mm) in any direction.
- (b) Walls.** Walls shall be plumb within 1/4" (6.4 mm) in 8 feet (2438 mm) in height.
- (c) Corners.** Corners shall be square within 1/4" (6.4 mm) in 3 feet (914 mm).
- (d) Ceilings.** Ceilings shall be level within 1/4" (6.4 mm) in 8 feet (2438 mm) in any direction.
- (e) Openings.** Openings shall be plumb, level, flat, straight, and square within 1/4" (6.4 mm) in 8 feet (2438 mm).

Deviations exceeding these tolerances that require scribing, shimming, filler strips, wall correction, rework, or coordination with other trades shall be addressed via Change Order per Article 3. If Customer or GC directs Contractor to proceed with installation despite site conditions exceeding tolerances, Customer accepts full responsibility for resulting fit, finish, and aesthetic outcomes, and Contractor shall not be held liable for any deficiencies caused by such conditions.

6.4 Installation Tolerances — Contractor Standards. Contractor shall install product plumb and level within 1/8" (3.2 mm) in 8 feet (2438 mm), consistent with ANSI/AWI 0620-2024 Custom Grade standards. Minor adjustments using shims, scribes, or filler pieces are standard practice and shall not constitute a defect. Tolerances for gaps and flushness shall be in accordance with AWI standards for the applicable product type.

6.5 Site Access. Price is in assumption that there is direct access to the jobsite. Elevator shall be available or lift provided and operated by Customer or GC to move material to upper floors. Contractor assumes no responsibility for damage to millwork or property that occurs from moving millwork to upper floors by stairs. Additional costs for lack of direct access, including but not limited to additional labor, equipment, or time, shall be billed via Change Order.

6.6 Field Verification. Custom cabinetry and millwork are manufactured to approved field measurements. Contractor shall conduct field verification measurements when site conditions allow. Any discrepancies between field conditions and approved shop drawings discovered after manufacturing shall be the Customer's responsibility unless caused by Contractor error per Article 4.4. Customer acknowledges that concealed conditions, incomplete construction, or changes by other trades after field verification may result in discrepancies requiring Change Orders.

6.7 Unprepared Site; Directed Installation. If Contractor arrives on site and conditions do not meet the requirements of this Article, Contractor may, at its sole discretion: (a) proceed with work and submit a Change Order for additional labor, materials, or time required; (b) reschedule and invoice a trip charge; or (c) decline to commence work until conditions are remedied. If Customer or GC directs Contractor to proceed with installation despite conditions not meeting the requirements of this Article, such direction shall constitute acceptance of the conditions as-is. Customer shall be solely responsible for any deficiencies, additional work, or aesthetic outcomes resulting from installation under such conditions, and Contractor shall have no liability therefor. Directed installation under non-compliant conditions shall void all warranties related to the affected work.

6.8 Pre-Installation Documentation. Contractor may photograph and document site conditions prior to commencing work. Such documentation may be used to evidence site conditions, trade damage, or conditions outside Contractor's control.

6.9 Protection of Work. Customer shall protect installed work from damage by other trades, occupants, or environmental conditions after installation. Damage to installed work caused by

others shall not be covered under warranty and shall be repaired at Customer's expense via Change Order.

6.10 Exclusions from Installer Responsibility. Consistent with ANSI/AWI 0620-2024, the following are NIC and are not the responsibility of Contractor unless explicitly included in the Proposal/Contract: (a) correction of existing jobsite conditions required for installation; (b) site-applied primers, stains, or other finish coatings for non-factory-finished product; (c) filling nail or screw holes in unfinished or primed product; and (d) caulking to fill voids between product and pre-existing surfaces (Contractor caulks millwork to itself only).

ARTICLE 7 — MATERIALS & SELECTIONS

Materials, hardware, and construction methods shall be per Proposal specifications. Customer selections and approvals are required prior to material ordering. No material orders shall be placed until all selections are finalized and confirmed in writing. Selections shall be conducted through Contractor's selection process at Contractor's showroom. Unless otherwise specified in the Proposal, Customer shall not provide materials for installation; all materials shall be sourced through Contractor's selection process. Plumbing fixtures shall be sourced from Carolina Plumbing Supply or Contractor-sourced equivalent. Tile shall be sourced from Dal Tile or Contractor-sourced equivalent. All other project materials, including but not limited to countertops, hardware, and finish materials, shall be sourced by Contractor. Customer-provided materials require prior written approval from Contractor and may affect warranty coverage.

7.1 Standard Cabinet Construction — Residential. Unless otherwise specified in the Proposal, residential cabinet construction shall include:

- (a) Case Construction.** UV finished birch plywood case construction with PVC color-matched edgebanding (0.5mm to 2mm).
- (b) Hinges.** Blum self-closing concealed hinges with Blumotion soft-close add-on included standard for residential projects.
- (c) Drawer Boxes.** Rubberwood drawer boxes with standard butt joint construction. Dovetail drawer box construction available at additional cost.
- (d) Drawer Slides.** Blum Tandem undermount slides with Blumotion soft-close standard for residential.
- (e) Hardware.** Berenson standard wire pulls included. All other hardware selections, including sourced hardware from other suppliers, shall be subject to upcharge.
- (f) Interior Accessories.** When interior accessories such as pullouts, organizers, or similar components are included in the Proposal, Contractor shall provide the accessory and all associated components (e.g., trash cans, bins, inserts) required for function.

7.2 Standard Cabinet Construction — Commercial. Unless otherwise specified in the Proposal, commercial cabinet construction shall include:

- (a) Case Construction.** Melamine case construction for commercial casework with PVC color-matched edgebanding (0.5mm to 2mm).
- (b) Hinges.** Blum self-closing concealed hinges standard for commercial projects. Blumotion soft-close add-on available at additional cost.
- (c) Drawer System.** Blum Metabox drawer system standard for commercial casework.
- (d) Hardware.** Berenson standard wire pulls included. All other hardware selections, including sourced hardware from other suppliers, shall be subject to upcharge.
- (e) Casework Type.** Commercial casework construction (plastic laminate case, melamine interior) vs. residential-style construction (wood case, finished interior) shall be

as specified in Proposal. If not specified, Contractor shall default to construction method appropriate for the application and submit for approval.

(f) Interior Accessories. When interior accessories such as pullouts, organizers, or similar components are included in the Proposal, Contractor shall provide the accessory and all associated components required for function.

7.3 Substitutions. Substitutions may occur if a specified item is unavailable. Contractor shall seek Customer approval for material substitutions that materially affect appearance or performance. Products purchased through Hatley Construction & Repair LLC or any of its affiliates and used commercially may be subject to different product warranties than residential applications.

7.4 Selections Required. Contractor shall not order customer-facing finishes until Customer confirms selections in writing. Customer-facing finishes requiring written approval include but are not limited to: plastic laminate, melamine, wood veneer, stain colors, paint colors, countertop materials, edge profiles, and hardware selections.

7.5 Plastic Laminate. Unless otherwise specified, plastic laminate pricing is based on standard brands (Nevamar, Wilsonart, Formica, or equivalent). Standard pricing includes up to three (3) laminate colors per project. Additional colors beyond three shall be subject to upcharge. Laminate must have matching PVC available for edges; solid color edging shall be required for pattern laminate that has no matching PVC available.

7.6 Paint Finishes. Contractor maintains a standard color palette for painted finishes. Standard pricing includes one (1) paint color per project, selected from Contractor's standard palette or the Sherwin-Williams color library. Clear coat finish is not included in the one-color standard and is priced separately. Clear coat is standard for dovetail drawer box interiors and other interior finished surfaces where specified. Custom color matching outside the Sherwin-Williams library shall require upcharge for color development, sampling, and material sourcing. Projects requiring more than one (1) paint color shall be subject to upcharge for additional setup, material, and labor.

7.7 Allowances. If Customer selections exceed stated allowances, Customer shall be responsible for additional costs. Allowance overruns shall be handled via Change Order per Article 3.

7.8 Lead Times. Customer acknowledges that material lead times vary and may affect project scheduling. Delays in Customer selections shall not be cause for claims against Contractor for project delays.

7.9 Material Escalation. Pricing in the Proposal is based on material costs at time of proposal. If Customer delays contract execution, retainer payment, selections, or approvals beyond thirty (30) days from proposal date, Contractor reserves the right to adjust pricing to reflect material cost increases incurred after the proposal date. Material escalation adjustments shall be documented with vendor pricing and submitted via Change Order per Article 3. Customer shall be responsible for material cost increases resulting from Customer-caused delays.

ARTICLE 8 — EXCLUSIONS (NIC)

All items not explicitly included in the Proposal/Contract or a Change Order are NIC. No assumptions shall be made.

8.1 Exclusions. Unless explicitly included in the Proposal/Contract or a Change Order, the following are NIC:

- (a) Painting, patching, priming, back priming, sealing, or finishing unless specified in Proposal.
- (b) Flooring repairs or modifications.
- (c) Electrical work and connections, including under-cabinet lighting systems and wiring.
- (d) Plumbing work and connections.
- (e) HVAC work and connections.
- (f) Framing and blocking.
- (g) Overtime, after-hours work, or accelerated scheduling not agreed upon prior to Proposal.
- (h) Caulking to walls. Contractor caulks millwork to itself only.
- (i) Glass, glazing, and mirrors.
- (j) Metal components, including metal blocking or bracing for millwork.
- (k) Wood doors and wood windows.
- (l) Partitions, including toilet partitions.
- (m) Chalk boards, cork boards, and bulletin boards.
- (n) Site protection, cleanup, and disposal.
- (o) Permits and regulatory fees.
- (p) Payment and performance bonds.
- (q) Expedited freight.
- (r) Any work not explicitly listed in the Proposal/Contract.

ARTICLE 9 — UNFORESEEN CONDITIONS

9.1 Concealed Conditions. If concealed structural, plumbing, electrical, or other conditions are discovered during the course of work, Contractor shall notify Customer and issue a Change Order per Article 3 prior to proceeding with affected work.

9.2 Emergency Action. If immediate action is required to prevent damage, unsafe conditions, or work stoppage arising from conditions not caused by Contractor, Contractor may proceed without prior approval for work not exceeding \$750 per occurrence. Emergency conditions shall be determined at the sole discretion of Contractor's on-site personnel based on their professional judgment. Contractor shall make reasonable efforts to photograph and document the condition and action taken and shall submit a Change Order within seventy-two (72) hours. Failure to notify Customer within seventy-two (72) hours shall not waive Contractor's right to bill for emergency work performed, provided the condition was emergent and action was necessary. In the event that documentation or photographs are not available due to the nature or urgency of the emergency, Contractor's professional description of the condition and work performed shall be sufficient basis for billing. Customer agrees to accept Contractor's reasonable description of emergency work in the absence of photographic documentation.

9.3 Emergency Work Stoppage. Contractor is not obligated to correct all emergency conditions and continue work. If an emergency condition requires correction by a licensed professional or exceeds Contractor's scope, Contractor may stop work until the appropriate professional corrects the condition. Work stoppage due to emergency conditions discovered on site shall not relieve Customer of responsibility for remobilization charges, trip charges, schedule delays, or other costs incurred by Contractor. Contractor may offer to provide repair or

correction services for emergency conditions; however, such work shall be estimated separately and treated as a separate scope of work outside the original contract.

9.4 Contingency Recommendation. Contractor recommends Customer allocate a contingency reserve of 15-20% of total project cost (not included in contract value) for older homes, remodels, or projects with unknown conditions to account for unforeseen conditions or Customer-directed changes.

ARTICLE 10 — WARRANTY

10.1 Coverage. Contractor provides a one (1) year limited warranty against defects in workmanship and fabricated components (cabinet boxes, doors, drawer fronts, and countertops), effective upon substantial completion and receipt of final payment. Warranty determinations shall be made at the sole discretion of Hatley Construction & Repair LLC.

10.2 Acclimation Period. Customer shall occupy and utilize the space under normal residential conditions for a minimum of thirty (30) days from project completion prior to submitting warranty claims. Warranty claims shall be accepted beginning the first business day of the month following the 30-day acclimation period.

10.3 Claims Process. Claims must be submitted in writing to warranty@hatleyconstruct.com with photos and description of the issue. Contractor shall inspect and address valid warranty items during normal business hours with reasonable access provided by Customer.

10.4 Exclusions. Warranty excludes:

- (a) Pre-existing conditions, including but not limited to gas lines, structural defects, and utility systems.
- (b) Damage caused by others, including work performed by Customer's independent contractors or subcontractors.
- (c) Misuse, abuse, or negligence.
- (d) Improper site conditions or site conditions differing from those present during initial assessment.
- (e) Failure to maintain climate control per Article 6.2. Failure to maintain controlled relative humidity shall void all warranties per Article 6.2.
- (f) Routine maintenance, normal wear and tear.
- (g) Natural variations in wood grain, color, or texture within manufacturer tolerances.
- (h) Items not supplied or installed by Contractor.
- (i) Toe-kick registers, vents, or other components not installed by Contractor.
- (j) Areas where excessive moisture exposure occurs.
- (k) Courtesy work or enhancements not explicitly contracted. Such work does not establish precedent for future warranty or service obligations.
- (l) Damage after delivery if Contractor is not the installer.

10.5 Non-Warranty Service. Refabrication or service for items not covered under warranty shall be billable at Contractor's standard shop rates.

10.6 Disclaimer of Implied Warranties. TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE LIMITED WARRANTY STATED IN THIS ARTICLE IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE UNDER N.C.G.S. §§ 25-2-314 AND 25-2-315. CONTRACTOR'S SOLE OBLIGATION AND

CUSTOMER'S EXCLUSIVE REMEDY UNDER THIS WARRANTY SHALL BE REPAIR OR REPLACEMENT AT CONTRACTOR'S OPTION. IN NO EVENT SHALL CONTRACTOR BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR PUNITIVE DAMAGES ARISING FROM ANY WARRANTY CLAIM.

ARTICLE 11 — LIABILITY & INDEMNIFICATION

11.1 Limitation of Liability. Contractor's total liability shall be capped at the amount paid to Contractor under the contract. Contractor shall not be liable for consequential, indirect, special, punitive, or exemplary damages including but not limited to lost profits, loss of use, or business interruption.

11.2 Indemnity. Contractor shall indemnify only for claims resulting from its own sole negligence. Contractor shall not be responsible for concealed conditions, third-party actions, trade interference, or Customer failure to maintain required site conditions. Those impacts are addressed via Change Order.

ARTICLE 12 — TERMINATION & WITHDRAWAL

12.1 Right to Withdraw. Contractor may suspend work or withdraw from the project for cause, including non-payment, unsafe site conditions, lack of access, Customer interference, material breach, or other issues that in Contractor's reasonable and good faith judgment prevent successful project execution. Contractor shall provide written notice when practicable. Customer shall remain responsible for work performed and costs incurred to date.

12.2 Withdrawal Consequences. Upon withdrawal, Contractor shall not be obligated to return to the project. Contractor shall retain all retainers and payments received. Contractor may invoice for any unpaid balance for work performed, materials ordered or allocated, and costs incurred. No refunds shall be issued upon withdrawal.

12.3 Non-Payment. Contractor may immediately stop work if payments are not provided when due. Restart is subject to schedule availability and remobilization cost.

12.4 Termination for Convenience. Either party may terminate with thirty (30) days written notice. Upon termination, Customer shall pay for: (a) work performed, (b) materials ordered or allocated (including restocking where applicable), and (c) a termination fee equal to 15% of the remaining contract value to cover administrative overhead, scheduling losses, restocking fees, and lost opportunity costs.

ARTICLE 13 — LEGAL TERMS

13.1 Lien Rights. Contractor shall retain full lien rights under North Carolina law. Contractor shall not execute lien waivers until payment has been received and cleared. Conditional lien waivers may be provided upon request; unconditional lien waivers shall only be provided after funds have cleared Contractor's account. Customer waives any right to assert a lien, claim, or encumbrance against Contractor, Contractor's equipment, or Contractor's property for any reason arising from this Agreement.

13.2 Governing Law; Venue. This Agreement is governed by North Carolina law. All disputes shall be resolved through litigation in the Superior Court of Wake or Johnston County, North Carolina, at Contractor's election.

13.3 Jury Trial Waiver. To the extent permitted by law, both parties waive the right to a jury trial in any dispute arising from this Agreement.

13.4 Attorney's Fees. In any dispute arising from this Agreement, the non-prevailing party shall be responsible for all court costs, filing fees, attorney's fees, and legal expenses incurred by the prevailing party.

13.5 Collection Costs. Payments not received per agreed schedule may incur additional charges, collection costs, legal fees, and interest to the maximum extent permitted under North Carolina law.

ACCEPTANCE

By signing or approving the Proposal/Contract (including via the PMS), paying any amount, or authorizing work to proceed in writing, Customer acknowledges receipt and acceptance of these Terms.

Warranty: warranty@hatleyconstruct.com | Office: 919-879-0639