

May 18, 2016

Dear Almeria Investments:

This letter will confirm our agreement concerning the interior design services to be rendered by Kim Gatto Interior Design with respect to the following areas of your property 5080 Carlsbad Blvd. Carlsbad, CA 92008:

Kim Gatto Interior Design Contract

PHASE I - DESIGN CONCEPT SERVICES

On the basis of existing plans, or measurements to be taken or confirmed by us, we will, as and where we deem it appropriate, perform the following:

- A. Conduct an initial design study of existing conditions.
- B. Discuss with you your design preferences for each of the Project's areas.
- C. Prepare drawings and other materials to generally illustrate our suggested design concepts including color schemes, interior finishes, wall coverings, floor coverings and ceiling treatments.
- D. Prepare schematic plans for recommended cabinet work, decorative built-ins and decorative details if needed.
- E. Prepare layout plans specifying locations for movable furniture and furnishings.
- F. Referrals of subcontractors will be provided if needed
- G. Exterior finish selections and recommendations
- H. Attend any design meetings where designer is required

For our design services described above and thus forward, you agree to compensate us on a project scope basis at the following rate ("Design Fee") In the likelihood of any further hours or requests made in addition to this projects scope of work they will be seen as an additional fee and a new contract will be written to at an agreed upon rate:

Principal \$11,000
Mileage Additional (not to jobsite) \$.555
Mileage to and From Job Site complimentary but not to exceed 800 miles per contract. Any miles after to be billed at \$.555

In addition, upon signing of this Agreement, we require a non-refundable initial advance of **\$1,800 dollars**, which constitutes the minimum fee due to us for our design services. Upon completion of the scope of work in each design phase the following balances are due.

Phase I- 15% Due upon completion

Phase II- 40% Due upon delivery and completion

Phase III- 20% Due upon completion or when deemed by designer

Phase IIII- Remaining design fee balance is due

All invoices rendered by us are payable upon receipt of invoice.

Make payable to:

Kim Gatto

3183 Seabury St.

Carlsbad CA 92010

Please note my name will be changing to Kim Ness, I will notify Almeria Investments prior to change.

Any amounts owed by you to us which are not paid when due are subject to an interest charge computed at an annual rate equal to the highest percentage rate permitted by law. You will be liable for all costs (including reasonable attorney's fees) incurred by us in the collection of any amounts due to us by you.

PHASE II - SPECIFICATION OF DECORATIVE MERCHANDISE AND PURCHASING ARRANGEMENTS

In this phase of the Project, we will, as and where we deem it appropriate, perform the following:

1. Specification for all interior and exterior finishes- flooring, tile, wall coverings, cabinets, carpet, rugs, paint, doors, windows. Exterior finishes including but not limited to paint color, finish materials, roofing, fencing, hardscape and landscape specs. Provide all ordering sheets and detail Spec sheet for Contractor approval.
2. Shop for, select and/or specially design items of furnishings, decorative light fixtures, decorative hardware, decorative fixtures, appliances, decorative accessories and the like (including related third-party services in their fabrication and installation) such as wall covering installation, decorative painting, window treatments, etc. ("Merchandise"). Provide the client with detailed ordering sheet, specification sheet and any needed installation information required.
3. Design all finish work and detail molding. Any built in's, closets, kitchens, feature walls and stair case. Assist, attend and collaborate with any custom fabricators. Provide all

needed drawings and documents. All measurements to be verified and confirmed on site on all designer drawings.

4. In the event that merchandise to be purchased by you from us, will be specified in a written "Proposal" prepared by us and submitted in each instance to you for your approval. Each Proposal will describe the item and its Specified Price to you (F.O.B. point of origin). The Specified Price of each item shall be our net cost for the item plus any applicable delivery, insurance, handling charges and sales tax. No item can be ordered by us until the Proposal has been approved by you, in writing, and returned to us with our required initial payment as set forth in the Proposal. The balance of the Specified Price, together with delivery and insurance charges and applicable taxes, is payable when the item is ready for delivery and/or installation at your premises, or to a third-party for further work upon rendition of our invoice. Proposals for fabrics, wallpaper, accessories, antiques and items purchased at retail stores require full payment at time of signed Proposal. Proposals that have been approved by you in writing are non-cancelable unless stated otherwise or agreed to in writing by us.
5. All purchases made by us on your behalf shall be made as your disclosed agent.

PHASE III - PROJECT ADMINISTRATION SERVICES

If the nature of the Project requires the engagement of any contractor to perform work based upon our concepts, drawings or specifications ("Project Documents"), you will enter into contracts directly with the concerned contractor and provide us with copies of the contracts and of all contractors' invoices to you. During the course of the Project, we will visit your property from time to time to see whether the contractor's work is proceeding in general conformity with our Project Documents. We cannot, however, be responsible for the performance of any contractor's work.

Job site visits will be made whenever requested by the Architect, Contractor, Client and when deemed necessary to the designer.

PHASE III – STAGING AND DECOR

Any staging and furnishing assistance required. This contract does NOT include purchasing and design/ staging for entire project only assistance and photo staging for MLS photos.

If purchasing is needed it will be seen as an additional fee and a new contract will be written to at an agreed upon rate.

TERMINATION

- This Agreement may be terminated by either you or us upon the other party's default in performance, provided that termination may not be effected unless written notice specifying the nature and extent of default is given to the concerned party and such party fails to cure such default in performance within twenty (20) days from the date of receipt of such notice. Termination shall be without prejudice to any and all other rights and remedies, and you shall remain liable for all outstanding obligations owed by you to us.

- You may, upon ten (10) days written prior notice to us, terminate this Agreement without cause. In the event of such termination, (i) you shall remain liable for all outstanding obligations owed to us and to third parties for services and/or Merchandise then on order as of the termination date; and (ii) you shall have the right to use our Project Documents provided:
 - (a) We are (i) reimbursed for all out-of-pocket expenses incurred by us in connection with your Project and (ii) compensated for all services performed by us up to and including the date of termination, irrespective of the attached Payment Schedule (hereinafter (i) and (ii) together will be “Accrued Costs”)
 - (b) You agree to indemnify and hold us free and harmless from and against any and all costs, claims or expenses, including reasonable attorneys’ fees and related costs, arising out of or relating in any manner to your subsequent use of the Project Documents.
 - (c) You release us from any further obligations we may have to you.
 - (d) You will not permit any other person, firm or entity to claim design credit for any work prepared by us prior to the date of termination.
 - (e) In addition to any Accrued Costs, you agree to pay the following additional compensation to us (whether or not you thereafter use any Project Documents):

: We may, before the conclusion of the Design Phase of this Agreement, and upon ten (10) days written prior notice to you, terminate this Agreement without cause. In such event, you shall have the right to use our Project Documents provided that we are compensated for all services performed by us up to and including the date of termination, and provided that we are reimbursed for all out-of-pocket expenses incurred by us in connection with your Project. In addition, (i) you agree to indemnify and hold us free and harmless from and against any and all costs, claims or expenses, including reasonable attorneys’ fees and related costs, arising out of or relating in any manner to your subsequent use of the Project Documents; (ii) you release us from any further obligations we may have to you; and (iii) you will not permit any other person, firm or entity to claim design credit for any work prepared by us prior to the date of termination.

OTHER MATTERS

- Disbursements incurred by us in the interests of this Project shall be reimbursed by you to us upon receipt of our invoices for such disbursements. Reimbursements shall include among other things, courier services, travel costs, long distance telephone calls, blueprints, duplications of plans and specifications, messenger services, storage charges and the like.

- Our fees are subject to applicable sales tax.
- Our Project Documents are conceptual in nature and intended to set forth design intent only and are not to be used for architectural, engineering or construction purposes. We do not perform architectural or engineering services. If the service of any other design professional is required, such professional will be engaged by you directly.
- Our services shall not include undertaking any responsibility for the design or modification of the design of any structural, heating, air conditioning, plumbing, electrical, ventilation, audio, video or other mechanical systems installed or to be installed at the Project site.
- As we require a permanent record of our design projects, you will permit us or our representatives to photograph the premises after completion and we will be entitled to use such photographs for our business purposes including publication. If any photographs are published by us, we shall not identify your name and address in any such publication.
- The Project Documents prepared by our firm remain our exclusive property at all times. Except as otherwise provided for in this Agreement, Project Documents may not be used by you on any other project, or for the completion of this Project by you or any other firm unless we are determined to be in default of this Agreement.
- In light of the many contingencies that effect design projects, we do not make any representations that actual prices for Merchandise, and other costs of services or labor, will not vary from any budgets that you propose, establish or approve. Accordingly actual Project costs may vary from any such budgets.
- You shall have the benefit of all guarantees and warranties possessed by us against suppliers and manufacturers, but only to the extent transferrable. We make no warranties, however, for the goods or services we propose, design or provide over and above the manufacturer's or supplier's warranties. In particular, we cannot guarantee any fabric, material or article against fading, wearing or latent defects over and above the manufacturer's warranty.
- Should you require documentation of authenticity for antiques purchased through us, we will assist you in obtaining such documentation to the extent that we are reasonably able to do so. We cannot, however, be responsible for the accuracy of such documentation, and with respect to the purchase of antiques, artwork, and the like, we do not make any representation or warranty regarding the genuineness, attribution, provenance, authenticity, age or condition of such purchases.
- You will provide us with access to the Project site and all information we may need to complete the Project. It is your responsibility to obtain all approvals required by any governmental agency or otherwise in connection with this Project.

- To the fullest extent permitted by law, our liability to you (and to those who may claim through or under you) in regard to any losses, claims or liabilities arising out of or relating to this Agreement and/or the services we perform for you or on your behalf shall not, for any reason, exceed the greater of (i) any available proceeds from insurance maintained by us (if any); or (ii) the total amount of fees actually paid by you to us under this Agreement. We are not responsible for any consequential damages; nor are we responsible for any loss, damage or delay that is caused by any reason beyond our reasonable control. In addition, by entering into this Agreement, you agree that we shall not be held liable under any contract that you may have with any other person or entity, including but not limited to any contracts that you may have with any vendor, supplier, contractor or other design professional (even if we recommended such person or entity to you).
- You agree to indemnify, defend and hold us harmless to the fullest extent permitted by law from and against any third-party claims, losses, liabilities, damages, costs and expenses (including reasonable attorneys' fees) relating to or arising out of the negligence, failure and/or acts or omissions on the part of any architect, vendor, supplier, contractor or agent hired or retained by you.
- By entering into this Agreement with us, you agree that no claim or action against us or arising out of this Agreement may be brought more than one (1) year after the date of the accrual of such cause of action.
- In addition to any and all other rights that we may have, should you fail to make any payment due to us in accordance with this Agreement, we shall have the right to withhold delivery of any item of Merchandise and/or suspend performance of any service required to be performed by us under this Agreement.
- The laws of the State of California shall govern this Agreement.
 - Any controversy, claim or dispute arising out of or relating to this Agreement, or the breach thereof, shall be decided by arbitration only in the city of _____, in the State of _____, in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then in effect, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.
 - Any provision of this Agreement held to be invalid, illegal or unenforceable under any applicable law shall be deemed stricken, and unless this Agreement is terminated as provided for in this Agreement, all remaining provisions of this Agreement shall continue to be valid and binding upon both of us.
 - All rights and obligations, which are, by their nature, continuing (including but not limited to indemnification obligations, payment obligations, our right to withhold merchandise in the event of your non-payment, and our right to use

photographs of the Project) shall survive termination or expiration of this Agreement.

- Our failure or delay at any time to exercise any right under any provision of this Agreement shall not limit or operate as a waiver of such right; nor shall our waiver of any breach of this Agreement operate as a waiver of any subsequent breach of the same or any other provision of this Agreement.
- This Agreement (or any amendment to this Agreement) may be executed in two or more counterparts, each of which will be an original and all of which together will constitute one and the same document. Signed counterparts of this Agreement may be exchanged by email or facsimile.
- This letter is a complete statement of our understanding. No other representations or agreements have been made other than those contained in this letter. This Agreement can be modified only in writing signed by both parties of this Agreement.

We thank you for the confidence you have placed in us and ask that you confirm the foregoing by signing and returning to us a copy of this letter enclosed for such purpose together with your check in the sum of (\$1,800) dollars representing the first installment payment on account for our Design Fee and applicable sales tax.

Very truly yours,

Kim Gatto

By: _____
Kim Gatto

Date: _____

By: _____
Almeria Investments

Date: _____