

## 16. WARRANTY

### 16.1.

The Contractor warrants to the Owner that the materials and equipment furnished under this Agreement will be (a) new and of good quality, (b) free from defects in materials and workmanship, unless otherwise approved in writing in advance by the Owner, and (c) that the Work will be performed in a good and workmanlike manner and in accordance with the Plans and in all applicable codes, laws and standards. The Contractor shall collect and submit to the Owner, upon Mechanical Completion of the Work, all warranties from Subcontractors supplying materials

equipment or components incorporated into the Project, and the Contractor hereby assigns to the

Owner all of the Contractor's rights under such warranties. The Contractor agrees that such warranties from those Subcontractors referenced in Exhibit F shall comply with the requirements set out in Exhibit F

### 16.2.

The Contractor will recommend to the Owner all process and construction improvements that it believes in good faith would optimize the Project construction and operations, provided that the Contractor's liability for breaches of such warranty shall be limited to instances of gross negligence or willful misconduct.

### 16.3.

The following shall govern the durations of the warranties described above. The base warranty period will commence when Mechanical Completion has been achieved and will continue for the lesser of (i) twelve (12) months from the applicable Guaranteed Mechanical Completion Date, or 18 months after the applicable Final Completion Date ("Base Warranty Period"). Warranty for any repairs or replacements shall commence on the date the repair or replacement is completed and continue until the later of the expiration of the Base Warranty Period or six (6) months from the date of completion of the repair or replacement and shall not exceed a maximum of thirty (30) months from the Mechanical Completion Date (the "Repair Warranty Period"). (The Base Warranty Period plus the Repair Warranty Period are collectively referred to as the "Warranty Period".) The Contractor shall, as mitigation for the damages suffered by the Owner, at the Contractor's own cost and expense (including the cost of labor and equipment) promptly repair or replace with materials of new and good quality any Work or materials which fail to comply with the warranty during the Warranty Period.

## 17. DEFECTIVE WORK

### 17.1.

The Work shall be subject to observation and approval by the Owner and representatives of governmental agencies with jurisdiction over the Project. Without limiting the effect of the prior sentence, all portions or components of the Work designed by registered architects or engineers

shall also be subject to their observation and approval. The Contractor shall promptly correct, at no cost to the Owner, all Work reasonably rejected by the Owner and all Work rejected by such agency representatives. Should the Contractor fail to correct rejected Work, the Owner may correct such Work and the Contractor shall pay the Owner the actual costs of correction.