

SUBDIVISION AGREEMENT BY AND BETWEEN
THE CITY OF HUNTINGTON BEACH AND
HB HOMES MANAGEMENT LLC
FOR TRACT NO. 17801

THIS AGREEMENT ("Agreement") is entered into this _____ day of _____ 2019, by and between the CITY OF HUNTINGTON BEACH, a municipal corporation of the State of California, hereinafter referred to as "CITY," and HB HOME MANAGEMENT LLC, a California Limited Liability Corporation, hereinafter referred to as "SUBDIVIDER."

RECITALS

WHEREAS, SUBDIVIDER is the owner of a tract of land in CITY, which it is seeking to subdivide into lots and to dedicate certain streets, alleys, and other improvements therein to public use, and is about to file with CITY a map of the tract of land known as Tract No. 17801; and

As a condition of the approval of and prior to the recordation of this subdivision map, SUBDIVIDER is required to improve and dedicate the streets and alleys, and to perform certain other improvements in the subdivision; and

SUBDIVIDER desires to enter into an agreement with CITY to delay performance of certain portions of the work; to agree to perform this work as herein provided; and to execute and deliver to CITY bonds for the faithful performance of this agreement, for the payment of all labor and material in connection therewith, and for the guarantee and warranty of the work for a period of one (1) year following completion and acceptance thereof against any defect in work or labor done, or defective materials furnished, as required by Sections 66499 and 66499.3 of the California Government Code, and Chapter 255 of CITY'S Zoning and Subdivision Ordinance.

NOW, THEREFORE, in consideration of the promises and agreements of the parties as herein set forth, the parties agree as follows:

1. GENERAL IMPROVEMENTS

SUBDIVIDER hereby agrees to do and perform and pay for all of the work in said tract required by the conditions of approval of the subdivision map not completed at the time of the recordation thereof, including, but not limited to, the construction of: streets, including excavation, paving, curbs, gutters, sidewalks, trees and landscaping; sewers, including construction of main lines and lot laterals and structures; street lights; street signs; and domestic water systems, including the construction of water mains, services and installation of meters. SUBDIVIDER also agrees to pay all engineering costs and any other deposits, fees or conditions as required by CITY ordinance or resolution and as may be required by the City Engineer. All of the work shall be done and performed in accordance with the plans, specifications and profiles which have been approved by the City Engineer and filed in the office of the City Engineer. All of the work shall be done at the sole cost and expense of SUBDIVIDER. All of the work shall be completed on or before two (2) years from the date hereof, unless the conditions of approval of the subdivision map require an earlier completion date. All labor and material bills therefor shall be paid solely by SUBDIVIDER. CITY may withhold all occupancy permits until completion of all these improvements.

2. ARTERIAL HIGHWAY IMPROVEMENT

SUBDIVIDER agrees to complete all arterial highway improvements, including perimeter walls and landscaping required by the conditions of approval of the subdivision map, prior to release or connection of utilities for occupancy for any lot in the tract.

3. GUARANTEE

SUBDIVIDER shall guarantee all work and material required to fulfill its obligations as stated herein for a period of one (1) year following the date of City Council acceptance of same.

4. PLANT-ESTABLISHMENT WORK

SUBDIVIDER agrees to perform plant-establishment work for landscaping installed under this Agreement. This plant-establishment work shall consist of adequately watering plants, replacing unsuitable plants, performing weed, rodent and other pest control and other work determined by CITY'S Public Works Department to be necessary to ensure establishment of plants. This plant-establishment work shall be performed for a period of one (1) year from and after the date City Council accepts the work as complete.

5. IMPROVEMENT PLAN WARRANTY

SUBDIVIDER warrants the improvement plans for the work are adequate to accomplish the work as promised herein and as required by the conditions of approval of the subdivision map. If at any time before the City Council accepts the work as complete or during the one (1) year guarantee period, the improvement plans prove to be inadequate in any respect, SUBDIVIDER shall make whatever changes, at its own cost and expense, as are necessary to accomplish the work as promised.

6. NO WAIVER BY CITY

Inspection of the work and/or materials, or approval of work and/or materials, or any statement by any officer, agent or employee of CITY indicating the work or any part thereof complies with the requirements of this Agreement, or acceptance of the whole or any part of the work and/or materials, or payments therefor, or any combination of all of these acts, shall not relieve SUBDIVIDER of its obligations to fulfill this Agreement as prescribed; nor shall CITY be stopped from bringing any action for damages arising from SUBDIVIDER'S failure to comply with any of the terms and conditions hereof.

7. COSTS

SUBDIVIDER shall, at its own cost and expense, pay when due, all the costs of the work, including inspections thereof and relocation of existing utilities required thereby.

8. SURVEYS

SUBDIVIDER shall set and establish survey monuments in accordance with the filed map and to the satisfaction of CITY before acceptance of any work as complete by the City Council.

9. IMPROVEMENT SECURITY

Upon executing this Agreement, SUBDIVIDER shall, pursuant to California Government Code Section 66499, and the Huntington Beach Zoning and Subdivision Ordinance, provide as security to CITY:

A. Faithful Performance:

For performance security, in the amount of Four Hundred Twenty-Eight Thousand Eighty-Six Dollars (\$428,086.00), which is one

hundred percent (100%) of the estimated cost of the work.

SUBDIVIDER shall present such additional security in the form of:

_____Cash, certified check, or cashier's check.

X Acceptable corporate surety bond.

_____Acceptable irrevocable letter of credit.

With this security, SUBDIVIDER guarantees performance under this Agreement and maintenance of the work for one (1) year after its completion and acceptance against any defective workmanship or materials or any unsatisfactory performance.

B. For Labor and Material: Security in the amount of Two Hundred

Fourteen Thousand Forty-Three Dollars (\$214,043.00),

which is fifty percent (50%) of the estimated cost of the work.

SUBDIVIDER shall present such security in the form of:

_____Cash, certified check, or cashier's check.

X Acceptable corporate surety bond.

_____Acceptable irrevocable letter of credit.

With this security, SUBDIVIDER guarantees payment to the contractor, to its subcontractors, and to persons renting equipment or furnishing labor or materials to them or to SUBDIVIDER.

SUBDIVIDER may, during the term of this Agreement, substitute improvement security provided that the substituted security is acceptable to the City Attorney; however, any bond or other security given in satisfaction of this condition shall remain in full force and effect until one (1) year after the work of improvement is finally accepted in writing

by CITY, and SUBDIVIDER may be required by CITY to provide a substitute security at any time.

10. INDEMNIFICATION. DEFENSE. HOLD HARMLESS

SUBDIVIDER hereby agrees to protect, defend, indemnify and hold harmless CITY, its officers, elected or appointed officials, employees, agents and volunteers from and against any and all claims, damages, losses, expenses, judgments, demands and defense costs (including without limitation, costs and fees of litigation of every nature or liability of any kind or nature) allegedly suffered, incurred or threatened, including personal injury, death, property damage, inverse condemnation, or any combination of these, and resulting from any act or omission (negligent or nonnegligent) in connection with the matters covered by this Agreement, but save and except those that arise from the sole active negligence or willful misconduct of CITY. SUBDIVIDER will conduct all defense at its sole cost and expense and CITY shall approve selection of SUBDIVIDER'S counsel. This indemnity shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by SUBDIVIDER.

The promise and agreement in this Section are not conditioned or dependent on whether or not CITY has prepared, supplied, or reviewed any plan(s) or specifications(s) in connection with this work or subdivision, or has insurance or other indemnification covering any of these matters.

11. INSURANCE

In addition to SUBDIVIDER'S covenant to defend, hold harmless and indemnify CITY, SUBDIVIDER shall obtain and furnish to CITY a policy of general public

liability insurance, including motor vehicle coverage. Said policy shall indemnify SUBDIVIDER, its officers, agents and employees, while acting within the scope of their duties, against any and all claims of arising out of or in connection with this Agreement, and shall provide coverage in not less than the following amount: combined single limit bodily injury and property damage, including products/completed operations liability and blanket contractual liability, of One Million Dollars (\$1,000,000) per occurrence. If coverage is provided under a form which includes a designated general aggregate limit, the aggregate limit must be less than One Million Dollars (\$1,000,000). This policy shall name City of Huntington Beach, its officers, officials, employees, agents and volunteers as Additional Insureds, and shall specifically provide that any other insurance coverage which may be applicable to this Agreement shall be deemed excess coverage and that SUBDIVIDER'S insurance shall be primary.

The abovementioned insurance shall not contain a self-insured retention, or a "deductible" or any other similar form of limitation on the required coverage, except with the express written consent of CITY.

Prior to commencing performance of the work hereunder, SUBDIVIDER shall furnish to CITY a certificate of insurance subject to approval of the City Attorney evidencing the foregoing insurance coverage as required by this Agreement; the certificate shall:

1. provide the name and policy number of each carrier and policy;
2. state that the policy is currently in force; and
3. promise to provide that such policy will not be canceled or modified without thirty (30) days' prior written notice of CITY.

SUBDIVIDER shall maintain the foregoing insurance coverage in full force until the work under this Agreement is fully completed and accepted by CITY.

The requirement for carrying the foregoing insurance coverage shall not derogate from SUBDIVIDER'S defense, hold harmless and indemnification obligations as set forth in this Agreement. CITY or its representatives shall at all times have the right to demand the original or a copy of the policy of insurance. SUBDIVIDER shall pay, in a prompt and timely manner, the premium on all insurance hereinabove required.

12. NONPERFORMANCE AND COSTS

If SUBDIVIDER fails to complete the work within the time specified in this Agreement, and subsequent extensions, if any, or fails to maintain the work, CITY may proceed to complete and/or maintain the work by contract or otherwise, and SUBDIVIDER agrees to pay all costs and charges incurred by CITY (including, but not limited to: engineering, inspection, surveys, contract, overhead, etc.) immediately upon demand.

SUBDIVIDER hereby consents to entry on the subdivision property by CITY and its forces, including contractors, in the event CITY proceeds to complete and/or maintain the work.

Once action is taken by CITY to complete or maintain the work, SUBDIVIDER agrees to pay all costs incurred by CITY, even if SUBDIVIDER subsequently completes the work.

13. RECORD MAP

In consideration hereof, CITY shall allow SUBDIVIDER to file and record the Final Map or Parcel Map for the Subdivision.

14. NOTICES

Any notices, certificates, or other communications hereunder shall be given either by personal delivery to SUBDIVIDER or to CITY as the situation shall warrant, or by enclosing the same in a sealed envelope, postage prepaid, and depositing the same in the United States Postal Service, to the addresses specified below. CITY and SUBDIVIDER may designate different addresses to which subsequent notices, certificates or other communications will be sent by notifying the other party via personal delivery, reputable overnight courier or U. S. certified mail-return receipt requested:

TO CITY:

City of Huntington Beach
ATTN: Director of Public Works
2000 Main Street
Huntington Beach, CA 92648

TO SUBDIVIDER:

HB Homes Management, LLC
Attn: David Nguyen
9140 Trask Avenue
Garden Grove, CA 92844

15. CONSENT

When CITY'S consent/approval is required under this Agreement, its consent/approval for one transaction or event shall not be deemed to be a consent/approval to any subsequent occurrence of the same or any other transaction or event.

16. MODIFICATION

No waiver or modification of any language in this Agreement shall be valid unless in writing and duly executed by both parties.

17. SECTION HEADINGS

The titles, captions, section, paragraph and subject headings, and descriptive phrases at the beginning of the various sections in this Agreement are merely descriptive and are included solely for convenience of reference only and are not representative of matters

included or excluded from such provisions, and do not interpret, define, limit or describe, or construe the intent of the parties or affect the construction or interpretation of any provision of this Agreement.

18. INTERPRETATION OF THIS AGREEMENT

The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties. If any provision of this Agreement is held by an arbitrator or court of competent jurisdiction to be unenforceable, void, illegal or invalid, such holding shall not invalidate or affect the remaining covenants and provisions of this Agreement. No covenant or provision shall be deemed dependent upon any other unless so expressly provided here. As used in this Agreement, the masculine or neuter gender and singular or plural number shall be deemed to include the other whenever the context so indicates or requires. Nothing contained herein shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provision contained herein and any present or future statute, law, ordinance or regulation contrary to which the parties have no right to contract, then the latter shall prevail, and the provision of this Agreement which is hereby affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law.

19. DUPLICATE ORIGINAL

The original of this Agreement and one or more copies hereto have been prepared and signed in counterparts as duplicate originals, each of which so executed shall, irrespective of the date of its execution and delivery, be deemed an original. Each duplicate original shall be deemed an original instrument as against any party who has signed it.

20. IMMIGRATION

SUBDIVIDER shall be responsible for full compliance with the immigration and naturalization laws of the United States and shall, in particular, comply with the provisions of the United States Code regarding employment verification.

21. LEGAL SERVICES SUBCONTRACTING PROHIBITED

SUBDIVIDER and CITY agree that CITY is not liable for payment of any subcontractor work involving legal services, and that such legal services are expressly outside the scope of services contemplated hereunder. SUBDIVIDER understands that pursuant to Huntington Beach City Charter Section 309, the City Attorney is the exclusive legal counsel for CITY; and CITY shall not be liable for payment of any legal services expenses incurred by SUBDIVIDER.

22. ATTORNEY'S FEES

In the event suit is brought by either party to construe, interpret and/or enforce the terms and/or provisions of this Agreement or to secure the performance hereof, each party shall bear its own attorney's fees, such that the prevailing party shall not be entitled to recover its attorney's fees from the nonprevailing party.

23. SURVIVAL

Terms and conditions of this Agreement, which by their sense and context survive the expiration or termination of this Agreement shall so survive.

24. GOVERNING LAW

This Agreement shall be governed and construed in accordance with the laws of the State of California.

25. SIGNATORIES

Each undersigned represents and warrants that its signature hereinbelow has the power, authority and right to bind their respective parties to each of the terms of this Agreement, and shall indemnify CITY fully for any injuries or damages to CITY in the event that such authority or power is not, in fact, held by the signatory or is withdrawn.

26. ENTIRETY

The parties acknowledge and agree that they are entering into this Agreement freely and voluntarily following extensive arm's length negotiations, and that each has had the opportunity to consult with legal counsel prior to executing this Agreement. The parties also acknowledge and agree that no representations, inducements, promises, agreements or warranties, oral or otherwise, have been made by that party or anyone acting on that party's behalf, which are not embodied in this Agreement, and that that party has not executed this Agreement in reliance on any representation, inducement, promise, agreement, warranty, fact or circumstance not expressly set forth in this Agreement. This Agreement contains the entire agreement between the parties respecting the subject matter of this Agreement and supersedes all prior understandings and agreements whether oral or in writing between the parties respecting the subject matter hereof.

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of ORANGE)

On OCTOBER 3rd, 2018 before me, HAN T NGUYEN (NOTARY PUBLIC)
(insert name and title of the officer)

personally appeared DAVID NGUYEN,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

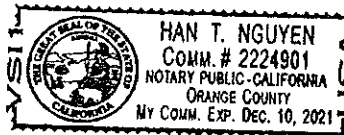
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature



(Seal)





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
05/29/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER PHIL DONG INSURANCE AGENCY, INC. 15626 BROOKHURST ST. WESTMINSTER CA 92683-7573		CONTACT NAME: PHIL DONG PHONE (A/C, No, Ext): 714-775-6777 FAX (A/C, No): 888-866-9567 E-MAIL ADDRESS: admin@phildongagency.com															
INSURED HB HOMES MANAGEMENT, LLC 9140 TRASK AVE, SUITE 202 GARDEN GROVE CA 92844		<table border="1"><thead><tr><th>INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr></thead><tbody><tr><td>INSURER A: Truck Insurance Exchange</td><td>21709</td></tr><tr><td>INSURER B: Farmers Insurance Exchange</td><td>21652</td></tr><tr><td>INSURER C: Mid Century Insurance Company</td><td>21687</td></tr><tr><td>INSURER D: Evanston Insurance Company</td><td>35378</td></tr><tr><td>INSURER E:</td><td></td></tr><tr><td>INSURER F:</td><td></td></tr></tbody></table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Truck Insurance Exchange	21709	INSURER B: Farmers Insurance Exchange	21652	INSURER C: Mid Century Insurance Company	21687	INSURER D: Evanston Insurance Company	35378	INSURER E:		INSURER F:	
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COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
D	GENERAL LIABILITY			3AA309133	10/23/2018	10/23/2019	EACH OCCURRENCE \$ 1,000,000
	COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$
	CLAIMS-MADE <input type="checkbox"/> OCCUR <input type="checkbox"/>						MED EXP (Any one person) \$
	GEN'L AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY \$
	POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/>						GENERAL AGGREGATE \$ 2,000,000
B	AUTOMOBILE LIABILITY			606746538	05/29/2019	05/29/2020	PRODUCTS - COMP/OP AGG \$
	ANY AUTO						COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	ALL OWNED AUTOS						BODILY INJURY (Per person) \$
	HIRED AUTOS						BODILY INJURY (Per accident) \$
	UMBRELLA LIAB						PROPERTY DAMAGE (Per accident) \$
	EXCESS LIAB						
	DED <input type="checkbox"/> RETENTION \$						
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/>
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N <input type="checkbox"/>	N/A				E.L. EACH ACCIDENT \$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$

APPROVED AS TO FORM

By: *Scott Field*
MICHAEL E. GATES
CITY ATTORNEY
CITY OF HUNTINGTON BEACH

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

LOCATION: 20451 CRAIMER LANE, HUNTINGTON BEACH, CA 92646

ADDITIONAL INSURED: CITY OF HUNTINGTON BEACH, ITS OFFICERS, OFFICIALS, EMPLOYEES, AGENTS AND VOLUNTEERS
POLICY WILL NOT BE CANCELED OR MODIFIED WITHOUT 30 DAYS PRIOR WRITTEN NOTICE OF CITY

CERTIFICATE HOLDER

CANCELLATION

CITY OF HUNTINGTON BEACH ATTN: DIRECTOR OF PUBLIC WORKS 2000 MAIN STREET HUNTINGTON BEACH CA 92648	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Phil Dong</i>
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ACORD 25 (2010/05)

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED –
STATE OR POLITICAL SUBDIVISIONS – PERMITS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

State Or Political Subdivision:

CITY OF HUNTINGTON BEACH, ITS OFFICERS, ELECTED OR APPOINTED OFFICIALS, EMPLOYEES,
AGENTS AND VOLUNTEERS

PRIMARY AND NON-CONTRIBUTORY

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Section II – Who Is An Insured is amended to include as an insured any state or political subdivision shown in the Schedule, subject to the following provisions:

1. This insurance applies only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit.

2. This insurance does not apply to:

- a. "Bodily injury," "property damage" or "personal and advertising injury" arising out of operations performed for the state or municipality; or
- b. "Bodily injury" or "property damage" included within the "products-completed operations hazard".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS – COMPLETED OPERATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)	Location And Description Of Completed Operations
The City of Huntington Beach, its officers, elected or appointed officials, employees, agents and volunteers	20451 Cramer Lane, Huntington Beach, CA 92646
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury" or "property damage" caused, in whole or in part, by "your work" at the location designated and described in the Schedule of this endorsement performed for that additional insured and included in the "products-completed operations hazard".

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

B. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance:

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.