Example company inc.  
subcontract agreement

This agreement is made between Example Company and  *[subcontractor name]*  (“Subcontractor”).

Purpose of Agreement

The purpose of this Agreement is to state the terms and conditions under which Subcontractor will render services to Example Company.

Services Provided

Subcontractor will provide the following services to Example Company: *[Here is where you describe what services you are providing, plus cost. What we do is refer to an addendum that describes the services that we are going to perform for the company with costs.]*

Property of Example Company

All written documents and other supporting items used in the work performed for Example Company shall be the property of Example Company, provided that the compensation due Subcontractor for the service is paid in full by Example Company. It is agreed that Example Company shall be the principal contact with the potential customer and that no commitments or agreements will be entered into between subcontractor and customer directly without the express written approval of Example Company for the term of this contract. *[This is mainly for consulting services but can be redone for products.]*

Confidentiality

All statistical, environmental, and personal data relating to the business of Example Company, which are confidential and which are clearly designated as such, will be kept in the strictest confidence by Subcontractor and its employees. However, the foregoing obligation does not apply to any data that have become publicly available that are rightfully obtained from third parties. Subcontractor will be obliged to keep confidential any proprietary information that Example Company may have, or may be discovered by either party during the term of this agreement. *[Important for informational type projects. A lot of companies that I work for don't want to "air any dirty laundry." My company has worked through legal firms so that any information that we find is subject to lawyer-client privilege.]*

Excuse of Performance

The performance of the Agreement, except for the payment of money for services already rendered may be suspended by either party in the event performance of this Agreement is prevented by causes beyond the reasonable control of either party. Such causes shall include but not be limited to: acts of God, war, riot, fire, accident or illness, sabotage, governmental laws, regulatory requirements, legal orders, or actions. *[This is also called force majeure. Can have a very wide interpretation when it comes to government laws. The company that I wrote off the $100,000 tried to use government regulations as a defense for not paying their bills. It needs to be a tornado.]*

Client Responsibilities

Example Company shall provide full and complete information regarding its requirements for Subcontractor to successfully complete the work assignment and this information shall be furnished at no cost to Subcontractor when applicable and available. Example Company shall also secure all approvals, permits, and judicial or administrative orders to Subcontractor that might affect the scope of work. Example Company shall also communicate to Subcontractor any special hazards that might exist at any facility that Subcontractor or any of its employees might visit. *[You need to get help and information from the client to be able to do your job. We almost defaulted on a government contract because the client wouldn't give me the information I needed to do the job.]*

Indemnification

Subcontractor and Example Company both agree to indemnify and save harmless each other and each other's officers, directors, agents, employees, and affiliates from and against any and all liabilities, claims, demands, and causes of action for bodily injury or death of any person or destruction of or damage to any property that occur as a result of the negligent acts of either party or any of its employees or agents in the performance of this Agreement. Neither party shall be liable for loss of profits or consequential damages. *[This is an interesting one. I almost want to take a ruler and measure how big this is for the microbusiness. Large companies will have your indemnification of them go on forever and just a one liner for their indemnification of you. It can get pretty ridiculous, so as a joke I take a ruler and if the mutual indemnification clause is the same size, it's fair. Typically, your indemnification of them is four inches and theirs of you, one inch.]*

Insurance

Subcontractor will agree to supply valid insurance certificates to Example Company before commencement of work shall begin. Example Company can at its own discretion require that Example Company be listed as an additional insured on any insurance policy that is required from Subcontractor for contracted work. The minimum insurance requirements for Subcontractor under this agreement are as follows:

*[Insert below the insurance certificates you expect from your subcontractor. I've included some samples. As I have discussed in the book, having insurance is critical for a microbusiness. However, be prepared to pay the insurance company immediately. It was explained to me that people will “buy” insurance, get the certificate, and then not pay the insurance company.]*

***General Liability:*** Prior to the initiation of any operations, subcontractors performing operations on our behalf shall provide:

* A certificate of general liability insurance evidencing coverage with limits of at least $1,000,000 per occurrence and $2,000,000 annual aggregate.
* Certificate shall name Example Company as an additional insured with respect to the work performed.
* Certificate shall indicate dates of coverage which extend from initiation of work performed to completion of project.
* Insurance carrier of the Subcontractor shall be an AM Best A-rated (or better) insurer.

***Workers Compensation Insurance:*** Prior to the initiation of any operations, subcontractors performing operations on our behalf shall provide:

* Certificate of insurance listing Example Company as certificate holder with respect to work performed.
* Certificate shall indicate dates of coverage which extend from initiation of work performed to completion of project.

***Auto Liability:*** For those subcontractors using their automobiles in the performance of their work, we also ask for the following prior to the initiation of any operations:

* Certificate of automobile liability insurance evidencing coverage with limits of at least $1,000,000 per occurrence.
* Certificate shall name Example Company as an additional insured with respect to the use of auto arising from operations of named insured.
* Certificate shall indicate dates of coverage which extend from initiation of work performed to completion of project.
* Insurance carrier of the Subcontractor shall be an AM Best A-rated insurer.

***Professional Liability:*** For those professional service providers with a professional liability exposure, we also ask for the following prior to the initiation of any operations:

* Certificate of professional liability insurance evidencing coverage with limits of at least $1,000,000 per occurrence.
* Certificate shall indicate dates of coverage which extend from initiation of work performed to completion of project.
* Certificate shall give insured 30 days' advanced written notice of any change in insurance limits.
* Insurance carrier of the Subcontractor shall be an AM Best A-rated insurer.

Compensation

Example Company shall pay Subcontractor compensation for services rendered by him in accordance with the established rates and minimums of Subcontractor in effect at the time the services are rendered. Such rates and minimums are subject to change on \_\_\_\_\_days' written notice to Example Company. Subcontractor will send a statement of the compensation due him at the end of each month and Example Company shall make payment in \_\_\_\_\_\_ days of the billing date. Interest will be charged at the rate of \_\_\_\_\_\_\_\_ percent per month on all delinquent accounts. The present minimum rate is \_\_\_\_\_\_ dollars per hour during 8:00 a.m. and 5:00 p.m. Monday through Friday, and \_\_\_\_\_\_dollars per hour for all other work times.

Addresses

The addresses and telephone numbers of the parties for the purpose of communications and/or payments connected with this Agreement are as follows:

Contractor Subcontractor

Example Company Subcontractor Name

1234 Main Street 5678 Main Street

City, State 12345 City, State 12345

Office phone: Office phone:

Fax number: Fax number:

Email: Email:

The parties agree to advise each other in writing of any changes in address or telephone numbers.

Captions

The captions and headings included in this Agreement are provided solely for the convenience of the reader. They are not part of the Agreement and shall not be used to construe the text of the Agreement.

Entire Agreement.

This Agreement constitutes the entire agreement between the parties. This Agreement may be modified only by written amendment signed by the parties, and may be terminated unilaterally upon 30 days' written notice. *[This protects you from the verbal agreements. Remember a verbal contract is not worth the paper it's written on.]*

Counterparts

This Agreement may be executed in any number of counterparts and once so executed by all parties thereto, each such counterpart shall be deemed to be an original instrument but all such counterparts together shall constitute but one agreement.

Governing Law

This Agreement shall be subject to and governed by the laws, including conflicts of laws, of the State of \_\_\_\_\_\_\_\_\_\_. *[Large companies will use their corporation state as the state laws that govern the contract. They do this for three main reasons: one is that their legal staff is more familiar with their own state laws, two is that your lawyer probably isn't putting you at a disadvantage, and finally, if the state is New York and you live in California, be prepared to travel. Please refer back to the Avoid Legal Problems section of my book.]*

Binding Effect

The terms and conditions of this Agreement shall be binding upon the heirs, personal representatives, agents, successors, and assigns of the parties.

Non-Assignment

The parties’ respective rights, duties, and obligations under this Agreement may not be assigned, either voluntarily or by operation of law, without the express written consent of the other party which may be withheld for any reason whatsoever.

Enforcement

If this Agreement is referred to an attorney for enforcement or to seek relief or damages for its breach, the prevailing party shall be entitled to recover from the other party all costs and reasonable attorney’s fees (including fees connected with any appeal) irrespective of whether suit actually is filed or prosecuted.

DATED this \_\_\_\_\_\_\_\_\_ day of \_\_\_\_, 20XX

By: By:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

President, Example Company *[Title, Company Name]*