

SOFTWARE DEVELOPMENT AGREEMENT

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This Software Development Agreement (this "**Agreement**") is entered into as of [EFFECTIVE DATE] (the "**Effective Date**") by and between:

[DEVELOPER LEGAL NAME], a [STATE] [ENTITY TYPE, e.g. limited liability company] (or individual) with its principal place of business at [DEVELOPER ADDRESS] ("**Developer**"); and

[CLIENT LEGAL NAME], a [STATE] [ENTITY TYPE] with its principal place of business at [CLIENT ADDRESS] ("**Client**").

Developer and Client are each a "**Party**" and together the "**Parties**."

Recitals. Client wishes to engage Developer to design, develop, and deliver custom software, and Developer wishes to perform that work, on the terms below. The software, functional requirements, and deliverables are described in the attached **Exhibit A (Specification)**. In consideration of the mutual promises below, the Parties agree as follows.

1. Scope of Work

1.1 The Software. Developer will design, develop, test, and deliver the custom software described in Exhibit A (the "**Software**" and, together with related materials, the "**Deliverables**"), using reasonable skill and care and in a professional and workmanlike manner consistent with generally accepted industry standards.

1.2 Specification controls. Exhibit A describes the functional and technical requirements, supported environments, integrations, and acceptance criteria. Work not described in Exhibit A is out of scope unless added by a change order under Section 1.4.

1.3 Assumptions and dependencies. Developer's estimates assume Client provides requirements, data, access, and approvals on time and that third-party systems and APIs function as documented. Developer is not responsible for delays caused by Client or by third-party services outside Developer's reasonable control.

1.4 Change orders. Either Party may request a change to the Software. A requested change takes effect only when both Parties sign a written change order describing the change and its impact on fees and schedule. Developer is not obligated to begin out-of-scope work until a change order is signed.

2. Development Process and Milestones

2.1 Methodology. Developer will perform the work using the development methodology described in Exhibit A (for example, iterative sprints or fixed milestones), delivering working increments for Client review.

2.2 Schedule. Developer will work toward the milestone schedule in Exhibit A, beginning on [START DATE] with target delivery on or about [TARGET DELIVERY DATE]. Dates are good-faith estimates and may adjust through change orders or for Client-caused delays.

2.3 Client review windows. Client will review and approve each milestone deliverable within [NUMBER, e.g. 5] business days of receipt. If Client does not respond within that window, the deliverable is deemed accepted for the purpose of continuing the work, without waiving Client's warranty rights.

3. Fees and Payment

3.1 Fees. Client will pay Developer [A FIXED FEE OF [AMOUNT] / AT THE HOURLY RATE OF [RATE] / AS STATED IN EXHIBIT A] in [CURRENCY, e.g. US dollars]. Fees are exclusive of taxes.

3.2 Invoicing and payment. Developer will invoice Client [ON MILESTONE COMPLETION / MONTHLY / AS STATED IN EXHIBIT A]. Client will pay each undisputed invoice within [NUMBER, e.g. 15] days of the invoice date.

3.3 Late payment. Undisputed amounts not paid when due accrue interest at the lesser of [e.g. 1.5%] per month or the maximum rate permitted by applicable law. Developer may suspend work on [NUMBER] days' written notice if an undisputed invoice remains unpaid past its due date.

3.4 Third-party costs. Client is responsible for third-party costs identified in Exhibit A, including hosting, infrastructure, licensed libraries, and API or service fees, either paid directly by Client or reimbursed to Developer at cost with prior approval.

4. Client Responsibilities

4.1 Cooperation. Client will provide requirements, data, test environments, access credentials, and approvals on the schedule in Exhibit A and will designate a single primary contact with authority to give approvals and make decisions.

4.2 Client materials. Client represents that it owns or has the right to provide all data, code, and materials it supplies and that Developer's use of them as directed will not infringe any third party's rights.

5. Acceptance and Testing

5.1 Delivery for acceptance. When Developer completes the Software (or a milestone designated for acceptance), Developer will deliver it for testing against the acceptance criteria in Exhibit A.

5.2 Acceptance period. Client has [NUMBER, e.g. 10] business days to test the Deliverable and either accept it or give Developer a written list of specific failures to meet the acceptance criteria. Developer will correct verified failures and redeliver. The Deliverable is accepted when it meets the criteria, when Client uses it in production, or when the acceptance period passes without a written list of failures.

5.3 Repeated failure. If a Deliverable fails acceptance after a reasonable number of correction cycles due to Developer's failure to meet the criteria, Client may, as its remedy, terminate the affected milestone and receive a refund of amounts paid for that uncompleted milestone, or accept the Deliverable with an equitable fee adjustment.

6. Intellectual Property and License

6.1 Deliverables and source code. Subject to Client's full payment of all fees due, Developer assigns to Client all right, title, and interest in the custom source code and final Deliverables created specifically for Client under Exhibit A, excluding Developer's Background IP and Tools and any third-party or open-source components.

6.2 Developer Background IP and Tools. Developer retains ownership of its pre-existing materials, frameworks, libraries, methodologies, and general-purpose tools and components ("Tools"). To the extent Tools

are embedded in a Deliverable, Developer grants Client a non-exclusive, perpetual, worldwide, royalty-free license to use them as part of that Deliverable.

6.3 Third-party and open-source components. Some components are licensed from third parties or under open-source licenses and remain subject to those licenses. Developer will identify material third-party and open-source components and their licenses in Exhibit A or on request and will not introduce components whose licenses are incompatible with Client's stated use without Client's consent.

6.4 Residuals. Developer may use the general skills, knowledge, and experience it develops while performing the Services, provided it does not use or disclose Client's Confidential Information.

7. Confidentiality and Data

7.1 Definition. "**Confidential Information**" means non-public information disclosed by one Party to the other that is marked confidential or that a reasonable person would understand to be confidential given its nature and the circumstances, including source code, credentials, business plans, and data.

7.2 Obligations. The receiving Party will use Confidential Information only to perform under this Agreement, protect it with at least reasonable care, and disclose it only to personnel and contractors who need it and are bound by similar obligations.

7.3 Data handling. If Developer processes data provided by Client, Developer will handle it only as needed to perform the Services and in accordance with any data-protection addendum the Parties sign. Each Party will comply with the data-protection and privacy laws applicable to it.

8. Warranties and Limitation of Liability

8.1 Developer warranty. Developer warrants that the Services will be performed in a professional and workmanlike manner and that, for **[NUMBER, e.g. 60]** days after acceptance, the Software will materially conform to Exhibit A. Developer will correct reproducible non-conformities during that period at no additional charge, excluding issues caused by Client changes, misuse, third-party services, or modifications not made by Developer. Except as stated, the Deliverables are provided "as is" and Developer disclaims all other warranties, express or implied, including merchantability and fitness for a particular purpose.

8.2 Exclusion of indirect damages. Neither Party is liable for indirect, incidental, special, consequential, or punitive damages, or for lost profits, revenue, or data, even if advised of the possibility.

8.3 Liability cap. Except for a Party's confidentiality breach, infringement indemnity, or gross negligence or willful misconduct, each Party's total aggregate liability arising out of or related to this Agreement will not exceed the total fees paid or payable by Client under this Agreement.

9. Indemnification

9.1 By Developer. Developer will defend Client against third-party claims that the custom Software, as delivered by Developer, infringes that third party's intellectual property rights, and will indemnify Client for resulting damages finally awarded or agreed in settlement, subject to Section 8.

9.2 By Client. Client will defend Developer against third-party claims arising from Client materials provided to Developer or from Client's use of the Software in a manner not contemplated by Exhibit A, and will indemnify Developer for resulting damages, subject to Section 8.

9.3 Procedure. The indemnified Party will give prompt written notice, allow the indemnifying Party to control the defense, and provide reasonable cooperation. The indemnifying Party may not settle in a way that imposes

liability or admission on the indemnified Party without its consent.

10. Term, Termination, and General Provisions

10.1 **Term.** This Agreement begins on the Effective Date and continues until the Software is completed and accepted, unless terminated earlier under this Section.

10.2 **Termination.** Either Party may terminate for convenience on **[NUMBER, e.g. 15]** days' prior written notice, or immediately for cause if the other materially breaches and fails to cure within **[NUMBER, e.g. 10]** days after written notice. On termination, Client will pay for all work performed and non-cancelable costs incurred through the effective date, and Developer will deliver work product for which Client has paid.

10.3 **Independent contractor.** Developer is an independent contractor. Nothing creates a partnership, joint venture, agency, or employment relationship.

10.4 **Governing law and venue.** This Agreement is governed by the laws of the State of **[STATE]**, without regard to its conflict-of-laws rules. The Parties submit to the exclusive jurisdiction of the state and federal courts located in **[COUNTY, STATE]**.

10.5 **General.** Notices must be in writing and are effective on receipt. Neither Party may assign this Agreement without the other's written consent, except to a successor in a merger or sale of substantially all assets. Neither Party is liable for delay caused by events beyond its reasonable control. This Agreement, with its exhibits and change orders, is the entire agreement on its subject, supersedes prior discussions, may be amended only by a writing signed by both Parties, and may be signed in counterparts and by electronic signature.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

DEVELOPER

CLIENT

Signature: _____

Signature: _____

Printed name: **[NAME]**

Printed name: **[NAME]**

Title: **[TITLE / N/A]**

Title: **[TITLE]**

Date: _____

Date: _____

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