

SUBCONTRACTOR AGREEMENT

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

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

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

Contractor and Subcontractor are each a "**Party**" and together the "**Parties**."

Recitals. Contractor has entered into, or expects to enter into, one or more agreements with its customers (each, a "**Prime Contract**") under which Contractor must deliver certain goods or services. Contractor wishes to engage Subcontractor to perform a defined portion of that work, and Subcontractor wishes to perform that work, on the terms below. Specific work will be described in one or more work orders that reference this Agreement. In consideration of the mutual promises below, the Parties agree as follows.

1. Engagement and Work Orders

1.1 Engagement. Contractor engages Subcontractor as an independent subcontractor to perform the work described in each work order issued under this Agreement (the "**Work**"). This Agreement governs the overall relationship and does not, by itself, obligate Contractor to issue any work order or Subcontractor to accept one.

1.2 Work orders. Each work order (a "**Work Order**") will describe, at minimum: (a) the scope of Work and any deliverables (the "**Deliverables**"); (b) the schedule, milestones, or completion date; (c) the price and payment terms; and (d) any specifications, assumptions, or Contractor-furnished materials. A Work Order becomes binding when signed by both Parties and is governed by this Agreement.

1.3 Order of precedence. If a conflict exists between this Agreement and a Work Order, this Agreement controls unless the Work Order expressly states that it overrides a specific section of this Agreement and identifies that section by number. The terms of an applicable Prime Contract that are flowed down under Section 2 prevail over inconsistent terms only as expressly stated.

1.4 Standard of performance. Subcontractor will perform the Work with reasonable skill and care, in a professional and workmanlike manner consistent with generally accepted industry standards, and in accordance with the specifications in each Work Order.

2. Flow-Down of Prime Contract Obligations

2.1 Incorporation. To the extent the applicable Prime Contract imposes obligations on Contractor that relate to the Work, those obligations flow down to Subcontractor and are incorporated into this Agreement, except obligations that by their nature apply only to Contractor. Contractor will, on request and where permitted, provide

Subcontractor the relevant portions of the Prime Contract.

2.2 No greater rights. Subcontractor will have no greater rights against Contractor than Contractor has against its customer under the Prime Contract with respect to the flowed-down Work, except as expressly stated in this Agreement.

2.3 Notice of conflicts. If Subcontractor believes a Work Order or Prime Contract requirement is unclear, conflicting, or commercially unreasonable, Subcontractor will promptly notify Contractor in writing rather than proceeding on an assumption.

2.4 Customer interaction. Subcontractor will not communicate directly with Contractor's customer about the Work, the Prime Contract, or this Agreement without Contractor's prior written consent, except as a Work Order expressly permits.

3. Price and Payment

3.1 Price. Contractor will pay Subcontractor the price stated in each Work Order. Unless a Work Order says otherwise, prices are stated in **[CURRENCY, e.g. US dollars]** and are exclusive of taxes.

3.2 Invoicing. Subcontractor will invoice Contractor **[ON MILESTONE COMPLETION / MONTHLY / AS STATED IN THE WORK ORDER]**, with reasonable supporting documentation. Each invoice must reference the applicable Work Order.

3.3 Payment timing. Contractor will pay each undisputed invoice within **[NUMBER, e.g. 30]** days of receipt. **[OPTIONAL — pay-when-paid: Payment to Subcontractor for a given Work Order is due within [NUMBER] days after Contractor receives the corresponding payment from its customer under the Prime Contract. Pay-when-paid and pay-if-paid clauses are restricted or unenforceable in some jurisdictions; confirm enforceability with local counsel before relying on this provision.]**

3.4 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, from the due date until paid.

3.5 Disputed amounts. Contractor will pay all undisputed amounts on time and will notify Subcontractor in writing of any disputed amount within **[NUMBER]** days of the invoice date, describing the basis for the dispute. The Parties will work in good faith to resolve disputed amounts promptly.

3.6 Taxes. Subcontractor is responsible for all taxes on its own income and for any sales, use, or similar taxes arising from its purchases, except taxes that a Work Order expressly assigns to Contractor.

4. Independent Contractor Status

4.1 Relationship. Subcontractor is an independent contractor. Nothing in this Agreement creates a partnership, joint venture, agency, franchise, or employment relationship between the Parties or between Contractor and Subcontractor's personnel.

4.2 Control of work. Subcontractor controls the manner and means of performing the Work, subject to the specifications and outcomes required by each Work Order.

4.3 Personnel, taxes, and benefits. Subcontractor is solely responsible for its personnel, including their wages, withholding, payroll and self-employment taxes, workers' compensation, unemployment insurance, and benefits. Subcontractor's personnel are not eligible for Contractor's employee benefits.

4.4 Compliance. Subcontractor will comply with all laws applicable to its performance, including those governing licensing, worker classification, wages and hours, immigration and work authorization, and workplace safety.

5. Confidentiality

5.1 Definition. "**Confidential Information**" means non-public information disclosed by one Party to the other, or learned in connection with the Work, that is marked confidential or that a reasonable person would understand to be confidential given its nature and the circumstances, including the Prime Contract, customer information, pricing, business plans, and technical information.

5.2 Obligations. The receiving Party will: (a) use Confidential Information only to perform under this Agreement; (b) protect it using at least the same care it uses for its own confidential information, and no less than reasonable care; and (c) disclose it only to personnel and advisors who need it and are bound by confidentiality obligations at least as protective as these.

5.3 Exclusions. Confidentiality obligations do not apply to information that: (a) is or becomes public through no fault of the receiving Party; (b) was rightfully known without restriction before disclosure; (c) is rightfully obtained from a third party without restriction; or (d) is independently developed without use of the Confidential Information.

5.4 Compelled disclosure. The receiving Party may disclose Confidential Information to the extent required by law or court order, provided it gives the disclosing Party prompt written notice (where legally permitted) and reasonable cooperation to seek protective treatment.

6. Ownership of Work Product

6.1 Deliverables. Subject to full payment of the price for the applicable Work Order, Subcontractor assigns to Contractor all right, title, and interest in the Deliverables created specifically for Contractor under that Work Order, so that Contractor may satisfy its obligations under the Prime Contract.

6.2 Background IP. Each Party retains all right, title, and interest in intellectual property it owned or developed before this Agreement or independently of it ("**Background IP**"). To the extent Subcontractor's Background IP is embedded in a Deliverable, Subcontractor grants Contractor a non-exclusive, perpetual, worldwide, royalty-free license to use it as part of that Deliverable.

6.3 Further assurances. Subcontractor will execute documents and take reasonable actions Contractor requests to perfect or record the assignment in Section 6.1, at Contractor's reasonable expense.

7. Insurance and Indemnification

7.1 Insurance. Subcontractor will maintain, at its own expense, the insurance coverage required by the applicable Work Order or Prime Contract, which may include commercial general liability, workers' compensation, and professional liability coverage at the limits stated. On request, Subcontractor will provide certificates of insurance and, where required, name Contractor and its customer as additional insureds.

7.2 Indemnification by Subcontractor. Subcontractor will defend Contractor against third-party claims arising from (a) Subcontractor's negligence, willful misconduct, or breach of this Agreement, or (b) Subcontractor's actual or alleged violation of law, and will indemnify Contractor for resulting damages finally awarded or agreed in settlement, subject to Section 8.

7.3 Indemnification by Contractor. Contractor will defend Subcontractor against third-party claims arising from Contractor-furnished materials or specifications that Subcontractor used as directed, and will indemnify Subcontractor for resulting damages, subject to Section 8.

7.4 Procedure. The indemnified Party will give prompt written notice of the claim, allow the indemnifying Party to control the defense, and provide reasonable cooperation. The indemnifying Party may not settle a claim in a way that imposes liability or admission on the indemnified Party without its consent.

8. Limitation of Liability

8.1 Exclusion of indirect damages. Except for the excluded matters in Section 8.3, neither Party is liable for any indirect, incidental, special, consequential, or punitive damages, or for lost profits, revenue, or data, even if advised of the possibility.

8.2 Liability cap. Except for the excluded matters in Section 8.3, each Party's total aggregate liability arising out of or related to this Agreement will not exceed the total amounts paid or payable under the Work Order giving rise to the claim in the [NUMBER, e.g. 12] months before the event giving rise to the liability.

8.3 Exclusions from the cap. The limitations in Sections 8.1 and 8.2 do not apply to: (a) Subcontractor's indemnification obligations under Section 7; (b) breach of confidentiality under Section 5; (c) a Party's gross negligence or willful misconduct; or (d) amounts owed for Work performed.

9. Term and Termination

9.1 Term. This Agreement begins on the Effective Date and continues until terminated under this Section, even if no Work Order is then active.

9.2 Termination for convenience. Either Party may terminate this Agreement for convenience on [NUMBER, e.g. 30] days' prior written notice. Contractor may terminate an individual Work Order for convenience on [NUMBER] days' notice, in which case Contractor will pay for Work performed and non-cancelable commitments through the termination date.

9.3 Termination for cause. Either Party may terminate this Agreement or any Work Order immediately on written notice if the other Party materially breaches and fails to cure within [NUMBER, e.g. 10] days after written notice describing the breach.

9.4 Effect of termination. On termination, Subcontractor will deliver all completed and in-progress Deliverables for which Contractor has paid or will pay, and Contractor will pay for all Work properly performed through the effective date.

9.5 Survival. Sections 3 (for accrued amounts), 5, 6, 7, 8, and 10, and any provision that by its nature should survive, survive termination.

10. General Provisions

10.1 Non-solicitation. During the term and for [NUMBER, e.g. 12] months after it ends, neither Party will knowingly solicit for employment the other Party's personnel who were directly involved in the Work, except through general advertising not targeted at those individuals. [Confirm enforceability and scope with local counsel; non-solicitation rules vary by jurisdiction.]

10.2 Assignment. Subcontractor may not assign this Agreement or subcontract the Work without Contractor's prior written consent. Contractor may assign this Agreement to a successor in connection with a merger, acquisition, or sale of substantially all assets on written notice.

10.3 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].

10.4 Notices. Notices must be in writing and sent to the addresses above (or as updated in writing) and are effective on receipt.

10.5 **Force majeure.** Neither Party is liable for delay or failure caused by events beyond its reasonable control, provided it gives prompt notice and uses reasonable efforts to mitigate.

10.6 **Entire agreement; amendment.** This Agreement, together with its Work Orders, is the entire agreement between the Parties on its subject and supersedes prior discussions. It may be amended only by a writing signed by both Parties.

10.7 **Severability and waiver.** If any provision is unenforceable, the rest remains in effect. A Party's failure to enforce a provision is not a waiver.

10.8 **Counterparts and electronic signature.** This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

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

CONTRACTOR	SUBCONTRACTOR
Signature: _____	Signature: _____
Printed name: [NAME]	Printed name: [NAME]
Title: [TITLE]	Title: [TITLE]
Date: _____	Date: _____

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