

# Subcontract Agreement

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## CONSTRUCTION SUBCONTRACT AGREEMENT

On this \_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_, \_\_\_\_\_ [Contractor] and \_\_\_\_\_, [Subcontractor], HEREBY ENTER into the following Subcontract for Work to be performed on behalf of Contractor by Subcontractor at the Work Site(s) identified in this agreement.

WHEREAS Contractor desires to retain Subcontractor to perform certain contract Work as described in Section 1.1 for the Work Site(s) listed in Section 3.1;

NOW THEREFORE Contractor and Subcontractor agree as follows:

### SECTION 1. SUBCONTRACT WORK

1.1 Subcontractor shall be contracted as an independent contractor and shall provide and furnish all **labor, materials, tools, supplies, equipment, services**, supervision, and administration necessary for the proper and complete performance and acceptance of the following portions of the Work for the Work Site(s):

**[Enter scope of work to be performed and edit the underlined items to fit the services to be provided by the particular subcontractor]**

### SECTION 2. SUBCONTRACTOR PRICE

2.1 In consideration of Subcontractor's performance of this Subcontract Agreement, and subject to the terms and conditions hereinafter set forth, Contractor shall pay to Subcontractor the total sum of \_\_\_\_\_ dollars (**R000,000.00**). Said Subcontract Agreement price is dependent upon the Subcontractor completing the Work as agreed to in this agreement. Should said Work not be completed as agreed, the Subcontract Agreement amount shall be modified accordingly.

**2.2. [If applicable, add language for conditions of draw payments and retention. Some states may have specific limits applicable to retention.]**

### SECTION 3. SPECIAL CONDITIONS

3.1 The Work Site location(s) to which this Subcontract Agreement applies is:

**[List the location(s) of all Work Sites included under this Subcontract Agreement.]**

3.2 Time is of the essence in the performance of this Agreement. There shall be no extension of time for Subcontractor to perform the Work without the execution of a written amendment to this Agreement.

3.3 The commencement date of this Agreement shall be the effective date of this Agreement as first written above. It is anticipated that the Work of this Agreement shall be substantially completed no later than **[Anticipated Completion Date or Number of Days]**, subject to any adjustments to the Subcontractor's schedule of Work.

3.4 Subcontractor shall begin Work on the date agreed to between the Contractor and Subcontractor and continue until completion unless otherwise instructed by Contractor. Subcontractor shall conduct work in

a prompt, efficient, and effective manner, and shall not cause any delays, either to its own Work or the work of other persons or entities performing on the Work Site(s). Subcontractor shall complete the Work in strict conformance with the scope of Work described in Section 1.1 subject to the understanding that the Work and/or completion date may be amended, changed, or modified, in writing, at any time as agreed to by Contractor and Subcontractor.

3.5 Subcontractor agrees to cooperate with the Contractor in the scheduling of Subcontractor's Work, and to avoid disruptions, interference, delays, conflicts, or other disturbances with respect to Contractor's Work on the Work Site(s). Subcontractor further agrees to cooperate fully with other persons and entities performing or supplying materials on the Work Site(s). Subcontractor shall provide Contractor with immediate notice upon the discovery of any anticipated or actual conflict between the Work of the Subcontractor and any other person or entity performing at the Work Site(s).

3.6 Subcontractor shall submit, as promptly as is practicable any shop drawings, construction data, product information, material samples, and similar submittals, upon request of the Contractor.

3.7 During all phases of the performance of this Agreement, Subcontractor shall perform appropriate clean-up services to keep its work area, and the premises and surrounding area, free from the accumulation of waste and trash materials caused by Work Site operations, and shall leave the premises in a reasonably clean, swept or raked condition. If Subcontractor fails to adequately comply with said clean-up obligations, Contractor may perform the required clean-up by whatever method the Contractor may deem expedient, and may charge the Subcontractor for the reasonable costs of such clean-up. However, Subcontractor is not required to perform clean-up of, nor shall Subcontractor be held responsible for, unclean conditions caused by other persons or entities performing on the Work Site.

3.8 Subcontractor shall perform and provide all necessary precautionary measures to adequately protect Work Site property and the work of other persons or entities performing on the Work Site from damage caused by Subcontractor's performance of the Work required by this Subcontract Agreement. Subcontractor shall be liable for any loss or damage to work in place at the Work Site, or to any equipment and materials at the Work Site, caused by Subcontractor or Subcontractor's agents, employees, or guests.

3.9 By execution of this Agreement, the Subcontractor agrees to be bound by Contractor's Work Site safety program, if any, provided to Subcontractor and to strictly observe all state and U.S. Occupational Safety and Health Administration (OSHA) safety requirements. However, to the extent that any safety rules or guidelines of the Contractor exceed OSHA, state, or local safety regulations and requirements, the Contractor's requirements shall be complied with by Subcontractor. Contractor's safety requirements are in addition to and not in preemption of any federal, state or local statutes, regulations. Subcontractor shall retain sole responsibility, to the fullest extent permitted by law, for the safety of its employees in performance of Subcontractor's Work and for performing such Work in accordance with all laws, rules and regulations, including, but not limited to any Contractor's established Work Site safety program. By establishment of Contractor's Work Site safety program and its mandatory application to the Subcontractor under the terms of this Subcontract Agreement, Contractor does not create any joint responsibility with Subcontractor for the safety of Subcontractor's employees.

3.10 The Subcontractor agrees to comply with all federal and state laws, codes and regulations, and all local and municipal ordinances and regulations effective where the Work is to be performed, and to pay all costs and expenses attributable to such compliance, to pay all fees, licenses, permits, deposits and taxes, including sales and use taxes, and also to pay all taxes imposed by any local or state or federal law due to any applicable tax laws, social security acts, employment insurance acts, unemployment compensation statutes, workers' compensation acts, pensions, benefit trust funds, old age retirement funds or any similar authority insofar as applicable to the performance of this Agreement, and to hold the Contractor harmless from any and all loss or damage occasioned by the failure of the Subcontractor to comply with the terms of this paragraph.

## **SECTION 4. COMMUNICATION AND NOTICE**

4.1 Subcontractor shall be deemed to have received notice of a fact, request, order, or demand when it or its Work Site supervisor is notified, either orally or in writing, or four (4) days after written notice is sent by registered or certified mail addressed to Subcontractor's last known place of business, whichever is sooner.

4.2 Contractor shall be deemed to have received notice of a fact, request, or demand when it or its Work Site supervisor is notified, either orally or in writing, or four (4) days after written notice is sent by registered or certified mail addressed to Contractor at **[insert address]**, whichever is sooner.

## **SECTION 5. GOVERNING LAW AND RULES OF CONSTRUCTION**

5.1 The validity, interpretation, and performance of this Subcontract Agreement shall be governed by the laws of the jurisdiction where the Work Site is located.

5.2 If any term or provision of this Subcontract Agreement is determined to be invalid, it shall not affect the validity and enforcement of the remaining terms and provisions of this Subcontract Agreement.

5.3 This Subcontract Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, representatives, and heirs of the parties herein.

## **SECTION 6. AMENDMENT**

6.1 This Subcontract Agreement shall only be amended or modified by written document executed by the Contractor and Subcontractor. This Subcontract Agreement supersedes all prior representations made by Contractor.

## **SECTION 7. INDEMNIFICATION**

7.1 Work covered by this Subcontract Agreement done at the site of construction or in preparing or delivering materials or equipment to the site shall be at the risk of Subcontractor exclusively. Subcontractor shall, with respect to all work that is covered by or incidental to this Subcontract Agreement, indemnify, defend and hold Contractor, and its agents and employees, harmless from and against all of the following to the fullest extent permitted by law:

1. Any claim, liability, loss, damage, cost, expense, costs of defense including reasonable attorney's fees, awards, fines, or judgments, provided that said loss arises from death or bodily injury, illness, disease, or damage to or destruction of property, or other loss, damage or expense, including any of the same resulting from the alleged or actual negligent act or omission, regardless of whether such act or omission is active or passive, by Subcontractor or its agents, employees, sub-subcontractors, or anyone else for whose acts Subcontractor may be liable.

2. Any claim, liability, loss, damage, cost, expense, costs of defense including reasonable attorney's fees, awards, fines, or judgments arising by reason of any obligation or indemnity which Contractor has to a purchaser of the completed dwelling(s).

3. It is expressly acknowledged and agreed that each of the foregoing indemnities is independent, and that both shall be given effect. However, Subcontractor shall not be obligated under this Subcontract Agreement to indemnify Contractor with respect to the joint negligence, sole negligence or willful misconduct of Contractor, his agents, employees, servants or subcontractors who are directly responsible to Contractor, excluding Subcontractor.

7.2 Subcontractor shall indemnify and hold Contractor harmless against all liability for claims and liens for labor performed or materials used or furnished to be used on the job, including any costs and expenses for attorney's fees and all incidental and consequential damages resulting to Contractor from such claims or liens. In the event that legal action or other proceeding is brought on such claim or lien, Subcontractor shall defend said suit at its own expense, and will pay and satisfy any such lien or judgment as may be established by the decision of the court, arbitrator, or other reviewing authority in said suit. Subcontractor may opt to litigate claim, provided that Subcontractor causes the effect of said lien or claim to be removed from the premises in advance. Subcontractor agrees that the effect of any such suit, claim, or lien shall be removed from the premises within ten (10) days after written demand from Contractor. Where Subcontractor fails to remove the effect of such suit, claim, or lien in spite of written Contractor request, Contractor may, at its sole option and discretion, use whatever means it deems expedient to cause said lien, suit, or claim to be removed or dismissed, and the cost thereof, together with any reasonable attorney's fees, shall become due and immediately payable by the Subcontractor to the Contractor.

7.3 Notwithstanding any other provisions concerning insurance to be provided by Subcontractor as contained in this Subcontract Agreement or any Subcontractor Agreement Addendum, Subcontractor's indemnity obligations herein shall not be limited in any way by the limits or other terms or conditions of any insurance coverage obtained by Subcontractor, nor by any limitation on the amount or type of damages, nor for benefits or damages payable under workers' compensation, disability benefit, or other employee benefit statutes, regulations, or ordinances.

## **SECTION 8. INSURANCE AND WAIVER OF SUBROGATION**

8.1 Subcontractor agrees to obtain and maintain during the term of this Subcontract Agreement, and for a period of thirty-six (36) months after completion of the Work, commercial general liability insurance, including coverage for ongoing operations and products-completed operations hazard. Contractor shall be named as an Additional Insured under the commercial general liability policy for both ongoing operations and products-completed operations hazard. Further, Subcontractor agrees to obtain and maintain automobile liability insurance for all owned, hired and non-owned vehicles, employers liability insurance, and workers compensation coverage in such amounts of coverage and limits as required by statutory law during the term of this Subcontract agreement. All insurance policies must be underwritten by admitted insurers with an A.M. Best rating of A- or better. If a non-admitted insurer or self insurance fund underwrites any Subcontractor's coverage, such insurers or funds must be approved by Contractor and the Agreement shall then be amended.

8.2 The required insurance coverage, limits and conditions shall be as follows:

### Commercial General Liability -Minimum Limits and Terms

ISO Occurrence Form CG 00 01 [edition date 1986 or later] or equivalent –  
R1,000,000 Occurrence / R1,000,000 General Aggregate and R1,000,000 Products and Completed  
Operations Hazard Aggregate

The policy must include an unaltered definition of an "insured contract" as defined in ISO Form CG 00 01 [edition dates 1986 or later] or equivalent. However, a provision deleting from the definition of "insured contract" any agreement or contract for broad form (Type I) or intermediate form (Type II) indemnity which is prohibited by statute is acceptable.

Contractor must be named as an Additional Insured for Ongoing Operations and Products and Completed Operations Hazard on a primary and non-contributory basis. (ISO form CG 20 10 and CG 20 37 or equivalent) A copy of the endorsements attached to the policy must be provided to Contractor.

Waiver of Subrogation – ISO Form CG 24 04 or equivalent

Subcontractor must continue this coverage for a period of thirty-six (36) months after completion of the Work on behalf of Contractor.

#### Workers Compensation and Employers Liability Insurance

Workers Compensation – Statutory as required in the states(s) where the Work is being performed. Sole proprietors, partners, officers and directors shall not be excluded from coverage.

Waiver of Subrogation – N.C.C.I. Endorsement Form WC 00 03 13 with Contractor scheduled must be attached to the policy.

#### Automobile Liability Insurance

Minimum Limits Required: R500,000 Combined Single Limit or R250,000/R500,000/ R100,000 Split Limits.

Coverage must apply to all owned, non-owned and hired vehicles – Auto Symbol 1 or equivalent.

8.3 Subcontractor shall provide Contractor an acceptable ACORD form 25 (2001/08), Certificate of Liability Insurance, for all insurance required under this Subcontract Agreement prior to commencement of Work. The Certificate shall contain a provision that provides for thirty (30) days written notice prior to cancellation or non-renewal of said policies for any reason other than for non payment of premium. The Certificate must be provided directly from Subcontractor's insurance agent or the insurance company.

8.4 All insurance coverage required under this Subcontract Agreement shall be maintained without interruption or suspension during the entire performance of this Subcontract Agreement, including the supplemental time described in 8.1 for commercial general liability. Subcontractor shall provide Contractor with additional Certificates of Liability Insurance indicating continuation of coverage during the entire performance of this Subcontract Agreement.

8.5 Subcontractor waives all rights of subrogation against Contractor.

### **SECTION 9. ARBITRATION**

9.1 Any and all disputes or claims between the Contractor and the Subcontractor arising out of this Subcontract Agreement shall be resolved by binding arbitration according to the latest Construction Industry Arbitration Rules of the American Arbitration Association. In so agreeing the parties expressly waive their right to a jury trial, if any, on these issues and further agree that the award of the arbitrator shall be final and binding upon them as though rendered by a court of law and shall be enforceable in any court having jurisdiction over the same.

9.2 Should any legal action or proceedings between the Contractor or Subcontractor be required to enforce this Arbitration clause, or to recover damages for the breach thereof, the Subcontractor agrees to pay all court costs and attorney's fees for the Contractor and Subcontractor.

9.3 Where a purchase agreement for any completed dwelling which is the subject of Work in this Subcontract Agreement extends to the Contractor and purchaser, the right of arbitration to resolve disputes concerning work performed, the same rights, limitations, requirements and procedures concerning arbitration under the general contract shall be extended the Subcontractor. The Subcontractor agrees to accept and be bound by all the rights, obligations and responsibilities which the Contractor assumes towards the purchaser under the completed dwelling purchase agreement.

**SECTION 10. ASSIGNMENT**

No assignment of this Subcontract Agreement by Subcontractor is permitted without prior written permission from the Contractor.

**THIS SUBCONTRACT AGREEMENT IS ACKNOWLEDGED AND EXECUTED AS OF THE DATE SET FORTH ABOVE BY:**

\_\_\_\_\_  
**SUBCONTRACTOR**

\_\_\_\_\_  
**CONTRACTOR**

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**Legal Disclaimer**

The information provided in this sample agreement is not intended to be legal advice, but merely conveys general information to help you recognize language commonly encountered in general contractor-subcontractor agreements. **YOUR ARE ADVISED TO HAVE AN ATTORNEY FROM YOUR STATE REVIEW THIS DOCUMENT BEFORE USE.**

**South Johannesburg Sample Short Form Construction  
Subcontract Agreement  
[For Information and Education Purposes Only]**

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**CONSTRUCTION SUBCONTRACT AGREEMENT**

On this \_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_, \_\_\_\_\_ [Contractor] and \_\_\_\_\_, [Subcontractor], HEREBY ENTER into the following Subcontract for work to be performed on behalf of Contractor by Subcontractor at the Work Site(s) identified in this Agreement.

**THIS CONTRACT MANDATES ARBITRATION PURSUANT TO TITLE 15 – CIVIL REMEDIES AND PROCEDURES, CHAPTER 48, UNIFORM ARBITRATION ACT OF THE SOUTH JOHANNESBURG CODE OF LAWS.**

WHEREAS Contractor desires to retain Subcontractor to perform certain contract Work as described in Section 1.1 for the Work Site(s) listed in Section 3.1;

NOW THEREFORE Contractor and Subcontractor agree as follows:

**SECTION 1. SUBCONTRACT WORK**

1.1 Subcontractor shall be contracted as an independent contractor and shall provide and furnish all **labor, materials, tools, supplies, equipment, services**, supervision, and administration necessary for the proper and complete performance and acceptance of the following portions of the Work for the Work Site(s):

**[Enter scope of work to be performed and edit the underlined items to fit the services to be provided by the particular subcontractor]**

**SECTION 2. SUBCONTRACT PRICE**

2.1 In consideration of Subcontractor's performance of this Subcontract Agreement, and subject to the terms and conditions hereinafter set forth, Contractor shall pay to Subcontractor the total sum of \_\_\_\_\_ dollars **(R000,000.00)**. Said Subcontract Agreement price is dependent upon the Subcontractor completing the Work as agreed to in this agreement. Should said Work not be completed as agreed, the Subcontract Agreement amount shall be modified accordingly.

2.2. **[If applicable, add language for conditions of draw payments and retention. Some states may have specific limits applicable to retention.]**

**SECTION 3. SPECIAL CONDITIONS**

3.1 The Work Site location(s) to which this Subcontract Agreement applies is:

**[List location(s) of all Work Sites included under this Agreement]**

3.2 Time is of the essence in the performance of this Agreement. There shall be no extension of time for Subcontractor to perform the Work without the execution of a written amendment to this Agreement.

3.3 The commencement date of this Agreement shall be the effective date of this Agreement as first written above. It is anticipated that the Work of this Agreement shall be substantially completed no later than **[Anticipated Completion Date or Number of Days]**, subject to any adjustments to the Subcontractor's schedule of Work.

3.4 Subcontractor shall begin Work on the date agreed to between the Contractor and Subcontractor and continue until completion unless otherwise instructed by Contractor. Subcontractor shall conduct work in a prompt, efficient, and effective manner, and shall not cause any delays, either to its own Work or the work of other persons or entities performing on the Work Site(s). Subcontractor shall complete the Work in strict conformance with the scope of Work described in Section 1.1 subject to the understanding that the Work and/or completion date may be amended, changed, or modified, in writing, at any time as agreed to by Contractor and Subcontractor.

3.5 Subcontractor agrees to cooperate with the Contractor in the scheduling of Subcontractor's Work, and to avoid disruptions, interference, delays, conflicts, or other disturbances with respect to Contractor's Work on the Work Site(s). Subcontractor further agrees to cooperate fully with other persons and entities performing or supplying materials on the Work Site(s). Subcontractor shall provide Contractor with immediate notice upon the discovery of any anticipated or actual conflict between the Work of the Subcontractor and any other person or entity performing at the Work Site(s).

3.6 Subcontractor shall submit, as promptly as is practicable any shop drawings, construction data, product information, material samples, and similar submittals, upon request of the Contractor.

3.7 During all phases of the performance of this Agreement, Subcontractor shall perform appropriate clean-up services to keep its work area, and the premises and surrounding area, free from the accumulation of waste and trash materials caused by Work Site operations, and shall leave the premises in a reasonably clean, swept or raked condition. If Subcontractor fails to adequately comply with said clean-up obligations, Contractor may perform the required clean-up by whatever method the Contractor may deem expedient, and may charge the Subcontractor for the reasonable costs of such clean-up. However, Subcontractor is not required to perform clean-up of, nor shall Subcontractor be held responsible for, unclean conditions caused by other persons or entities performing on the Work Site.

3.8 Subcontractor shall perform and provide all necessary precautionary measures to adequately protect Work Site property and the work of other persons or entities performing on the Work Site from damage caused by Subcontractor's performance of the Work required by this Subcontract Agreement. Subcontractor shall be liable for any loss or damage to work in place at the Work Site, or to any equipment and materials at the Work Site, caused by Subcontractor or Subcontractor's agents, employees, or guests.

3.9 By execution of this Agreement, the Subcontractor agrees to be bound by Contractor's Work Site safety program, if any, provided to Subcontractor and to strictly observe all state and U.S. Occupational Safety and Health Administration (OSHA) safety requirements. However, to the extent that any safety rules or guidelines of the Contractor exceed OSHA, state, or local safety regulations and requirements, the Contractor's requirements shall be complied with by Subcontractor. Contractor's safety requirements are in addition to and not in preemption of any federal, state or local statutes, regulations. Subcontractor shall retain sole responsibility, to the fullest extent permitted by law, for the safety of its employees in performance of Subcontractor's Work and for performing such Work in accordance with all laws, rules and regulations, including, but not limited to any Contractor's established Work Site safety program. By establishment of Contractor's Work Site safety program and its mandatory application to the Subcontractor under the terms of this Subcontract Agreement, Contractor does not create any joint responsibility with Subcontractor for the safety of Subcontractor's employees.

3.10 The Subcontractor agrees to comply with all federal and state laws, codes and regulations, and all local and municipal ordinances and regulations effective where the Work is to be performed, and to pay



all costs and expenses attributable to such compliance, to pay all fees, licenses, permits, deposits and taxes, including sales and use taxes, and also to pay all taxes imposed by any local or state or federal law due to any applicable tax laws, social security acts, employment insurance acts, unemployment compensation statutes, workers' compensation acts, pensions, benefit trust funds, old age retirement funds or any similar authority insofar as applicable to the performance of this Agreement, and to hold the Contractor harmless from any and all loss or damage occasioned by the failure of the Subcontractor to comply with the terms of this paragraph.

#### **SECTION 4. COMMUNICATION AND NOTICE**

4.1 Subcontractor shall be deemed to have received notice of a fact, request, order, or demand when it or its Work Site supervisor is notified, either orally or in writing, or four (4) days after written notice is sent by registered or certified mail addressed to Subcontractor's last known place of business, whichever is sooner.

4.2 Contractor shall be deemed to have received notice of a fact, request, or demand when it or its Work Site supervisor is notified, either orally or in writing, or four (4) days after written notice is sent by registered or certified mail addressed to Contractor at **[insert address]**, whichever is sooner.

#### **SECTION 5. GOVERNING LAW AND RULES OF CONSTRUCTION**

5.1 The validity, interpretation, and performance of this Subcontract Agreement shall be governed by the laws of the jurisdiction where the Work Site is located.

5.2 If any term or provision of this Subcontract Agreement is determined to be invalid, it shall not affect the validity and enforcement of the remaining terms and provisions of this Subcontract Agreement.

5.3 This Subcontract Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, representatives, and heirs of the parties herein.

#### **SECTION 6. AMENDMENT**

6.1 This Subcontract Agreement shall only be amended or modified by written document executed by the Contractor and Subcontractor. This Subcontract Agreement supersedes all prior representations made by Contractor.

#### **SECTION 7. INDEMNIFICATION**

7.1 Work covered by this Subcontract Agreement done at the site of construction or in preparing or delivering materials or equipment to the site shall be at the risk of Subcontractor exclusively. Subcontractor shall, with respect to all work that is covered by or incidental to this Subcontract Agreement, indemnify, defend and hold Contractor, and its agents and employees, harmless from and against all of the following to the fullest extent permitted by law:

1. Any claim, liability, loss, damage, cost, expense, costs of defense including reasonable attorney's fees, awards, fines, or judgments, provided that said loss arises from death or bodily injury, illness, disease, or damage to or destruction of property, or other loss, damage or expense, including any of the same resulting from the alleged or actual negligent act or omission, regardless of whether such act or omission is active or passive, by Subcontractor or its agents, employees, sub-subcontractors, or anyone else for whose acts Subcontractor may be liable.

2. Any claim, liability, loss, damage, cost, expense, costs of defense including reasonable attorney's fees, awards, fines, or judgments arising by reason of any obligation or indemnity which Contractor has to a purchaser of the completed

dwelling(s). 3. It is expressly acknowledged and agreed that each of the foregoing indemnities is independent, and that both shall be given effect. However, Subcontractor shall not be obligated under this Subcontract Agreement to indemnify Contractor with respect to the sole negligence or willful misconduct of Contractor, his agents, employees, servants or subcontractors who are directly responsible to Contractor, excluding Subcontractor.

7.2 Subcontractor shall indemnify and hold Contractor harmless against all liability for claims and liens for labor performed or materials used or furnished to be used on the job, including any costs and expenses for attorney's fees and all incidental and consequential damages resulting to Contractor from such claims or liens. In the event that legal action or other proceeding is brought on such claim or lien, Subcontractor shall defend said suit at its own expense, and will pay and satisfy any such lien or judgment as may be established by the decision of the court, arbitrator, or other reviewing authority in said suit. Subcontractor may opt to litigate claim, provided that Subcontractor causes the effect of said lien or claim to be removed from the premises in advance. Subcontractor agrees that the effect of any such suit, claim, or lien shall be removed from the premises within ten (10) days after written demand from Contractor. Where Subcontractor fails to remove the effect of such suit, claim, or lien in spite of written Contractor request, Contractor may, at its sole option and discretion, use whatever means it deems expedient to cause said lien, suit, or claim to be removed or dismissed, and the cost thereof, together with any reasonable attorney's fees, shall become due and immediately payable by the Subcontractor to the Contractor.

7.3 Notwithstanding any other provisions concerning insurance to be provided by Subcontractor as contained in this Subcontract Agreement or any Subcontractor Agreement Addendum, Subcontractor's indemnity obligations herein shall not be limited in any way by the limits or other terms or conditions of any insurance coverage obtained by Subcontractor, nor by any limitation on the amount or type of damages, nor for benefits or damages payable under workers' compensation, disability benefit, or other employee benefit statutes, regulations, or ordinances.

## **SECTION 8. INSURANCE AND WAIVER OF SUBROGATION**

8.1 Subcontractor agrees to obtain and maintain during the term of this Subcontract Agreement, and for a period of thirty-six (36) months after completion of the Work, commercial general liability insurance, including coverage for ongoing operations and products-completed operations hazard. Contractor shall be named as an Additional Insured under the commercial general liability policy for both ongoing operations and products-completed operations hazard. Further, Subcontractor agrees to obtain and maintain automobile liability insurance for all owned, hired and non-owned vehicles, employers liability insurance, and workers compensation coverage in such amounts of coverage and limits as required in paragraph 8.2 below. All insurance policies must be underwritten by admitted insurers with an A. M. Best rating of A- or better. If a non-admitted insurer or self insurance fund underwrites any Subcontractor's coverage, such insurers or funds must be approved by Contractor and the Agreement shall then be amended.

8.2 The required insurance coverage, limits and conditions shall be as follows:

### Commercial General Liability -Minimum Limits and Terms

ISO Occurrence Form CG 00 01 [edition date 1986 or later] or equivalent –  
R1,000,000 Occurrence / R1,000,000 General Aggregate and R1,000,000 Products and Completed  
Operations Hazard Aggregate

The policy must include an unaltered definition of an "insured contract" as defined in ISO Form CG 00 01 [edition dates 1986 or later] or equivalent. However, a provision deleting from the definition of "insured contract" any agreement or contract for broad form (Type I) indemnity which is prohibited by statute is acceptable.

Contractor must be named as an Additional Insured for Ongoing Operations and Products and Completed Operations Hazard on a primary and non-contributory basis. (ISO form CG 20 10 and CG 20 37 or equivalent) A copy of the endorsements attached to the policy must be provided to Contractor.

Waiver of Subrogation – ISO Form CG 24 04 or equivalent

Subcontractor must continue this coverage for a period of thirty-six (36) months after completion of the Work on behalf of Contractor.

#### Workers Compensation & Employers Liability Insurance

Workers Compensation – Statutory as required in the states(s) where the Work is being performed. Sole proprietors, partners, officers and directors shall not be excluded from coverage.

Waiver of Subrogation – N.C.C.I. Endorsement Form WC 00 03 13 with Contractor scheduled must be attached to the policy.

#### Automobile Liability Insurance

Minimum Limits Required: R500,000 Combined Single Limit or R250,000/R500,000/ R100,000 Split Limits.

Coverage must apply to all owned, non-owned and hired vehicles – Auto Symbol 1 or equivalent.

8.3 Subcontractor shall provide Contractor an acceptable ACORD form 25 (2001/08), Certificate of Liability Insurance, for all insurance required under this Subcontract Agreement prior to commencement of Work. The Certificate shall contain a provision that provides for thirty (30) days written notice prior to cancellation or non-renewal of said policies for any reason other than for non payment of premium. The Certificate must be provided directly from Subcontractor's insurance agent or the insurance company.

8.4 All insurance coverage required under this Subcontract Agreement shall be maintained without interruption or suspension during the entire performance of this Subcontract Agreement, including the supplemental time described in 8.1 for commercial general liability. Subcontractor shall provide Contractor with additional Certificates of Liability Insurance indicating continuation of coverage during the entire performance of this Subcontract Agreement.

8.5 Subcontractor waives all rights of subrogation against Contractor.

### **SECTION 9. ARBITRATION**

9.1 Any and all disputes or claims between the Contractor and the Subcontractor arising out of this Subcontract Agreement shall be resolved by binding arbitration according to the latest Construction Industry Arbitration Rules of the American Arbitration Association. In so agreeing the parties expressly waive their right to a jury trial, if any, on these issues and further agree that the award of the arbitrator shall be final and binding upon them as though rendered by a court of law and shall be enforceable in any court having jurisdiction over the same.

9.2 Should any legal action or proceedings between the Contractor or Subcontractor be required to enforce this Arbitration clause, or to recover damages for the breach thereof, the Subcontractor agrees to pay all court costs and attorney's fees for the Contractor and Subcontractor.

9.3 Where a purchase agreement for any completed dwelling which is the subject of Work in this Subcontract Agreement extends to the Contractor and purchaser, the right of arbitration to resolve disputes concerning work performed, the same rights, limitations, requirements and procedures

concerning arbitration under the general contract shall be extended the Subcontractor. The Subcontractor agrees to accept and be bound by all the rights, obligations and responsibilities which the Contractor assumes towards the purchaser under the completed dwelling purchase agreement.

**SECTION 10. ASSIGNMENT**

No assignment of this Subcontract Agreement by Subcontractor is permitted without prior written permission from the Contractor.

**THIS SUBCONTRACT AGREEMENT IS ACKNOWLEDGED AND EXECUTED AS OF THE DATE SET FORTH ABOVE BY:**

\_\_\_\_\_  
**SUBCONTRACTOR**

\_\_\_\_\_  
**CONTRACTOR**

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**Legal Disclaimer**

**The information provided in this sample agreement is not intended to be legal advice, but merely conveys general information to help you recognize language commonly encountered in general contractor-subcontractor agreements. YOUR ARE ADVISED TO HAVE AN ATTORNEY FROM YOUR STATE REVIEW THIS DOCUMENT BEFORE USE.**

**Virginia & Tennessee Sample Short Form Construction  
Subcontract Agreement  
[For Information and Education Purposes Only]**

---

**CONSTRUCTION SUBCONTRACT AGREEMENT**

On this \_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_, \_\_\_\_\_ [Contractor] and \_\_\_\_\_, [Subcontractor], HEREBY ENTER into the following Subcontract for work to be performed on behalf of Contractor by Subcontractor at the Work Site(s) identified in this Agreement.

WHEREAS Contractor desires to retain Subcontractor to perform certain contract Work as described in Section 1.1 for the Work Site(s) listed in Section 3.1;

NOW THEREFORE Contractor and Subcontractor agree as follows:

**SECTION 1. SUBCONTRACT WORK**

1.1 Subcontractor shall be contracted as an independent contractor and shall provide and furnish all **labor, materials, tools, supplies, equipment, services**, supervision, and administration necessary for the proper and complete performance and acceptance of the following portions of the Work for the Work Site(s):

**[Edit underlined part above to comply with the individual subcontractor's services]**

**SECTION 2. SUBCONTRACT PRICE**

2.1 In consideration of Subcontractor's performance of this Subcontract Agreement, and subject to the terms and conditions hereinafter set forth, Contractor shall pay to Subcontractor the total sum of \_\_\_\_\_ dollars (**R000,000.00**). Said Subcontract Agreement price is dependent upon the Subcontractor completing the Work as agreed to in this agreement. Should said Work not be completed as agreed, the Subcontract Agreement amount shall be modified accordingly.

2.2. **[If applicable, add language for conditions of draw payments and retention. Some states may have specific limits applicable to retention.]**

**SECTION 3. SPECIAL CONDITIONS**

3.1 The Work Site location(s) to which this Subcontract Agreement applies is:

**[List location(s) of all Work Sites included under this Agreement.]**

3.2 Time is of the essence in the performance of this Agreement. There shall be no extension of time for Subcontractor to perform the Work without the execution of a written amendment to this Agreement.

3.3 The commencement date of this Agreement shall be the effective date of this Agreement as first written above. It is anticipated that the Work of this Agreement shall be substantially completed no later than **[Anticipated Completion Date or Number of Days]**, subject to any adjustments to the Subcontractor's schedule of Work.

3.4 Subcontractor shall begin Work on the date agreed to between the Contractor and Subcontractor and continue until completion unless otherwise instructed by Contractor. Subcontractor shall conduct work in a prompt, efficient, and effective manner, and shall not cause any delays, either to its own Work or the work of other persons or entities performing on the Work Site(s). Subcontractor shall complete the Work in strict conformance with the scope of Work described in Section 1.1 subject to the understanding that the Work and/or completion date may be amended, changed, or modified, in writing, at any time as agreed to by Contractor and Subcontractor.

3.5 Subcontractor agrees to cooperate with the Contractor in the scheduling of Subcontractor's Work, and to avoid disruptions, interference, delays, conflicts, or other disturbances with respect to Contractor's Work on the Work Site(s). Subcontractor further agrees to cooperate fully with other persons and entities performing or supplying materials on the Work Site(s). Subcontractor shall provide Contractor with immediate notice upon the discovery of any anticipated or actual conflict between the Work of the Subcontractor and any other person or entity performing at the Work Site(s).

3.6 Subcontractor shall submit, as promptly as is practicable any shop drawings, construction data, product information, material samples, and similar submittals, upon request of the Contractor.

3.7 During all phases of the performance of this Agreement, Subcontractor shall perform appropriate clean-up services to keep its work area, and the premises and surrounding area, free from the accumulation of waste and trash materials caused by Work Site operations, and shall leave the premises in a reasonably clean, swept or raked condition. If Subcontractor fails to adequately comply with said clean-up obligations, Contractor may perform the required clean-up by whatever method the Contractor may deem expedient, and may charge the Subcontractor for the reasonable costs of such clean-up. However, Subcontractor is not required to perform clean-up of, nor shall Subcontractor be held responsible for, unclean conditions caused by other persons or entities performing on the Work Site.

3.8 Subcontractor shall perform and provide all necessary precautionary measures to adequately protect Work Site property and the work of other persons or entities performing on the Work Site from damage caused by Subcontractor's performance of the Work required by this Subcontract Agreement. Subcontractor shall be liable for any loss or damage to work in place at the Work Site, or to any equipment and materials at the Work Site, caused by Subcontractor or Subcontractor's agents, employees, or guests.

3.9 By execution of this Agreement, the Subcontractor agrees to be bound by Contractor's Work Site safety program, if any, provided to Subcontractor and to strictly observe all state and U.S. Occupational Safety and Health Administration (OSHA) safety requirements. However, to the extent that any safety rules or guidelines of the Contractor exceed OSHA, state, or local safety regulations and requirements, the Contractor's requirements shall be complied with by Subcontractor. Contractor's safety requirements are in addition to and not in preemption of any federal, state or local statutes, regulations. Subcontractor shall retain sole responsibility, to the fullest extent permitted by law, for the safety of its employees in performance of Subcontractor's Work and for performing such Work in accordance with all laws, rules and regulations, including, but not limited to any Contractor's established Work Site safety program. By establishment of Contractor's Work Site safety program and its mandatory application to the Subcontractor under the terms of this Subcontract Agreement, Contractor does not create any joint responsibility with Subcontractor for the safety of Subcontractor's employees.

3.10 The Subcontractor agrees to comply with all federal and state laws, codes and regulations, and all local and municipal ordinances and regulations effective where the Work is to be performed, and to pay all costs and expenses attributable to such compliance, to pay all fees, licenses, permits, deposits and taxes, including sales and use taxes, and also to pay all taxes imposed by any local or state or federal law due to any applicable tax laws, social security acts, employment insurance acts, unemployment compensation statutes, workers' compensation acts, pensions, benefit trust funds, old age retirement funds or any similar authority insofar as applicable to the performance of this Agreement, and to hold the

Contractor harmless from any and all loss or damage occasioned by the failure of the Subcontractor to comply with the terms of this paragraph.

#### **SECTION 4. COMMUNICATION AND NOTICE**

4.1 Subcontractor shall be deemed to have received notice of a fact, request, order, or demand when it or its Work Site supervisor is notified, either orally or in writing, or four (4) days after written notice is sent by registered or certified mail addressed to Subcontractor's last known place of business, whichever is sooner.

4.2 Contractor shall be deemed to have received notice of a fact, request, or demand when it or its Work Site supervisor is notified, either orally or in writing, or four (4) days after written notice is sent by registered or certified mail addressed to Contractor at **[insert address]**, whichever is sooner.

#### **SECTION 5. GOVERNING LAW AND RULES OF CONSTRUCTION**

5.1 The validity, interpretation, and performance of this Subcontract Agreement shall be governed by the laws of the jurisdiction where the Work Site is located.

5.2 If any term or provision of this Subcontract Agreement is determined to be invalid, it shall not affect the validity and enforcement of the remaining terms and provisions of this Subcontract Agreement.

5.3 This Subcontract Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, representatives, and heirs of the parties herein.

#### **SECTION 6. AMENDMENT**

6.1 This Subcontract Agreement shall only be amended or modified by written document executed by the Contractor and Subcontractor. This Subcontract Agreement supersedes all prior representations made by Contractor.

#### **SECTION 7. INDEMNIFICATION**

7.1 Work covered by this Subcontract Agreement done at the site of construction or in preparing or delivering materials or equipment to the site shall be at the risk of Subcontractor exclusively. Subcontractor shall, with respect to all work that is covered by or incidental to this Subcontract Agreement, indemnify, defend and hold Contractor, and its agents and employees, harmless from and against all of the following to the fullest extent permitted by law:

1. Any claim, liability, loss, damage, cost, expense, costs of defense including reasonable attorney's fees, awards, fines, or judgments, provided that said loss arises from death or bodily injury, illness, disease, or damage to or destruction of property, or other loss, damage or expense, including any of the same resulting from the alleged or actual negligent act or omission, regardless of whether such act or omission is active or passive, by Subcontractor or its agents, employees, sub-subcontractors, or anyone else for whose acts Subcontractor may be liable.
2. Any claim, liability, loss, damage, cost, expense, costs of defense including reasonable attorney's fees, awards, fines, or judgments arising by reason of any obligation or indemnity which Contractor has to a purchaser of the completed dwelling(s).
3. It is expressly acknowledged and agreed that each of the foregoing indemnities is independent, and that both shall be given effect. However, Subcontractor shall not be obligated under this Subcontract Agreement to indemnify Contractor with respect to the sole negligence or willful misconduct of

Contractor, his agents, employees, servants or subcontractors who are directly responsible to Contractor, excluding Subcontractor.

7.2 Subcontractor shall indemnify and hold Contractor harmless against all liability for claims and liens for labor performed or materials used or furnished to be used on the job, including any costs and expenses for attorney's fees and all incidental and consequential damages resulting to Contractor from such claims or liens. In the event that legal action or other proceeding is brought on such claim or lien, Subcontractor shall defend said suit at its own expense, and will pay and satisfy any such lien or judgment as may be established by the decision of the court, arbitrator, or other reviewing authority in said suit. Subcontractor may opt to litigate claim, provided that Subcontractor causes the effect of said lien or claim to be removed from the premises in advance. Subcontractor agrees that the effect of any such suit, claim, or lien shall be removed from the premises within ten (10) days after written demand from Contractor. Where Subcontractor fails to remove the effect of such suit, claim, or lien in spite of written Contractor request, Contractor may, at its sole option and discretion, use whatever means it deems expedient to cause said lien, suit, or claim to be removed or dismissed, and the cost thereof, together with any reasonable attorney's fees, shall become due and immediately payable by the Subcontractor to the Contractor.

7.3 Notwithstanding any other provisions concerning insurance to be provided by Subcontractor as contained in this Subcontract Agreement or any Subcontractor Agreement Addendum, Subcontractor's indemnity obligations herein shall not be limited in any way by the limits or other terms or conditions of any insurance coverage obtained by Subcontractor, nor by any limitation on the amount or type of damages, nor for benefits or damages payable under workers' compensation, disability benefit, or other employee benefit statutes, regulations, or ordinances.

## **SECTION 8. INSURANCE AND WAIVER OF SUBROGATION**

8.1 Subcontractor agrees to obtain and maintain during the term of this Subcontract Agreement, and for a period of thirty-six (36) months after completion of the Work, commercial general liability insurance, including coverage for ongoing operations and products-completed operations hazard. Contractor shall be named as an Additional Insured under the commercial general liability policy for both ongoing operations and products-completed operations hazard. Further, Subcontractor agrees to obtain and maintain automobile liability insurance for all owned, hired and non-owned vehicles, employers liability insurance, and workers compensation coverage in such amounts of coverage and limits as required by statutory law during the term of this Subcontract Agreement. All insurance policies must be underwritten by admitted insurers with an A.M. Best rating of A- or better. If a non-admitted insurer or self insurance fund underwrites any Subcontractor's coverage, such insurers or funds must be approved by Contractor and the Agreement shall then be amended.

8.2 The required insurance coverage, limits and conditions shall be as follows:

### Commercial General Liability -Minimum Limits and Terms

ISO Occurrence Form CG 00 01 [edition date 1986 or later] or equivalent –  
R1,000,000 Occurrence / R1,000,000 General Aggregate and R1,000,000 Products and Completed  
Operations Hazard Aggregate

The policy must include an unaltered definition of an "insured contract" as defined in ISO Form CG 00 01 [edition dates 1986 or later] or equivalent. However, a provision deleting from the definition of "insured contract" any agreement or contract for broad form (Type I) indemnity which is prohibited by statute is acceptable.



Contractor must be named as an Additional Insured for Ongoing Operations and Products and Completed Operations Hazard on a primary and non-contributory basis. (ISO form CG 20 10 and CG 20 37 or equivalent) A copy of the endorsements attached to the policy must be provided to Contractor.

Waiver of Subrogation – ISO Form CG 24 04 or equivalent

Subcontractor must continue this coverage for a period of thirty-six (36) months after completion of the Work on behalf of Contractor.

#### Workers Compensation & Employers Liability Insurance

Workers Compensation – Statutory as required in the states(s) where the Work is being performed. Sole proprietors, partners, officers and directors shall not be excluded from coverage.

Waiver of Subrogation – N.C.C.I. Endorsement Form WC 00 03 13 with Contractor scheduled must be attached to the policy.

#### Automobile Liability Insurance

Minimum Limits Required: R500,000 Combined Single Limit or R250,000/R500,000/ R100,000 Split Limits.

Coverage must apply to all owned, non-owned and hired vehicles – Auto Symbol 1 or equivalent.

8.3 Subcontractor shall provide Contractor an acceptable ACORD form 25 (2001/08), Certificate of Liability Insurance, for all insurance required under this Subcontract Agreement prior to commencement of Work. The Certificate shall contain a provision that provides for thirty (30) days written notice prior to cancellation or non-renewal of said policies for any reason other than for non payment of premium. The Certificate must be provided directly from Subcontractor's insurance agent or the insurance company.

8.4 All insurance coverage required under this Subcontract Agreement shall be maintained without interruption or suspension during the entire performance of this Subcontract Agreement, including the supplemental time described in 8.1 for commercial general liability. Subcontractor shall provide Contractor with additional Certificates of Liability Insurance indicating continuation of coverage during the entire performance of this Subcontract Agreement.

8.5 Subcontractor waives all rights of subrogation against Contractor.

### **SECTION 9. ARBITRATION**

9.1 Any and all disputes or claims between the Contractor and the Subcontractor arising out of this Subcontract Agreement shall be resolved by binding arbitration according to the latest Construction Industry Arbitration Rules of the American Arbitration Association. In so agreeing the parties expressly waive their right to a jury trial, if any, on these issues and further agree that the award of the arbitrator shall be final and binding upon them as though rendered by a court of law and shall be enforceable in any court having jurisdiction over the same.

9.2 Should any legal action or proceedings between the Contractor or Subcontractor be required to enforce this Arbitration clause, or to recover damages for the breach thereof, the Subcontractor agrees to pay all court costs and attorney's fees for the Contractor and Subcontractor.

9.3 Where a purchase agreement for any completed dwelling which is the subject of Work in this Subcontract Agreement extends to the Contractor and purchaser, the right of arbitration to resolve disputes concerning work performed, the same rights, limitations, requirements and procedures

concerning arbitration under the general contract shall be extended the Subcontractor. The Subcontractor agrees to accept and be bound by all the rights, obligations and responsibilities which the Contractor assumes towards the purchaser under the completed dwelling purchase agreement.

**SECTION 10. ASSIGNMENT**

No assignment of this Subcontract Agreement by Subcontractor is permitted without prior written permission from the Contractor.

**THIS SUBCONTRACT AGREEMENT IS ACKNOWLEDGED AND EXECUTED AS OF THE DATE SET FORTH ABOVE BY:**

\_\_\_\_\_  
**SUBCONTRACTOR**

\_\_\_\_\_  
**CONTRACTOR**

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**Legal Disclaimer**

**The information provided in this sample agreement is not intended to be legal advice, but merely conveys general information to help you recognize language commonly encountered in general contractor-subcontractor agreements. YOUR ARE ADVISED TO HAVE AN ATTORNEY FROM YOUR STATE REVIEW THIS DOCUMENT BEFORE USE.**