SUBCONTRACTOR'S AGREEMENT

(Between Subcontractor and Direct Contractor) In Compliance with CA Labor Code §2818.9 & CA Civil Code §8811

This Subcontract Agreement is entered into this _____ day of _____, _____, in _____, California.

Subcontractor, _____ , hereinafter called "Subcontractor" agrees to provide the following described labor, work, materials and construction in accordance with plans and specifications as may be referred to herein by reference, upon the following described property.

Owner: _____ (Owner's Name)

_____ (Owner's Business Address)

_____ (Owner's Residence Address)

Email _____ (Owner's)

Lender: _____ (If There is No Lender, Put None)

_____ (Lender's Address)

_____ (City, State & Zip)

Email _____ (Lender's)

LEGAL AND COMMON DESCRIPTION OF JOBSITE: _____

_____

Direct Contractor, _____, hereinafter called the "Contractor," agrees to pay to the Subcontractor for the satisfactory performance of the Subcontractor's work the sum of $ _____ (_____ _____ dollars) in accordance with the following terms and conditions:

DESCRIPTION OF WORK: _____ (Describe Labor, Work, Materials And Equipment To Be Furnished)

_____

SCOPE OF WORK: All work necessary or incidental to complete work for the project in strict accordance with this subcontract and all terms and conditions hereof and conditions hereof and as more particularly specified as (in): _____

_____

with the following additions or deletions: _____

_____

SCHEDULE OF PAYMENT(S): _____

and for extra work, if any, as follows: _____

This schedule of payment(s) is strictly construed and is not conditioned upon Direct Contractor(s) first being paid by owner. The Direct Contractor's obligation to pay Subcontractor when payments are due is independent of the Direct Contractor receiving payment from owner.

FOR PRIVATE CONSTRUCTION CONTRACTS entered on or after **January 1, 2026**, direct contractors may be responsible if subcontractors or lower-tier subcontractors fail to pay for worker's labor performed. This includes unpaid wages, benefits, benefit contributions, interests, and certain penalties and liquidated damages. The direct contractor can reduce liability for penalties by:

- reviewing payroll records
- withholding funds if needed
- monitoring wage and benefit payments
- correcting issues when discovered
- obtaining an affidavit before final payment confirming workers/benefit funds were paid

Subcontractors must provide requested payroll and project records listed in the subcontract, or disputed payments may be withheld. Claims generally must be filed within one year of project completion, notice of completion, or notice of cessation.

TIME AND SCHEDULING WORK: Subcontractor shall not deliver any materials to the jobsite or commence work until notified to do so by Direct Contractor. Subcontractor shall commence work within _____ days after written notice from Direct Contractor. After Subcontractor commences work, he/she will then complete the work within approximately _____working days thereafter, subject to excusable delays. Working days are defined as Monday through Friday, inclusive, holidays excluded. Scheduling of work, as provided for in this subcontract, is based on acceptable industry standards.

The subcontract provision for price and time included herein shall be void at the option of the Subcontractor is not called upon to commence work within six (6) months from the date of the signing of this contract. Should this situation arise, subcontractor is relieved of any responsibility to perform under this subcontract agreement and shall be held harmless by Direct Contractor of any liability associated with his/her refusal to perform. Any amounts that are not paid when due shall bear interest at a rate of 1-1/2% per month until paid or the maximum rate permitted by law, whichever is higher. The Direct Contractor's supervisor of this project shall be the designated agent for the Direct Contractor.

SOLE AGREEMENT: This Agreement, including all terms and conditions hereof, is expressly agreed to and constitutes the entire Agreement as of this date. No other Agreement or understandings, verbal or written, expressed or implied, are a part of this Agreement unless specified herein.

IN WITNESS HEREOF the parties have accepted this Agreement the day and year first above written.

Subcontractor: _____ (Subcontractor's Name)

_____ (Subcontractor's Address)

_____ (City, State & Zip)

Email _____ (Subcontractor's)

By: _____ (Title) **X** _____ (Signature)

License Number: _____

Direct Contractor: _____ (Direct Contractor's Name)

_____ (Direct Contractor's Address)

_____ (City, State & Zip)

Email _____ (Direct Contractor's)

By: _____ (Title) **X** _____ (Signature)

License Number: _____

TERMS AND CONDITIONS: The terms and conditions on the reverse side are expressly incorporated into this Agreement.

SAMPLE

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TERMS AND CONDITIONS

1. Asbestos and Hazardous Materials. Asbestos or other hazardous materials disturbance, removal or abatement is not provided for by the terms of this subcontract, and in the event that asbestos or other hazardous material is encountered or disturbed in order to complete this project, it will be treated as extra work under Paragraph 11 of this Agreement. Subcontractor may stop work upon discovering asbestos or other hazardous material, until the terms of the "extra" are negotiated. Subcontractor, at Subcontractor's sole option, can require Owner or Contractor to be responsible for the removal or abatement of asbestos or any other hazardous materials found on the job site.

2. Arbitration, Validity and Damages. Any controversy or claim arising out of or related to this contract, or the breach thereof, shall be settled by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof. Claims within the monetary limit of the Small Claims Court shall be litigated in such court at the request of either party. Any claim filed in Small Claims Court shall not be deemed to be a waiver of the right to arbitrate, and if a counterclaim in excess of the jurisdiction of the Small Claims Court is filed in the Municipal or Superior Court, then the party filing in the Small Claims Court may demand arbitration pursuant to this paragraph.

In case one or more of the provisions of this Agreement or any application thereof shall be invalid, unenforceable or illegal, the validity, enforceability and legality of the remaining provisions and any other application shall not in any way be impaired thereby.

ANY DAMAGES FOR WHICH SUBCONTRACTOR MAY BE LIABLE TO OWNER OR CONTRACTOR SHALL NOT, IN ANY EVENT EXCEED THE CASH PRICE OF THIS AGREEMENT.

3. Reservation of Rights of Dispute. In the event that the Subcontractor is required to, or deems it appropriate, to proceed with and complete any work which is the subject of a dispute between the Contractor and the Subcontractor as to whether such work should be classified as a "change" or as an "extra," Subcontractor may, if it deems it appropriate, but is not required to, proceed with such work, and thereafter or contemporaneously, file for arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association, to determine whether such work is in fact a "change" or an "extra" without waiving any said rights, as well as determining the effect of the extra.

4. Attorneys Fees. In the event legal action or arbitration is instituted for the enforcement of any term or condition of this subcontract, the prevailing party shall be entitled to an award of reasonable attorney's fees in said action or arbitration, in addition to costs and reasonable expenses incurred in the prosecution or defense of said action or arbitration.

5. Removal of Debris. Upon completion of the work, the Subcontractor agrees to remove all of his own debris and surplus materials from Owner's property and leave said property in a neat and broom-clean condition. Subcontractor will not accept any charges for any prorated proportion of general clean-up of the premises, nor will he be responsible for the disposal of central scrap piles.

6. Failure to Make Payments. If Contractor fails to make the scheduled progress payments as defined in "Schedule of Payments," then Subcontractor has the absolute option to cease the performance of any further work until such time said payment is made. If said payment is more than 10 working days late, Subcontractor may, at his option, treat said lateness as a material breach of this Subcontract Agreement and justifiably refuse to complete the balance of this subcontract. Subcontractor may then institute arbitration proceeding as described herein for any and all damage incurred including but not limited to lost profits.

7. Retention. Contractor is authorized to withhold retention from Subcontractor only to the extent that Owner withholds funds from Contractor for the work performed by Subcontractor. In no event shall Contractor withhold more than five (5) percent of payments due Subcontractor. All retentions must be paid to Subcontractor within thirty five (35) days of the date the Subcontractor substantially completes all of his work.

8. Items Not Responsibility of Subcontractor. Unless specifically included in the Agreement, Subcontractor shall not be held responsible for any existing violations of applicable building regulations or ordinances, whether cited by the appropriate authority or not. Subcontractor is not responsible for any abnormal or unusual preexisting conditions. Correction of any such violations or abnormal conditions by Subcontractor shall be considered additional work and shall be dealt with as herein provided under Paragraph 11 for extra work.

9. Excusable Delays. If the Subcontractor is delayed in the performance of the work by conditions that could not be reasonably foreseen by Subcontractor or out of the reasonable control of Subcontractor, which include, but are not limited to actions taken by Owner; acts of God; fire, explosions or other casualty losses, strikes, boycotts or other labor disputes; lockouts; hazardous material disturbance, abatement, or removal; and acts of government body, then Contractor shall grant Subcontractor a reasonable extension of time. If additional work or cost is required of, or incurred by, Subcontractor as a result of the delay, then Subcontractor shall be entitled to compensation as called for in Paragraph 11.

10. Contractor's Responsibilities and OSHA Requirements. Water, sewer, gas and electric utilities from the serving agency to the point of entry at Owner's property line, or the metering devices are required and are the responsibility of the Contractor. In compliance with Federal and State law, Contractor agrees to make drinking water and toilet facilities available to all workers, or compensate Subcontractor for cost of rental units.

Contractor agrees to provide electricity at the job site to effect the work herein.

Contractor shall provide adequate job site storage and work areas as required for the convenience and use of Subcontractor for his work under this Agreement.

Contractor agrees to comply with all local, state and national laws, including without limitation the provisions of the Accident and Safety Health Act of 1970 and the construction Safety Act 1969, and Subcontractor is not responsible for any liability caused by the Contractor's noncompliance.

11. Extra Work. Subcontractor shall provide in a good and workmanlike manner only that labor and materials specified therein. Additional work not specified in this subcontract will be provided only upon written authorization of Contractor. However, in the event that the parties cannot agree on the sum necessary to compensate Subcontractor for the extra work, then Subcontractor shall be paid his actual costs for the additional labor and material as well as his normal overhead and profit. For any extra work performed, Contractor shall be compensated in an amount to be determined before the extra work is performed and such amount, including Contractor's usual fee for overhead and profit shall be made as the extra work progresses, concurrently with payments made under payments scheduled. However, in the event that the parties cannot agree on the sum necessary to compensate Subcontractor for the extra work, then Subcontractor shall be paid his actual costs for the additional labor and material as well as his normal overhead and profit. However, in the event that an emergency exists, then Subcontractor may proceed upon the verbal authorization of the Contractor or the Contractor's job superintendent and request written confirmation of the verbal authorization within seventy-two (72) hours.

12. Assignment and Subcontracting. Subcontractor shall be allowed to assign any work under this subcontract or subcontract any portion of it without the written consent of the Contractor.

13. Protection of Work. To the extent noted herein, Subcontractor will protect its own work until completion and acceptance of his work. To allow Subcontractor to protect his own work, Contractor shall provide to Subcontractor adequate storage space and security on the construction site. Once Subcontractor's work is completed, then Contractor shall be responsible for the protection of the work as well as the entire project. If Subcontractor's work is damaged or destroyed during the course of Subcontractor's work and said damage or destruction is a result of the negligence of Subcontractor, then Subcontractor shall agree to repair or replace said damaged work. If the work is damaged or destroyed as a result of actions beyond the reasonable control of the Subcontractor or through the negligence of persons other than Subcontractor, then Subcontractor shall repair or replace said damaged or destroyed work but will do so only upon being compensated for same. Compensation shall be treated as extra work and the compensation shall be determined as provided in Paragraph 11.

14. Concealed Conditions. In the event that Subcontractor encounters rock, ground water, underground structures, utilities or other conditions unknown to Subcontractor and not reasonably foreseeable by Subcontractor, then Subcontractor shall immediately stop work and call Contractor's attention to such concealed conditions in writing. The subcontract time and price will be equitably adjusted in writing.

15. Insurance. Contractor will procure at his own expense and before commencement of any work under this contract fire insurance with course of construction, vandalism and malicious mischief clauses attached. The insurance is to name Contractor and his Subcontractors as additional insureds, and to protect Owner Contractor and his Subcontractors, and construction lender as their interests may appear. Should Contractor fail to do so, Subcontractor may procure such insurance as agent for and at the expense of Contractor, but is not required to do so. If the project is destroyed or damaged by any accident, disaster, or calamity, such as fire, storm flood, landslide, subsidence, or earthquake, or by theft or vandalism, any work done by Subcontractor in rebuilding or restoring the project shall be paid for by the Contractor as an extra and shall be dealt with under the provisions of Paragraph 11 above. If, however, the estimated cost of replacement of work already accomplished by Subcontractor exceeds twenty (20) percent of the contract price, Contractor shall have the option to cancel this contract and, in that event, shall pay Subcontractor's usual overhead and a net profit to Subcontractor in the amount of _____ percent, of all work performed by Subcontractor before cancellation. Subcontractor will carry Worker's Compensation Insurance to protect Subcontractor's employees during the progress of the work. Contractor shall obtain and pay for insurance against injury to his own employees and persons not under the control of Subcontractor.

16. Indemnity. To the fullest extent allowed under the law, Subcontractor will indemnify and hold Contractor and Owner harmless from claims, demands, liabilities, judgments, liens, encumbrances, costs and expenses, of every nature, including attorney's fees, arising out of or in connection with the obligations of Subcontractor under this Subcontract, or the operations, actions and work conducted by Subcontractor or its agents, employees, and sub-subcontractors. Subcontractor will provide the defense of any such claims, and will employ counsel who is satisfactory to Contractor or Owner for that purpose. Contractor and Owner may defend such claims at Subcontractor's expense. Subcontractor shall not provide indemnity against claims, liability, loss, or expense, arising from the actual negligence or willful misconduct of anyone seeking to be indemnified under this provision. In the event any portion of this indemnity agreement conflicts with Civil Code sections 2872 et seq. or any other laws limiting this obligation, then the parties desire that this provision be modified consistent with the law by any court or arbitrator so as to give full force and effect to the desire of the parties that Subcontractor indemnify contractor to the fullest extent allowed under the law. Subcontractor shall incorporate this Indemnity Provision into any sub-subcontracts that Subcontractor may enter into for the Project and insure that its sub-subcontractors also agree to indemnify and defend Contractor and Owner, to the extent they are responsible in any legal way for the claims.

17. Material Cost Fluctuations. Contractor understands that the costs of procurement and the time of delivery of materials, including but not limited to drywall, steel, copper, metals, and roofing material has become almost impossible to predict, particularly with fluctuations in the dollar. foreign demand, and recent natural disasters, and as a result, costs and delivery times are fluctuating greatly. Accordingly, Contractor agrees that to the extent that material costs increase by more than 10% from the costs of said materials at the time of submitting the bid, Subcontractor shall be entitled to an increase in the contract price equal to the increased costs above the 10% increase in material costs, plus Subcontractor's usual markup for profit and overhead. Payment shall be made contemporaneously with payments for other goods and services. Further, if the time for material deliveries extend beyond what would normally he expected for said material, then Subcontractor's time for performance shall be extended by the time period of the delay in the delivery from the supplier to Subcontractor; additionally, if the delay causes any additional damages to Subcontractor, then Contractor agrees to pursue it change order from the owner for the damages caused to Subcontractor by the delivery delay.

Consult a lawyer if you doubt the form's fitness for your purpose and use.

SAMPLE

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