

29 C.F.R. § 778.407

The nature of the section 7(f) contract.

Payment must be made “pursuant to a bona fide individual contract or pursuant to an agreement made as a result of collective bargaining by representatives of employees.” It cannot be a onesided affair determinable only by examination of the employer's books. The employee must not only be aware of but must have agreed to the method of compensation in advance of performing the work. Collective bargaining agreements in general are formal agreements which have been reduced to writing, but an individual employment contract may be either oral or written. While there is no requirement in section 7(f) that the agreement or contract be in writing, it is certainly desirable to reduce the agreement to writing, since a contract of this character is rather complicated and proof both of its existence and of its compliance with the various requirements of the section may be difficult if it is not in written form. Furthermore, the contract must be “bona fide.” This implies that both the making of the contract and the settlement of its terms were done in good faith.

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