



Contracts and Agreements Best Practices

Module 10

This information isn't meant to be a substitute for consulting an attorney, nor is it to be considered legal advice.

1. Involve professionals who specialize in contract management, including legal and financial advisors.
2. It is always best to put contracts in writing. Written contracts provide stronger proof that the agreement between you and the other person or organization exists and shows what terms you have agreed to. We recommend that all contracts, agreements, partnerships, and financing options be in writing and reviewed by a trusted legal or financial advisor.
3. Don't forget that your word is your bond; when you make a verbal agreement, you need to hold up your end of the bargain. Verbal agreements and contracts may be legally enforceable and valid in court, especially when there is a witness.
4. If you don't wish to form a contract, you can rescind your offer before the person you're creating the contract with accepts or rejects it. Do not sign or provide a written acknowledgment of anything until you are completely comfortable with the deal that has been negotiated. If changes to the contract have to be made, they should also be in writing and must be signed by both parties.
5. If the contract involves work that you will do, remember that it needs to be specific and you will be responsible to fulfill your obligations completely. Take the time to ensure that the details of the contract are clear to both parties. For example, if someone hands you a contract to provide administrative support for \$100 per week and you sign it, you've made a big mistake. What does "administrative support" include? How many hours per week are you obligated to work? Make sure your contracts include every possible detail.
6. If a contract is a long term, meaning work will be done across several months or years, the contract should be in writing to make sure that it can be enforced, regardless of the dollar amount of the deal.
7. Contracts with family and friends, partners, banks, etc. should be in writing. They should also be notarized or witnessed. This is especially true when you're working with someone that you plan to continue working with in the future. You'll also want everything in writing if the agreements or terms of the contract are complicated, or if the other party is "bigger" than you with more resources at their disposal.