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Finders fee agreement

outline

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1. contracting parties

1.1. Specify the names of the contracting parties. For this outline, Company A will be the producer and Company B will be the finder.

2. the finder's fee

2.1. What is the finders fee? For example, 2% of the final selling price for leads generated.

2.2. What exclusions might there be from the final selling price (i.e. taxes, freight, installation, withholding tax, etc)?

3. payment

3.1. Detail payment terms.

3.2. A payment obligation should only arise if Company A gets paid.

4. scope of responsibility

4.1. Who at Company B is responsible for finding leads?

4.2. To whom should Company B refer leads?

4.3. Are there any customer or territorial restrictions?

4.4. Any other notes about the procedure?

5. no retroactive application

5.1. The arrangement should only apply to leads referred after the date of signature.

6. definition of a "lead"

6.1. Include safeguards in case Company A was already aware of the lead, and who the first point of contact for the lead should be.

7. registration of interest

7.1. What about repeat sales to an initial lead generated by Company B? Consider incorporating a clause as per this example for the registration of an interest:

From time to time, you may propose to register an interest in a potential sale. We shall accept your proposed registration of interest provided it meets the criteria below:

Your registration of interest must be in respect to a serious inquiry. It should identify a specific customer and plant location. A general interest will not be accepted.

An example of a registration of interest meeting the criteria in clause 0 would be a potential sale of 2 specific products (by style and model number) to the Company C plant in Houston.

In contrast, a registration of interest in respect to a possible sale to Company D would not meet the criteria in clause 0 because it is too vague. Hence, we would not accept such interest.

In respect to any interest that you have proposed and that we have accepted, we shall pay you a commission if, as and when a sale eventuates. We shall also pay you a commission on all repeat sales to the same customer regardless whether you contributed to such repeat sale.

To be entitled to a commission on a repeat sale, the customer must be the same as the initial sale. Thus, in the example referred to in clause 0, you shall receive a commission on repeat sales to the Company C plant in Houston. You shall not be entitled to a commission on sales to any other Company C plant unless, of course, you arranged the sale.

8. who pays the finder's fee

8.1. Which part of Company A will do this?

9. installation and training

9.1. If installation and training is required, wait until you acquire a degree of trust and confidence in Company B. Initially, you could say that the commission would be determined on a case-by-case basis in circumstances where you request Company B to handle installation and training. Alternatively, you could include a blanket prohibition against anything more than handing over the lead.

10. disclosure

10.1. Company A should keep Company B informed as to what it did with Company B's leads.

11. term of the agreement

11.1. Initially one year with automatic renewal is appropriate.

12. restraint of trade

12.1. A one-year post termination restraint of trade is suggested.

13. confidentiality

13.1. Incorporate by reference the Confidentiality agreement that Company B signed.

14. protection of intellectual property

14.1. Standard clauses.

15. governing law

15.1. New Zealand or Overseas?

16. other clauses

16.1. Is there anything else that should be included?

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