

# Contracts 101

The devil is in the detail when things go wrong, reckons  
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In negotiating and drafting contracts equipment purchase agreements, like all agreements, parties understandably focus on the key terms and conditions of the deal at hand: pricing, dates, performance criteria and so on. Unfortunately, this sometimes means that the seemingly less important details get forgotten, only to be remembered when there is a problem under the terms of the contract. If you need to pursue legal action against a party to a contract, it is essential to know the exact name, state of formation and street address of that party. Further, confirming that each party has the insurance required by the contract and has properly named the required additional insured can make collection after an insurable event much easier.

The exact corporate name and state of formation of each party to a contract is critical if a law suit is filed in connection with a contract. All states in the US require companies to include at least one of the following words: "company," "corporation," "incorporated," "limited," or "limited liability company" (or abbreviations thereof, with or without punctuation), or similar words that indicate the type of entity. While companies may operate under trade names that do

not include such words (such as Acme Equipment), contracts should be signed under the full corporate name (in other words, Acme Equipment, Inc).

Similarly, it is important to know that state of formation of each party to the contract. There is little, if any, sharing of incorporation information between states in the US. Because of this, it is possible for there to be several companies with identical names formed in different states. If your contract is with the Idaho corporation "Acme Equipment, Inc," filing a lawsuit against an Illinois company with the same name is not useful. Without knowing the exact legal name and state of incorporation, you may have trouble pursuing a defaulting party in court.

If you do file a law suit, service will need to be made at a street address. A post office box, fax number, or e-mail address will not suffice. It makes no difference whether the

street address of each party appears in the opening paragraph of a contract, in the notice provision, or on the signature page.

Finally, many parties neglect to collect the certificates of insurance required under a contract since the certificates are normally required after the contract is signed. In addition to checking that the party has the correct types and amounts of insurance required under the contract, you should check to be sure that any additional insureds under the contract has been added to the insurance. In the event of a loss covered by the insurance, it will be much easier to collect if the required insurance is in place and all additional insureds are properly listed.

While the specific terms of the deal at hand are certainly critical in preparing a contract, it is also important to remember the "details" that will protect your company if things go wrong.



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