

## DECEMBER CLIENT ADVISORY

### A Resolution for 2006:

#### Review Those Sales and Credit Contracts . . . Carefully.

Remember when your mother used to quote Ben Franklin's famous aphorism: "An ounce of prevention is worth a pound of cure"? She was passing along sound advice. (Most clichés are so well worn because they're so useful!)

We urge you to practice your own "ounce of prevention" at the beginning of the year: carefully review all your contracts and agreements. In this advisory, we're primarily focusing on sales and credit contracts, but all other types of contracts (employment agreements and leases, for instance) need annual scrutiny as well.

Most people seek legal advice *after* a customer has defaulted on an agreement. But the truth is, there are red flags that signal such an event well before it occurs . . . and you can take preventive measures to seek out warning signs and weaknesses and shore up contracts before you lose a lot of money.

As you're putting your sales and credit contracts under the microscope, here are four things to look for:

1. Do your sales and credit contracts provide for your customers to identify their correct legal composition (i.e., partnership, sole proprietorship, corporation, LLC, LLP, L.P.)?
2. Do your sales and credit contracts require your customers to designate which of their employees are authorized to make purchases from you?
3. Do your sales and credit contracts provide for interest/finance charges on past due balances and for the customers' obligation to pay collection costs and attorneys fees if their accounts are referred to an attorney for collection?
4. Do your sales and credit contracts' terms and conditions provide that they supersede any terms and conditions on your customers' purchase orders, and that your acceptance of your customers' purchase orders is expressly conditioned on their acceptance of your terms and conditions?

Obviously, some people may not feel confident enough to tackle this chore themselves. That's fine. It's why you have a creditors' rights law firm, after all. Do not hesitate to call us if you'd like us to handle the review process for any and all of your contracts and agreements—or if you'd simply like a little more guidance.

At Bernstein Law Firm, we're always happy to help you with preventive legal actions—and we love aligning ourselves with clients who are smart enough to follow Mom's (and good ol' Ben's) advice!

*Bernstein Law Firm, P.C., is a full service creditors' rights and bankruptcy law firm, providing a comprehensive range of services in all aspects of creditor and bankruptcy representation.*