| **Contract Type** | **Description** | **Key Components** | **Common Pitfalls** | **Est. Legal Costs\*** | **Example Use Case** |
| --- | --- | --- | --- | --- | --- |
| Non-Disclosure Agreement (NDA) | Protects confidential information shared between parties | • Definition of confidential info• Duration of agreement• Exclusions and permitted disclosures• Breach remedies | • Too broad definitions• Unrealistic duration• Not listing excluded info• Weak enforcement terms | $500-1,000 | Restaurant having employees sign NDAs to protect secret recipes |
| Employment Contract | Sets terms for hiring employees | • Compensation & benefits• Job duties & expectations• Confidentiality clauses• Termination terms• Non-compete clauses | • Overly restrictive non-competes • Unclear job duties• Missing state requirements• Inflexible terms | $1,000-2,500 | Hiring full-time and part-time staff with clear terms and benefits |
| Independent Contractor Agreement | Outlines terms for engaging freelancers/consultants | • Scope of work• Payment terms • IP ownership• Confidentiality• Termination conditions | • Misclassifying employees• Vague deliverables• Unclear IP rights• Missing milestones | $750-1,500 | Hiring a contractor to build custom furniture or renovate space |
| **Contract Type** | **Description** | **Key Components** | **Common Pitfalls** | **Est. Legal Costs\*** | **Example Use Case** |
| Lease Agreement | Defines terms for renting commercial space | • Lease duration• Rent & increases• Maintenance obligations• Subletting terms• Early termination | • Hidden costs/CAM charges• Inflexible terms• Maintenance confusion• Personal guarantees | $2,000-4,000 | Renting retail or office space for business operations |
| Distribution Agreement | Sets terms for product distribution | • Territory rights• Pricing structure• Marketing obligations• Performance targets• Termination terms | • Unclear territories• Price control issues• Weak performance metrics• Exit barriers | $2,500-5,000 | Partnership with stores to sell your products |
| Vendor Agreement | Specifies terms for purchasing goods/services | • Delivery timelines• Quality standards• Payment terms• Liability for defects• Termination rights | • Missing quality metrics• Weak warranties• Payment term conflicts• No force majeure | $1,500-3,000 | Agreements with suppliers for regular inventory purchases |
| Sales Agreement | Governs product/service sales | • Pricing & payment• Delivery conditions• Warranty terms• Return policies• Dispute resolution | • Unclear pricing terms• Weak warranties• Missing limitations• Payment confusion | $1,000-2,500 | Contracts with large corporate clients for bulk orders |
| **Contract Type** | **Description** | **Key Components** | **Common Pitfalls** | **Est. Legal Costs\*** | **Example Use Case** |
| Service Agreement | Defines service delivery terms | • Scope of work• Payment schedule• Liability limits• Performance standards• Termination conditions | • Scope creep• Unclear deliverables• Missing SLAs• Weak exit terms | $1,500-3,000 | Providing ongoing services to clients |
| Licensing Agreement | Permits use of intellectual property | • Scope of license• Royalty payments• Duration• Usage restrictions• Infringement remedies | • Unclear usage rights• Royalty complications• Quality control issues• Territory disputes | $3,000-7,000 | Using software or branded materials |
| Franchise Agreement | Sets terms for operating under a brand | • Franchise fees• Territory rights• Operating guidelines• Marketing requirements• Termination terms | • Hidden costs• Strict requirements• Marketing obligations• Limited autonomy | $5,000-15,000 | Opening a franchised location of an established brand |
| **Contract Type** | **Description** | **Key Components** | **Common Pitfalls** | **Est. Legal Costs\*** | **Example Use Case** |
| Joint Venture Agreement | Defines partnership for specific project | • Resource contributions• Profit sharing• Decision-making authority• Duration• Exit strategies | • Unclear responsibilities• Profit sharing disputes• Decision deadlocks• Exit complications | $3,000-7,000 | Partnering with another business for a specific venture |
| Affiliate/Referral Agreement | Sets terms for referral partnerships | • Commission structure• Performance metrics• Payment terms• Duration• Termination clauses | • Payment tracking issues• Attribution problems• Performance disputes• Commission conflicts | $750-2,000 | Setting up a referral program with partners |

\*Note: Legal costs are estimates for basic versions of these contracts in the U.S. as of 2024. Actual costs may vary significantly based on:

* Complexity of the business situation
* Geography and local market rates
* Law firm size and experience
* Amount of customization needed
* Negotiation requirements
* Industry-specific regulations

Always consult with a qualified legal professional when drafting or signing contracts. Consider these costs as investments in protecting your business rather than expenses to minimize.

Money-Saving Tips:

1. Some lawyers offer startup packages with discounted rates for basic contract bundles

2. Industry associations often provide template contracts for members

3. Using a template from a previous contract can reduce costs

4. Being well-prepared with business terms before meeting with lawyers saves time

5. Consider legal subscription services for ongoing contract needs