| **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