

MASTER SERVICER AGREEMENTS CAN STREAMLINE CONTRACTING, BUT STEER CLEAR OF PITFALLS

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Retailers often use master service agreements (“MSAs”) to repeatedly contract for the same services. MSAs spell out most but not all of the terms between the parties. Their purpose is to speed up and simplify future contracts because the initial negotiation process is done once, at the beginning of the relationship.

Retailers should keep the following mind when preparing and using MSAs:

- A MSA may not be appropriate for all projects. MSAs are usually generic. The terms may or may not be appropriate for each project.
- Have as few MSA forms as possible.
- Standardize MSA terms among parties working on the same project to minimize conflicts in common terms (especially indemnity provisions).
- Specifically state that field personnel are not permitted to agree to any fundamental changes in the risk allocation scheme for a particular operation or job.
- Additional terms may need to be added for highly specialized projects or scopes of work.
- Practitioners should review the terms of the MSA with particular attention to the needs of the client and the project, and identify commercial and legal risks and provisions that should be incorporated into the change order or purchase order, as applicable.
- Any modifications to the MSA should be in writing.

MEET THE TEAM



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