

**Form:** Sample Payment Terms

**Description:** A variety of sample payment language from different contracts.

**The following is sample payment language from an Equipment Sales Agreement:**

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This Sales Agreement ("Agreement") is entered into by and between \_\_\_\_\_  
("Company") and \_\_\_\_\_ ("Customer").

**1. Sale of Equipment.** Customer hereby agrees to purchase from Company the equipment (the "Equipment") set forth as follows:

<u>Type</u>	<u>Number</u>
_____	_____
_____	_____
_____	_____

**2. Price.** The price and time for payment for the Equipment is as follows:

<u>Price</u>	<u>When Due</u>
_____	_____
_____	_____
_____	_____

Any amounts payable by Customer hereunder which remain unpaid after the due date shall be subject to a late charge equal to 1.5% per month from the due date until such amount is paid.

**The following is sample payment language from an Agreement for Professional Services:**

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2. PAYMENT AND INVOICING TERMS.

2.1 Payment for Services. The Company will be paid as follows:

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2.2 Reimbursable Costs. Client shall reimburse the Company all costs incurred in connection with the Services rendered. Reimbursable costs include, but are not limited to, travel costs, subcontractors, materials, computer costs, telephone, copies, delivery, etc. that are attributable to a project or Service (the "Reimbursable Costs"). Travel costs are defined as air travel, lodging, meals and incidentals, ground transportation, tools, and all costs associated with travel. All extraordinary travel expenses must receive Client's approval. The Company shall provide to Client substantiation of Reimbursable Costs incurred.

2.3 Invoicing.

(a) Invoices will submitted monthly by the Company for payment by Client. Payment is due upon receipt and is past due seven (7) business days from receipt of invoice. If Client has any valid reason for disputing any portion of an invoice, Client will so notify the Company within seven (7) calendar days of receipt of invoice by Client, and if no such notification is given, the invoice will be deemed valid. The portion of the Company's invoice which is not in dispute shall be paid in accordance with the procedures set forth herein.

(b) A finance charge of 1.5% per month on the unpaid amount of an invoice, or the maximum amount allowed by law, will be charged on past due accounts. Payments by Client will thereafter be applied first to accrued interest and then to the principal unpaid balance. Any attorney fees, court costs, or other costs incurred in collection of delinquent accounts shall be paid by Client. If payment of invoices is not current, the Company may suspend performing further work.

2.4 Taxes. All amounts payable pursuant to this Agreement are exclusive of taxes. Accordingly, there will be added to any such amount payable by Client the monetary sum equal to any and all current and future applicable taxes, however designated, incurred as a result of or otherwise in connection with this Agreement or the Services, including without limitation state and local privilege, excise, sales, services, withholding, and use taxes and any taxes or other amounts in lieu thereof paid or payable by Client (other than taxes based on the Company's net income). If Client does not pay such taxes, the Company may make such payments and Client will reimburse the Company for those payments. Client will hold the Company harmless for any payments made by Client pursuant to this Section 2.4.

**The following is sample payment language from a Sublease:**

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**Section 3.01. *Payment of Rent.*** Sublessee hereby covenants and agrees to pay rent to Sublessor, without offset or deduction of any kind whatsoever, in the form and at the times as herein specified. All rent shall be paid to Sublessor at the address specified in this Sublease unless and until Sublessee is otherwise notified in writing. Base Minimum Rent payments in the monthly amount set forth below shall be payable monthly, in advance, due on the first (1st) day of each calendar month commencing on the Commencement Date hereof and delinquent if not paid on or before the third (3rd) day of the month throughout the Term of this Sublease. Rent for any period which is for less than one month shall be a pro rata portion of the monthly installment. The required payments under Article 6 and all other charges payable by Sublessee shall be deemed to be additional rent.

**Section 3.02. *Base Minimum Rent.*** Base Minimum Rent shall be computed as follows:

Months	Base Minimum Rent Per Month
_____	_____
_____	_____
_____	_____

**Section 3.03. *Delinquent Payments.*** In the event Sublessee shall fail to pay the rent or any installment thereof, or any other fees, costs, taxes or expenses payable under this Sublease within five (5) days after the said payment has become due, Sublessee agrees that Sublessor will incur additional costs and expenses in the form of extra collection efforts, administrative time, handling costs, and potential impairment of credit on loans for which this Sublease may be a security. Both parties agree that in such event, Sublessor, in addition to its other remedies shall be entitled to recover a late payment charge against Sublessee equal to five percent (5%) of the amount not paid within said five (5) day period. Additionally, any past due amounts under this Sublease shall bear interest at the rate of the lesser of one and one-half percent (1-1/2%) per month or the maximum rate permitted by applicable law. Sublessee further agrees to pay Sublessor any cost incurred by Sublessor in effecting the collection of such past due amount, including but not limited to attorneys' fees and/or collection agency fees. Sublessor shall have the right to require Sublessee to pay monies due in the form of a cashier's check or money order. Nothing herein contained shall limit any other remedy of Sublessor with respect to such payment delinquency.

**Section 3.04. *Security Deposit.*** On execution of this Sublease, Sublessee shall deposit with Sublessor a sum equal to \_\_\_\_\_ (the "Security Deposit") in order to provide security for the performance by Sublessee of the provisions of this Sublease. If Sublessee is in default, Sublessor may, but shall not be obligated to use the Security Deposit, or any portion of it, to cure the default or to compensate Sublessor for damage sustained by Sublessor resulting

from Sublessee's default. Sublessee shall immediately on demand pay to Sublessor a sum equal to the portion of the Security Deposit expended or applied by Sublessor as provided in this paragraph so as to maintain the Security Deposit in the sum initially deposited with Sublessor. At the expiration or termination of this Sublease, Sublessor shall return the Security Deposit to Sublessee or its successor, less such amounts as are reasonably necessary to remedy Sublessee's defaults, to repair damages the Leased Premises caused by Sublessee or to clean the Leased Premises upon such termination, as soon as practicable thereafter. In the event of the sale or other conveyance of the Leased Premises, the Security Deposit will be transferred to the purchaser or transferee and the Sublessor will be relieved of any liability with reference to such Security Deposit. Sublessor shall not be required to keep the Security Deposit separate from its other funds, and (unless otherwise required by law) Sublessee shall not be entitled to interest on the Security Deposit.