

Memorandum of Understanding

**Sample – all of our
agreements are
custom**

This Memorandum of Understanding (MOU) is by and between Company, Location located at Address City State Zip Code and Eco Garden Systems, LLC (EGS) located at 225 So. 6th Street, c/o WeWork Suite 3900, Minneapolis, MN 55402. This MOU defines the relationship between Company and EGS as it relates to Distribution services for EGS products.

Recitals

- Company distributes products and services to gardeners/growers in the XXXXXXXXX industry
- EGS produces and sells the Eco Garden System into multiple channels of business including the XXXXXXXXX industry
- The two parties desire to establish a relationship where Company distributes EGS products in a non-exclusive territory mutually agreed upon by both parties

Principal Terms

1. Cost of Goods
 - a. Company will pay \$X per distribution ready unit (to include all items on the Bill of Materials as agreed upon) when purchased in truckload quantities (see Appendix B for other pricing options)
 - b. Initial order will be accompanied by a 35% payment based on total cost for the initial order
 - c. All subsequent orders will be submitted with the agreed upon lead time and will require the same 35% payment
 - d. No more than four orders that are not paid in full (invoices remain outstanding) can be outstanding at any time – should this occur, no further orders will be fulfilled until some or all of the open invoices are paid
 - e. All orders are priced FOB Little Falls, MN unless otherwise identified in Appendix B
2. End User Sell Pricing
 - a. Company agrees to sell units at the established end user price as outlined in Appendix B
 - b. All necessary taxes and fees will be the responsibility of Company to collect and distribute to the proper parties and government agencies
 - c. Any sell price deviations from the above must be approved in writing by EGS
3. Terms and Ordering Process
 - a. All orders will be submitted with a XX day lead time (Example: 20 working days)
 - b. Terms are 35% of all orders paid up front through some form of check or Letter of Credit from Company's bank, remaining balance will be paid Net 10 of date of receipt of units by Company
 - c. Company will arrange transportation from EGS manufacturing facility – ownership transfer upon pick-up. Should EGS manage freight, cost plus a handling fee will be the responsibility of Company
 - d. Unsold units are not returnable – should issues arise, Company and EGS agree to work to a mutually agreeable solution to dispose of unsold units
4. Product
 - a. EGS agrees that each unit produced and shipped will contain all necessary parts to deliver a grow ready garden
 - b. EGS will provide a complete parts list and assembly guide with each unit and will provide setup instructions via the EGS web site (video and written instructions)
5. Territory
 - a. Company distribution territory will be defined as a specific geography identified by state, county or municipal boundaries. See Appendix A for assigned Company Territory
 - b. This territory will be exclusive as long as Company maintains sales within defined territory at a minimum of XX units per year (Example: 60 units per year per territory segment is a starting point for many distributors)

- c. Further territory adjustment can be made from time to time depending on the needs and desires of both Company and EGS – all changes in territory must be agreed to in writing by both parties along with a commensurate adjustment in annual movement
- 6. Indemnification Insurance
 - a. Company will include EGS on all insurance and indemnification insurance at a minimum of \$5 million. This policy will include a hold harmless agreement for any disputes that arise between Company and their customer or clients
- 7. Confidentiality and Non-Disclosure
 - a. Parties agree that Company and EGS have proprietary information about their respective businesses. Parties agree to keep all information contained in this MOU and other agreements related to this MOU as private and confidential for the duration of this MOU and to not disclose any information in regards to pricing, territories, clients, customers or any other proprietary information for the duration of this agreement and for a period of one year after this MOU expires
- 8. Length of Agreement
 - a. This MOU between Company and EGS shall be in effect for XX months from the date on the signature page (Example: 12 – 18 months is a standard length of agreement)
 - b. This MOU can be cancelled by mutual agreement of both parties with 90 days' notice
 - c. EGS reserves the right to void this MOU should Company not live up to the minimum purchase requirements outlined in Section 5b
 - d. After the first year, this MOU will automatically renew for one year on the anniversary date and for each year thereafter
- 9. Governing Law
 - a. This MOU will be governed by the laws of the State of Illinois

This agreement may be amended from time to time and these amendments will be considered as part of the entire agreement. Should any issues arise with pieces of this agreement resulting in these pieces being ruled unenforceable; the remainder of the agreement will remain intact.

Signature Page (Example Only)

EGS Signatory

Company Signatory Name

Eco Garden Systems, LLC

Company Name

Date Signed

Date Signed

Appendix A: Territory

Geography: List of states, counties or municipalities to be covered

Channel(s): Industry or segment for distributor

Appendix B: Pricing

Quantity	Pricing	Retail Sell
Truckload (44-48)	\$TBD	Original: \$1,795
17 – 44	\$TBD	
4 – 16	\$TBD	