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Last Updated 3/01/2023

**At MEMA Aftermarket Suppliers’ request, attorneys with the law firm ArentFox Schiff, MEMA Aftermarket Suppliers’ legal counsel, provided high-level guidance on potential contract language to consider, based on existing practice.**

**IMPORTANT**: Every supplier must make an independent decision about the terms to negotiate with its customers. Nothing in this analysis or any MEMA Aftermarket Suppliers publications or presentations should be construed as a suggestion that suppliers utilize identical or similar terms of any sale. No agreement among suppliers as to any term of sale will be tolerated.

***DRAFT TERMS TO CONSIDER:***

*The terms and conditions in this contract are based on market conditions at the time the contract is entered. Certain potential events would be sufficiently disruptive to the marketplace in general and to one or both Parties that the Parties acknowledge and agree that renegotiation of various provisions would be appropriate should these events occur. Accordingly, should any of the below-listed events occur, the Parties agree that they will renegotiate the provisions of this Agreement related to payment terms and credit [list specific contract clauses by paragraph number]. If a renegotiation is requested by one Party and does not succeed, this Agreement terminates six months following the initial request to renegotiate. The following events are deemed sufficient to justify a request to renegotiate pursuant to this provision:*

1. *The prime rate, as set forth in the [Wall Street Journal] exceeds [X%] for at least 30 days in a row; or The prime rate, as set forth in the [Wall Street Journal] increases by more than [X basis points]*
2. *The CPI for motor vehicle maintenance and repair published by the US Bureau of Labor Statistics exceeds [x%] for at least [y] days in a row.*
3. *Reverse factoring is no longer available to [Supplier], whether because of general market conditions or because of [Suppliers or Customers] financial situation;*
4. *Purchases by Buyer from Supplier are less than [$X ] over a 30 day period;*
5. *Inability of the Suppler to obtain credit at [less than X% interest rate]”*