

Checklist

How to read a business contract before you sign.

Use this fillable checklist as a working guide whenever you review a business contract. As you move through the agreement, check off each item, record important terms and deadlines in the fields provided, and flag anything that is missing, unclear, or different from what you expected. By the end, you'll have a concise record of the agreement's key terms and a list of anything you may want to clarify, negotiate, or review with a professional before signing.

Before you start.

Before reviewing a contract, scan it to learn or confirm some foundational elements.

Verify the following:

Identity

- ☐ The contract names the exact legal business entity you are dealing with — not just trade names or doing-business-as (DBAs) aliases
- ☐ The person signing for the other side has the authority to do so

Document scope

- ☐ You have located every attachment, exhibit, schedule, or linked online term the contract references

Completeness

- ☐ Every blank has been filled
- ☐ You've struck through and initialed anything you don't agree to

The 3-pass reading method.

- ☐ Pass 1 — Structural scan. Skim headings, section titles, and schedules to see how the document is laid out.
- ☐ Pass 2 — Definitions. Read the definitions section carefully. Defined terms change the meaning of every clause that follows.
- ☐ Pass 3 — Targeted verification. Review clauses governing money, deliverables, and liability.

The 7-item checklist.

Before signing a contract, identify and confirm the following items to make sure the contract matches your understanding of the agreement. Note anything that seems amiss.

1. Scope, deliverables, and change orders

Ensure:

- ☐ Deliverables and milestones are included
- ☐ The change order process for pricing and approving out-of-scope work is clearly defined

2. Payment terms, schedules, and late fees

Confirm:

- ☐ Amounts of costs and fees and due dates
 - Fee _____ \$ _____ Due date _____
 - Fee _____ \$ _____ Due date _____
 - Fee _____ \$ _____ Due date _____
- ☐ Accepted payment methods _____
- ☐ Late penalties _____
- ☐ Expense-reimbursement rules _____

3. Term, renewal, and auto-renewal

Confirm:

- ☐ Contract length _____
- ☐ Whether it auto-renews (yes ☐ / no ☐)
- ☐ Cancellation window _____
 - ☐ Add the date to your calendar
- ☐ Renewal date _____
 - ☐ Add the date to your calendar
- ☐ Whether price increases at renewal

4. Termination and notice periods

Verify:

- ☐ The difference between *termination for cause* and *termination for convenience*
- ☐ The required notice period (e.g., 30 or 60 days)

5. Liability, indemnity, and warranties

Determine:

- ☐ What warranties promise
- ☐ Who indemnifies whom
- ☐ Whether a limitation-of-liability clause caps what you can recover

6. Dispute resolution and governing law

Identify:

- ☐ Where disputes get resolved
- ☐ Which state's law governs
- ☐ Whether arbitration or a class-action waiver applies

7. Intellectual property and confidentiality

Verify:

- ☐ Who owns the work
- ☐ When intellectual property (IP) transfers, on creation or full payment
- ☐ What the non-disclosure agreement (NDA) obligates you to protect

Signal words worth a second read.

Beware of key transition words that can drastically alter the meaning of a clause.

Flag and re-read each phrase below and confirm how they change what the surrounding clause means:

- ☐ **Provided that** — introduces a condition or exception to the rule just stated

Notwithstanding — overrides another clause elsewhere in the agreement
- ☐ **Subject to** — makes the clause conditional on another section
- ☐ **Sole discretion** — hands one party the power to decide without your approval

If you're using AI to review.

Generative AI tools can retrieve information, but they can't replace human judgment.

- ☐ Ask targeted questions: "What is the cancellation window?" "Are there auto-renewal terms?"
- ☐ Click through to the source text to verify each answer — Acrobat AI Assistant returns numbered links to the clause each answer came from.
- ☐ Judge the terms yourself — AI can find a liability cap, but it can't tell you whether that cap is fair for your business.

When to call a lawyer.

In most cases, a thorough reading of a contract will be enough, but in some situations, you may want to consult a professional.

Contact a lawyer if you see any of the following:

- ☐ Personal guarantees that make you personally liable for corporate debt
- ☐ Noncompete clauses that restrict your future employment or business activity
- ☐ Full IP assignments that transfer pre-existing patents, software, or trademarks
- ☐ Uncapped liability or financial exposure that could threaten your business if a dispute arises

Fill out this checklist on screen with [Adobe Acrobat](#) — no printing required.

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