

Date
Address
City, State, Zip Code

Interior Design Services -Terms of Engagement

The purpose of this letter is to set out the terms under which **PHELPS INTERIORS** (the "Designer") is to provide interior design services to **CLIENT NAME(S)** for your home/apartment/offices.

SCOPE OF SERVICES

Initial Design: In this phase of the project (the "Initial Design Services"), we will discuss with you the scope of the project, your design ideas and color and style preferences, your budget, and any additional requirements you have for the project. Upon signing of the Agreement, we will conduct an initial design study, which shall include surveying and measuring the (LIST SPACES) in your home/office/apartment.

We will then prepare for you a palette of materials to generally illustrate Designer's suggested interior design scheme ("Design Concepts"), including color recommendations, interior finishes, and Merchandise (as defined below).

We will also prepare space plans to illustrate our recommendations for (LIST SPACES) and window treatments in (LIST SPACES). We will prepare elevation(s) for new built-in cabinetry for (LIST SPACES AND DETAILS OF LOCATIONS ON WALLS).

We have included (INSERT #) shopping days for furniture selection. Also included in our scope will be (INSERT #) trip(s) to the design buildings where Designers will source fabrics and other textiles and lighting to be used for conceptualization of the project. We will meet with you at your home/office/apartment to review the options.

Interior Specifications and Purchase Management Services ("Purchase Management Services"):

Upon your approval of the Design Concepts, Designer shall, as and where appropriate:

1. Select and/or specially design required interior installations and all required items of furniture, furnishings, custom cabinetry, hardware, floor coverings, ceiling treatments, window treatments, and accessories ("Merchandise"). When requested by you, the Designer shall prepare specifications for the refurbishment of existing pieces and new furnishings and shall liaise with third parties regarding such refurbishments.
2. Prepare and submit for your approval purchase orders for completion of interior installations and purchase of merchandise.
3. Upon receipt of your approval and appropriate initial payment (as described in "Ordering of Merchandise and interior installations" below), Designer will place orders for Merchandise and interior installations.
4. Receive all correspondence, such as acknowledgments, invoices, and shipping notices related to the project and shall promptly process all such information on your behalf and shall keep you apprised of any issues that arise. The Designer shall provide supervision in the installation of such furniture and furnishings.
5. Visit the location on a periodic basis, at your request, to become generally familiar with the progress and quality of the work and to determine in general if the work is proceeding in accordance with Designer's concepts. Constant observation of work at the location is not part of Designer's duties but Designer will be on-site for all major milestone installations at various phases in the project. If General Contractor or any of his trades request our presence at meetings, Designer will be on-site. If there are questions that arise on the job site, Designer will come to the site and address any issues. Designer is not responsible for the performance, quality, timely completion or delivery of any work, materials, or equipment furnished by contractors pursuant to direct contracts with you but will be your advocate and liaison and work with them to complete in a timely manner.
6. Preparation of preliminary budget after selections are made.

Designer's services shall not include undertaking any responsibility for the design or modification of the design of any structural, heating, air conditioning, plumbing, electric, ventilation, or other mechanical systems installed or to be installed at the location.

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FEES AND EXPENSES

You agree to pay to Designer, prior to the commencement of the drawings and Design Concepts, a nonrefundable initial creative services fee of \$_____ which shall compensate the Designer for the drawings for the (LIST SPACES). This fee is in addition to any other compensation payable to Designer under this Agreement. Tax for this service will also be due. As part of the preparation of drawings, the Designer, at your request, shall prepare one revision. Additional revisions requested by you will be billed to you as Additional Services at the Designer's hourly rate of \$_____.

In addition to the initial Design Fee, you agree to compensate the Designer for Purchase Management Services as follows:

1. _____ percent (____%) of the cost of merchandise, fixtures, furniture, built-in cabinetry, wall and flooring materials, and furnishings purchased by you, whether via designer showrooms, catalogs, or retail stores;
2. _____ percent (____%) of the cost of all work or services performed by trade contractors and artisans recommended by the Designer.

This fee (the "Purchase Management Fee"), although calculated on the value of the items and the cost of services coordinated, is a fee for professional service rendered by the Designer and is not a commission. The Purchase Management Fee will become due and payable at the time you are required to pay for the underlying merchandise or service on a pro-rata basis and shall not be refundable, even if the order is canceled, except in the case of the negligence of the Designer. The Purchase Management Fee for any canceled order will be credited against any replacement item ordered. All vendor discounts extended to the Designer for merchandise, furniture, and furnishings shall be passed on to you. The Purchase Management Fee shall be calculated without regard for any shipping, handling, applicable tax, delivery, and/or storage charges. Where you request the Designer's assistance in selecting accessories purchased at retail stores or audio/visual components, you agree to compensate the Designer at a rate of \$_____ per hour plus travel time for shopping and placement of such items in the home. You will be responsible for any restocking fees and penalties incurred as a result of the cancellation of an order by you except in the case of the negligence of the Designer.

If you, independently of the Designer, purchase furniture, furnishings, or services based on the general design scheme as prepared by the Designer under this agreement and have already asked Designer to search for said furniture, furnishings, or services on your behalf, you agree to pay the Designer for the time spent researching or shopping for such items at the Designer's hourly rate of \$_____.

Where you request consultation by the Designer, but the Designer is not acting as the agent/liaison in the purchase, you will be billed at the Designer's hourly rate of \$_____ plus travel time. These services may include meetings regarding work/progress of the general contractor or builder; telephone liaison with You or builder/contractor on general contracting items, in-home accessorizing of space on behalf of you, accessory shopping, electrical concerns such as switching, receptables, etc. (**excluding** track and new recessed lighting, decorative pendants, ceiling fixtures, wall sconces, table and floor lamps **suggested by Designer**).

If the Designer needs to create any additional drawings, designs for cabinetry, or if additional space plans are requested, there will be an additional fee to be negotiated at the time with you.

Disbursements incurred by the Designer and their staff in connection with the project, shall be promptly reimbursed by you upon receipt of Designer's invoices. Reimbursements shall include, among other things, costs of messenger services made at your request, postage, express mail at your request, local and long distance travel, and the like.

Payments of services of the Designer shall be made upon receipt of presentation of a statement for services rendered. For fees delinquent more than thirty days from the due date, a charge of 1.5% per month will be added.

You shall be responsible for payment of all state and local sales taxes on merchandise, interior installations, and design fees as applicable. The Designer shall collect the sales tax on all fees as part of regular monthly invoicing.

ENGAGEMENT OF THIRD PARTIES

Merchandise and interior installations specified by Designer shall, if you wish to purchase them, be purchased solely through the Designer, who will act as the agent in the sale. Designer may, at times, request you to engage others to provide merchandise or interior installations. The Designer will assist you in obtaining bids or negotiating proposals and in awarding of contracts at your request.

However, agreements with trade contractors will be entered into directly between you and such contractors and you shall be solely responsible for the payment of all fees to such contractors.

Should the nature of Designer's design concepts require the services of any other design professional, such professional shall be engaged directly by you pursuant to separate agreement as may be mutually acceptable to you and such other design professional.

ORDERING OF MERCHANDISE AND INTERIOR INSTALLATIONS

Merchandise and interior installations to be purchased through Designer will be specified in a written purchase order prepared by Designer and submitted in each instance for your written approval. Each purchase order will describe the item and its price to you (F.O.B. point of origin) ("Client Price") The client price for each item of merchandise and interior installations is subject to the Designer's fee for services rendered in this phase of the project, as described in "Fees and Expenses" above. Designer shall provide supervision in the installation of merchandise and interior installations. Once you have approved the purchase order in writing and have returned it Designer with Vendor's required initial payment equal to fifty percent (50%) of the client price. Designer will place the order. The balance of the client price, together with delivery, shipping, handling charges, and applicable taxes, is payable prior to delivery to and/or installation at the Location or to a subsequent supplier for further work upon rendition of Designer's or vendor's invoice. Purchase orders for fabrics, wall coverings, accessories, antiques, and items purchased at auction or at retail stores will require full payment (100%) at time of signed proposal.

LIMITATION OF LIABILITY

You agree that the Designer shall not have any liability to you for any my losses, claims, damages, liabilities, or expenses arising out of relating to the project or the services to be rendered by the Designer under this Agreement unless such losses, claims, damages, liabilities, or expenses resulted directly from the gross negligence or willful misconduct of the Designer. Furthermore, you agree to indemnify and hold harmless the Designer against any losses, claims, damages, liabilities, or expenses to which the Designer may become subject arising out of or relating to the project or the services to be rendered by the Designer under this Agreement unless such losses, claims, damages, liabilities, or expenses resulted directly from the gross negligence or willful misconduct of the Designer.

The Designer shall not be responsible for any malfeasance, neglect, or failure of any contractor, vendor, supplier, or other service provider to meet their schedules for completion or delivery or to perform their respective duties, services, and responsibilities in a manner satisfactory to you.

DRAWINGS AND SPECIFICATIONS

Designer's drawings and specifications are conceptual in nature and intended to set forth design intent only. They are not to be used for architectural or engineering purposes. Designer does not provide architectural or engineering services.

TERMINATION

Either party may terminate this Agreement upon written notice to the other party. Termination shall be without prejudice to any and all other rights and remedies of Designer or you. In the event of termination by either party, you shall remain liable for all outstanding obligations owed by you to Designer and for all items of merchandise, interior installations, expenses, and other services on order as of the termination date and Designer shall remain responsible for completion of work and delivery of services for which you have previously paid.

OTHER MATTERS

You agree to provide Designer with access to the location and all information Designer may need to complete the project. It is your responsibility to obtain all approvals required by any governmental agency (permits) or otherwise in connection with this project.

At Designer's request, you will permit Designer or Designer's representatives to photograph the project upon completion for its own use and inclusion in the Designer's portfolio and for business purposes. The Designer shall not disclose the location or your name without your prior written consent.

In addition to all other legal rights, Designer shall be entitled to withhold delivery of any item or merchandise or the further performance of interior installations or any other services, should you fail to timely make any payments due Designer.

This contract shall be interpreted under the laws of the State of Virginia, without regard to its conflicts of law principles. Any controversy or claim arising out of or relating to this Agreement or breach thereof, shall be settled by arbitration in the city of the Designer's office, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect, and judgment upon award rendered by the arbitrator(s) may be entered in any court having jurisdiction hereof.

Neither Client nor Designer may assign their respective interests in this Agreement without the written consent of the other.

This Agreement represents the entire understanding between the parties concerning the particular project to which it refers and supersedes all prior negotiations, understandings, and agreements concerning the same. This Agreement may be amended only in writing, executed by both parties.

If the above is satisfactory to you, please sign and initial this Agreement and return to me with your check for the 50% of the design fee in the amount of \$ _____ which include sales tax of _____ %. I will sign and give you a copy for your records when we come to survey the space.

Thank you very much.

Sincerely yours,

ACCEPTED & AGREED

NAME

Principal Designer

CLIENT 1

____/____/____

DATE

CLIENT 2

____/____/____

DATE