

NOVATION AGREEMENT

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This Novation Agreement (this "**Agreement**") is entered into as of [EFFECTIVE DATE] (the "**Effective Date**") by and among:

[OUTGOING PARTY LEGAL NAME], a [STATE] [ENTITY TYPE, e.g. limited liability company] with its principal place of business at [OUTGOING PARTY ADDRESS] (the "**Outgoing Party**");

[INCOMING PARTY LEGAL NAME], a [STATE] [ENTITY TYPE] with its principal place of business at [INCOMING PARTY ADDRESS] (the "**Incoming Party**"); and

[REMAINING PARTY LEGAL NAME], a [STATE] [ENTITY TYPE] with its principal place of business at [REMAINING PARTY ADDRESS] (the "**Remaining Party**").

The Outgoing Party, the Incoming Party, and the Remaining Party are each a "**Party**" and together the "**Parties**."

Recitals. The Outgoing Party and the Remaining Party are parties to that certain [NAME OF ORIGINAL CONTRACT] dated [ORIGINAL CONTRACT DATE] (the "**Original Contract**"). The Outgoing Party wishes to transfer all of its rights and obligations under the Original Contract to the Incoming Party; the Incoming Party wishes to assume those rights and obligations; and the Remaining Party is willing to accept the Incoming Party in place of the Outgoing Party and to release the Outgoing Party, all on the terms below. The Parties intend a true novation that extinguishes the Original Contract between the Outgoing Party and the Remaining Party and replaces it with a contract between the Incoming Party and the Remaining Party. In consideration of the mutual promises below, the Parties agree as follows.

1. Definitions and Interpretation

1.1 Original Contract. "**Original Contract**" means the agreement described in the Recitals, together with all amendments, schedules, exhibits, statements of work, and change orders in effect as of the Effective Date, a complete copy of which is attached as **Exhibit A**.

1.2 Novation. "**Novation**" means the substitution of the Incoming Party for the Outgoing Party as a party to the Original Contract such that the Original Contract is treated, from the Effective Date forward, as a contract between the Incoming Party and the Remaining Party on the same terms.

1.3 Transferred Obligations. "**Transferred Obligations**" means all of the Outgoing Party's duties, liabilities, and obligations under the Original Contract, whether arising before or after the Effective Date, except as expressly carved out in Section 4.

1.4 Transferred Rights. "**Transferred Rights**" means all of the Outgoing Party's rights, benefits, and interests under the Original Contract.

1.5 Interpretation. Section headings are for convenience only. References to a Party include its permitted successors and assigns. "Including" means "including without limitation." Capitalized terms not defined here have

the meanings given in the Original Contract.

2. Novation and Substitution

2.1 Release of the Outgoing Party. Effective as of the Effective Date, the Remaining Party releases and discharges the Outgoing Party from the Transferred Obligations and from any further performance under the Original Contract, except for obligations expressly preserved under Section 4.

2.2 Substitution of the Incoming Party. Effective as of the Effective Date, the Incoming Party is substituted for the Outgoing Party as a party to the Original Contract and assumes and agrees to perform the Transferred Obligations as if it had been the original party to the Original Contract in place of the Outgoing Party.

2.3 Acceptance by the Remaining Party. The Remaining Party accepts the Incoming Party as a party to the Original Contract in place of the Outgoing Party and agrees to be bound to the Incoming Party on the same terms as previously bound to the Outgoing Party.

2.4 Continuity of terms. Except as expressly modified by this Agreement, all terms of the Original Contract remain in full force and effect and apply between the Incoming Party and the Remaining Party from the Effective Date forward.

2.5 No new contract beyond substitution. Nothing in this Agreement is intended to alter the substantive commercial terms of the Original Contract (such as price, scope, or term) except the identity of the contracting party, unless a change is expressly stated in **Exhibit B**.

3. Transfer of Rights

3.1 Assignment of rights. The Outgoing Party assigns to the Incoming Party all of the Transferred Rights, effective on the Effective Date.

3.2 Accrued benefits. Unless **Exhibit B** states otherwise, the Incoming Party is entitled to all benefits accruing under the Original Contract on and after the Effective Date, and the Outgoing Party retains benefits that accrued before the Effective Date.

3.3 Further assurances. Each Party will promptly execute and deliver such further documents and take such further actions as another Party reasonably requests to give full effect to the transfer of the Transferred Rights and Transferred Obligations.

4. Pre-Existing Liabilities and Carve-Outs

4.1 Allocation of historic liability. Except as stated in this Section, liability for performance or breach occurring before the Effective Date is allocated as follows: **[CHOOSE: (a) the Incoming Party assumes all such liability; OR (b) the Outgoing Party retains all such liability; OR (c) liability is allocated as set out in Exhibit B]**.

4.2 Surviving obligations of the Outgoing Party. Notwithstanding the release in Section 2.1, the Outgoing Party remains liable for **[e.g. confidentiality breaches, fraud, or other matters identified in Exhibit B]** arising before the Effective Date, if any.

4.3 No release of third-party claims. This Agreement releases only the claims expressly described and does not affect the rights of any person who is not a Party.

5. Representations and Warranties

5.1 Mutual representations. Each Party represents and warrants that: (a) it is duly organized and validly existing; (b) it has full power and authority to enter into and perform this Agreement; (c) this Agreement has been

duly authorized, executed, and delivered and is binding on it; and (d) entering into this Agreement does not violate any law or any agreement to which it is bound.

5.2 By the Outgoing Party. The Outgoing Party represents and warrants that it has not previously assigned, transferred, or encumbered the Transferred Rights or Transferred Obligations and that, to its knowledge, it is not in material default under the Original Contract as of the Effective Date except as disclosed in **Exhibit B**.

5.3 By the Incoming Party. The Incoming Party represents and warrants that it has reviewed the Original Contract, understands the Transferred Obligations, and is capable of performing them.

5.4 By the Remaining Party. The Remaining Party represents and warrants that the Original Contract is in full force and effect and that, to its knowledge, no material default by the Outgoing Party is outstanding except as disclosed in **Exhibit B**.

6. Consents and Conditions

6.1 Consent to novation. Each Party consents to the Novation effected by this Agreement, and the Remaining Party confirms that any consent required under the Original Contract for the substitution of a party has been given.

6.2 Third-party consents. The Parties will cooperate to obtain any consent or approval of a third party (such as a lender, surety, or licensor) required to give effect to the Novation. **[OPTIONAL: This Agreement is conditional on obtaining the consents listed in Exhibit B by [DATE].]**

6.3 Bonds and guarantees. Where a bond, letter of credit, or guaranty supports the Original Contract, the Parties will use reasonable efforts to arrange a replacement instrument naming the Incoming Party before the Effective Date.

7. Confidentiality

7.1 Confidential treatment. Each Party will keep confidential the terms of this Agreement and any non-public information of another Party learned in connection with it, and will use such information only to perform under this Agreement and the Original Contract.

7.2 Permitted disclosures. A Party may disclose such information to the extent required by law or court order, or to its advisors, lenders, and insurers who are bound by confidentiality obligations at least as protective as these.

7.3 Survival. This Section survives termination or completion of this Agreement and continues to apply to the Original Contract's confidentiality terms.

8. Indemnification

8.1 By the Incoming Party. The Incoming Party will indemnify and hold harmless the Outgoing Party and the Remaining Party against losses arising from the Incoming Party's performance or non-performance of the Transferred Obligations on and after the Effective Date.

8.2 By the Outgoing Party. The Outgoing Party will indemnify and hold harmless the Incoming Party and the Remaining Party against losses arising from the Outgoing Party's performance or non-performance under the Original Contract before the Effective Date, except to the extent the Incoming Party expressly assumed such liability under Section 4.

8.3 Procedure. The indemnified Party will give prompt written notice of any claim, allow the indemnifying Party to control the defense, and provide reasonable cooperation. The indemnifying Party may not settle a claim that imposes liability or an admission on the indemnified Party without its prior written consent.

9. General Provisions

9.1 **Governing law and venue.** This Agreement is governed by the laws of the State of [STATE], without regard to its conflict-of-laws rules. The Parties submit to the exclusive jurisdiction of the state and federal courts located in [COUNTY, STATE].

9.2 **Entire agreement; amendment.** This Agreement, together with its Exhibits, is the entire agreement among the Parties on its subject and supersedes prior discussions. It may be amended only by a writing signed by all Parties.

9.3 **No reliance.** Each Party acknowledges that it has not relied on any representation not expressly stated in this Agreement or the Original Contract.

9.4 **Severability and waiver.** If any provision is unenforceable, the rest remains in effect. A Party's failure to enforce a provision is not a waiver.

9.5 **Notices.** Notices must be in writing and sent to the addresses above (or as updated in writing) and are effective on receipt.

9.6 **Counterparts and electronic signature.** This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

OUTGOING PARTY	INCOMING PARTY	REMAINING PARTY
Signature: _____	Signature: _____	Signature: _____
Printed name: [NAME]	Printed name: [NAME]	Printed name: [NAME]
Title: [TITLE]	Title: [TITLE]	Title: [TITLE]
Date: _____	Date: _____	Date: _____

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