

JOINT DEFENSE AND AUDIT INDEMNITY AGREEMENT

This Joint Defense and Audit Indemnity Agreement (the "Agreement") is entered into and made effective as of _____, 20____ (the "Effective Date"), by and between the following parties:

Party A: _____, with a principal place of business or residence at _____ (hereinafter referred to as "Party A"),
and

Party B: _____, with a principal place of business or residence at _____ (hereinafter referred to as "Party B").

Party A and Party B may collectively be referred to herein as the "Parties," and individually as a "Party."

RECITALS

WHEREAS, the Parties have a mutual business relationship or transaction history pursuant to _____;

WHEREAS, _____ (the "Auditing Authority") has initiated, or has threatened to initiate, an audit, examination, investigation, or inquiry (the "Audit") regarding _____ for the period covering _____ to _____;

WHEREAS, the Parties share a common interest in the defense, response, and resolution of the Audit, as the outcome may impact the legal, financial, or regulatory obligations of both Parties; and

WHEREAS, the Parties wish to cooperate in their defense of the Audit, share information under a joint defense privilege, and allocate responsibilities for representation, liabilities, and indemnification arising therefrom

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Audit Representation and Defense.

- a. The Parties agree to cooperate in good faith to coordinate their response to the Audit.
- b. _____ is hereby designated as the lead party responsible for managing the defense of the Audit, subject to consultation with the other Party on all material decisions.
- c. The Parties may jointly retain legal counsel, accountants, or specialized consultants ("Audit Professionals") to represent them in connection with the Audit. The fees and expenses of such Audit Professionals shall be shared as follows:
_____.

2. Indemnification.

- a. To the fullest extent permitted by law, _____ (the "Indemnifying Party") agrees to indemnify, defend, and hold harmless _____ (the "Indemnified Party") from and against any and all liabilities, losses, damages, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder (collectively, "Losses"), arising out of or resulting from the Audit.
- b. This indemnification obligation shall apply specifically to any tax, assessment, penalty, or interest levied by the Auditing Authority to the extent such assessment is attributable to _____.
- c. The Indemnified Party shall promptly notify the Indemnifying Party in writing of any claim or assessment for which indemnification is sought. The Indemnifying Party shall have the right to assume the defense thereof with counsel of its choice, subject to the approval of the Indemnified Party, which approval shall not be unreasonably withheld.

3. Joint Defense Privilege and Confidentiality.

- a. The Parties agree that all communications, documents, information, and strategies shared between them, their respective counsel, or the Audit Professionals in connection with the Audit (collectively, "Defense Information") are confidential and protected by the attorney-client privilege, the work-product doctrine, and the joint defense or common interest privilege.
 - b. Neither Party shall disclose any Defense Information to any third party without the prior written consent of the other Party, except as required by law or to comply with a valid order of a court or regulatory body, provided that prompt notice is given to the other Party prior to such disclosure.
 - c. The sharing of Defense Information pursuant to this Agreement shall not be construed as a waiver of any applicable privilege.
4. **Settlement and Compromise.** Neither Party shall enter into any settlement, compromise, or agreement with the Auditing Authority that imposes any liability, obligation, or admission of fault on the other Party without the express, prior written consent of the affected Party.
5. **Term and Termination.** This Agreement shall remain in effect until the final, non-appealable resolution of the Audit and the complete satisfaction of all obligations, including indemnification, hereunder. The confidentiality and privilege obligations under Section 3 shall survive the termination of this Agreement.
6. **Governing Law and Dispute Resolution.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of _____, without regard to its conflict of laws principles. Any dispute arising out of or relating to this Agreement shall be resolved in the courts located in _____.
7. **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties concerning the subject matter hereof and supersedes all prior or contemporaneous oral or written agreements, negotiations, and understandings. This Agreement may only be amended or modified by a written instrument signed by both Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Defense and Audit Indemnity Agreement as of the Effective Date first written above.

PARTY A:

 By: _____
 Name: _____
 Title: _____
 Date: _____

PARTY B:

 By: _____
 Name: _____
 Title: _____
 Date: _____