
29 C.F.R. § 548.200

Requirements.

The following conditions must be satisfied if a “basic” rate is to be considered proper under section 7(g)(3) and subpart A of this part.

- (a) *Agreement or understanding.* There must be an agreement or understanding establishing a basic rate or rates. This agreement must be arrived at before performance of the work to which it is intended to apply. It may be arrived at directly with the employee or through his representative. The “basic” rate method of computing overtime may be used for as many of the employees in an establishment as the employer chooses, provided he has reached an agreement or understanding with these employees prior to the performance of the work. ^[1]

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