Sales Agency Agreement

This document is a Sales Agency Agreement ("Agreement") and is made and effective this [DATE],

**BETWEEN: [YOUR COMPANY NAME]** (the "Principal"), a company organised and existing under the laws of the [STATE/PROVINCE] of [COUNTRY], located:

[YOUR ADDRESS]

**AND: [AGENT NAME]** (the "Agent"), an individual with his main address located at OR a company organised and existing under the laws of the [STATE/PROVINCE] of [COUNTRY], located at:

[COMPLETE ADDRESS]

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein contained the parties hereto agree as follows:

1. **RECITALS**
   1. The Principal is a manufacturer of [PRODUCT] and desires to appoint the Agent as a general sales Agent for the sale of Principal’s product [IF APPROPRIATE, ADD: ANY OTHER REGULAR-LINE PRODUCTS AND ACCESSORIES OF THE PRINCIPAL] in the following territory: [DESCRIBE TERRITORY].
   2. The Agent desires to accept such appointment and to perform all the provisions of this agreement.
2. **DURATION**

The term of the agency created shall be [PERIOD OF TIME], beginning [DATE], unless sooner terminated.

1. **AGENT’S BEST EFFORTS**

The Agent agrees to devote the Agent’s whole time and best efforts to the business of the Principal in the described territory under the direction of the Principal’s officers or representatives, and to conform to the best of the Agent’s ability with the rules, regulations and instructions of the Principal now in force or that may be adopted and mailed to the Agent’s address. The Agent shall employ salespersons to assist the Agent, on such terms and conditions as the Principal may require, as set forth in this agreement.

1. **NONDISCLOSURE OF PRINCIPAL’S AFFAIRS**

The Agent agrees to keep confidential such information as the Principal may from time to time impart to the Agent regarding the Principal’s business affairs and customers. The Agent will not, in whole or in part, now or at any time, disclose such information.

1. **ASSIGNMENT OF AGENT’S INVENTIONS**

The Agent agrees, in view of the confidential information regarding the Principal’s business affairs, plans and necessities, that the Agent will be in a position to obtain from time to time, and in partial consideration of the commissions agreed to be paid to the Agent under this agreement, that the Agent, on demand, will assign to the Principal, or the Principal’s successors or assigns, any inventions or improvements the Agent may make during the agency with the Principal that relate to the Principal’s product. The Agent also will sign any papers and do any acts that may be needed to secure to the Principal, or the Principal’s successors or assigns, any rights relating to such inventions and improvements, including patents in [COUNTRY] and foreign countries.

1. **COMMISSIONS**
   1. The Agent, during the term of the agreement, shall receive a commission from the sale of the Principal’s product [IF APPROPRIATE, ADD: ANY OTHER REGULAR-LINE PRODUCTS AND ACCESSORIES] sold for use in the Agent’s territory, whether sold by the Agent or by the Principal, or others, except as provided in this agreement.
   2. The Agent’s commission on sales made pursuant to this agreement shall be as follows: [DESCRIBE].
2. **SALES SUBJECT TO COMMISSIONS**

This agreement shall apply to business procured at the time of visits to the Agent’s territory by the Principal’s superintendent, and also to all business subsequently procured either by the Agent, the Principal’s superintendent or other representative of the Principal, from customers previously worked within [NUMBER] months from the date of the latest visit of the Principal’s superintendent or other representative.

1. **WHEN COMMISSIONS ARE PAID**
   1. Any commission to be received under this agreement shall not be credited to the Agent’s account on the Principal’s books until the purchaser has made settlement in full with the Principal, either by cash or acceptable notes [SPECIFY] [IF APPROPRIATE, ADD: AND HAS DELIVERED TO THE PRINCIPAL OR AN AUTHORISED AGENT OF THE PRINCIPAL ANY RETURNABLE PRODUCTS]. If the settlement is made wholly or in part by the purchaser’s notes, the Principal may withhold payment of the commission in whole or in part until the notes are paid.
   2. The Agent’s account may be charged with the amount of any commission previously paid to the Agent or credited to the Agent’s account for the unpaid part of the purchase price of [PRODUCT], or the unpaid part of any note given in payment.
   3. When the Principal repossesses a product, the Agent shall receive commission only on the amount of money paid by the purchaser prior to repossession.
2. **COMMISSIONS ON TRADE-INS**

The Principal shall have the right to fix the amount to be allowed for products taken in exchange, and a commission will not be paid on the amount so allowed.

1. **SALES THROUGH OTHER SALES CHANNELS**

The Agent waives any claim to a commission on any sales made in the Agent’s territory other than through the Principal’s offices or regular sales agencies when, in the opinion of the Principal, the general conditions of the business in any part of the [COUNTRY] necessitate the sale of the Principal’s product through other sales channels.

1. **SALES IN OR FROM OTHER TERRITORIES**
   1. The Agent agrees not to enter the territory of any other Sales Agent of the Principal for the purpose of selling the Principal’s product, or to endeavour, directly or indirectly, to make sales of the Principal’s product for use outside of the Agent’s territory. Should a purchaser call on the Agent voluntarily and purchase the Principal’s product for use outside of the Agent’s territory, the Agent shall receive commissions as follows: [DESCRIBE].
   2. The Agent further agrees that, when any other authorised sales Agent of the Principal sells the Principal’s product for use in the Agent’s territory, the Agent’s account shall be credited with the regular commission, less the commission paid to the Agent making the sale.
2. **DISPUTES ON COMMISSIONS**

The Principal shall have the right to determine, in any dispute arising between the Agent and any other sales Agent of the Principal, the right to commission on any sale, and the Agent shall abide by and be bound by the Principal’s decision.

1. **LIMITATION ON COMMISSION CLAIMS**

The Agent waives all claim for commission on sales of the Principal’s product, whether made by the Agent or others, and all other claims of any nature whatever, if the claim is not made within [MONTHS] from the date of termination of this agreement.

1. **AGENT NOT TO SHARE COMMISSION**

Under no circumstances, without the permission of the Principal, may the Agent give any part of the Agent’s commission to any assistant, local Agent or other person to assist the Agent in making a sale.

1. **CONTENTS OF ORDERS**
   1. All orders for the Principal’s product shall be taken on printed forms furnished by the Principal, and all such orders shall be sent to the Principal immediately after being signed by purchasers. The orders shall contain all conditions and agreements of every nature whatsoever between the parties to the sale, it being agreed that the Principal shall not be responsible for promises or conditions not specified on the orders. The Principal’s product shall not be sold for more or less than the list price established by the Principal.
   2. If the Principal is compelled to make any concessions to customers or incur any expense by reason of a violation of these requirements, the amount of the expense may be charged to the Agent’s account.
2. **ACCEPTANCE OF ORDERS BY PRINCIPAL**

Orders taken by the Agent shall not be binding until accepted by the Principal. The Principal reserves the right to reject any order when, in the judgement  of the Principal, the product ordered may not be suitable to the business of the customer.

1. **AGENT NOT TO COMPETE**

The Agent, having agreed to devote the Agent’s whole time to the Principal’s business, shall not purchase or deal in [PRODUCT] on the Agent’s own account in any way during the continuance of this agreement. The Agent will not engage, directly or indirectly, either for the Agent, or as an employee of any other party, in manufacturing, buying, selling or dealing in [PRODUCT], in the territory described, for a period of [PERIOD OF TIME], after the termination of the agency created by this agreement, without the written consent of the Principal.

1. **REPAIRS AND MAINTENANCE OF PRODUCT**

Agent shall promptly and properly make necessary repairs on Principal’s product in Agent’s territory if such repairs can be made by Agent, and to cooperate with and aid Principal in making all other such repairs in Agent’s territory, in such manner as Principal may direct.

1. **COMPROMISE AND COLLECTION OF ACCOUNTS**

19.1 .The Principal shall have full control of and discretion as to the collection, adjustment or compromise of any or all accounts for the Principal’s products sold by the Agent. If the Principal requests the Agent to make any collection, or to obtain possession of the Principal’s product or other property, whether the request relates to a sale made by the Agent or any Agent that preceded the Agent in the territory, the Agent shall do so promptly.

19.2 .The Principal shall determine whether to take a lien on the Principal’s product sold by the Agent. The Principal shall not be liable to the Agent for any loss of commission or other claim, by reason of failure to take such lien, or by reason of any compromise or adjustment of any account or accounts or notes for products sold by the Agent, or any failure for any reason to collect any part of the account or notes.

1. **REMITTALS BY AGENT**

The Agent agrees to remit [DAILY/WEEKLY] to the Principal, in the manner prescribed by [THE TREASURER], of the Principal or to deposit [DAILY/WEEKLY] in a bank or other financial institution designated by the Principal’s [TREASURER], all money, cheques and draughts received by the Agent for the Principal, including any received for repair parts and supplies sold. In no event will the Agent use any money collected for the Principal to defray the expenses of the agency, or for any other purpose, or deposit the funds in any bank or other financial institution to the Agent’s own credit.

1. **AGENT’S EXPENSES**

All expenses for travelling, entertainment, office, clerical, office and equipment maintenance, and general selling expenses that may be incurred by the Agent in connection with this agreement will be borne wholly by the Agent. In no case shall the Principal be responsible or liable for such expenses.

1. **ACCOUNTING ON TERMINATION**
   1. The Agent authorises the Principal, on termination of the agency created by this agreement, to pay any outstanding indebtedness, including amounts due to the Agent and the Agent’s employees incurred in the management of the agency, and to charge the amount to the Agent’s account. The Principal shall not be bound to pay any such indebtedness, unless the Principal shall elect to do so. Payment of part of the Agent’s indebtedness by the Principal shall not raise any obligation on the Principal’s part to pay the whole of the indebtedness. An assignment of the Agent’s account, or any part of it, shall not be binding on the Principal unless accepted in writing by the Principal’s [TREASURER].
   2. On termination of this agreement, the Principal shall proceed in the customary manner to collect notes and open accounts for purchases of the Principal’s product sold by the Agent and shall charge against the Agent’s account the commission previously credited on such amounts of notes and accounts as are uncollected. The Principal also shall charge the Agent’s account with the Agent’s proportion of any collection expense. This provision shall continue in force until a final account can be stated; no money shall be due to the Agent under this agreement after its termination until the final account can be stated.
2. **OBJECTIONS TO ACCOUNTING; LIMITATIONS**

The Agent agrees that all objections to statements of account rendered by the Principal are waived, unless written notice is given by the Agent and unless such notice reaches the Principal within [NUMBER] days after rendition of the statement by the Principal.

1. **SURETY BOND OF AGENT**

The Agent agrees to furnish the Principal with a fidelity bond of [AMOUNT], to be issued by a responsible surety company and conditioned on the faithful performance of the Agent’s duties in the agency created by this agreement. All premiums on such bond shall be paid by the Agent.

1. **EXAMINATION OF AGENT’S ACCOUNTS**

The Agent agrees that officers or authorised representatives of the Principal shall have, on demand, access to and the right to examine and make copies of all books of accounts, vouchers and papers of the Agent, in order to ascertain whether the business of the Agent is being conducted in a manner satisfactory to the Principal.

1. **DISPOSITION OF PRODUCTS; CONSIGNMENT**
   1. The Agent agrees, on demand, to account for and deliver to the Principal, in good condition, all products charged to the Agent’s consignment account. If the Agent fails to deliver any product, the product may be charged to the Agent’s account at list price, if the Principal so elects, but nothing contained in this agreement shall prevent the Principal from exercising other legal remedies to recover possession of such products.
   2. In the event any of the Principal’s products shall have been kept on consignment by the Agent for such period of time that they have become unsaleable as new, the Principal may order their return to the factory, in which event the freight charges from the Agent’s office to the factory shall be paid by the Agent.
2. **INSURANCE PREMIUMS; TAXES**

The Principal shall insure against loss by fire all products delivered on consignment to the Agent, charging the premium paid for the insurance to the Agent’s account. The Agent shall pay all personal property taxes levied on consigned products, or shall pay such tax as may be levied in lieu of a personal property tax.

1. **COMPLIANCE WITH LAWS**

The Agent agrees, for the benefit of the Agent’s employees and subagents, to comply in all respects with the workers’ compensation laws of any state or states of which the Agent’s territory may be a part, and to pay the premiums and other costs and expenses incident to such coverage.

1. **CUSTOMER LIST; SALES CALLS**
   1. The Agent agrees to keep a list of probable purchasers, and also a list of users, of the Principal’s products in the Agent’s territory. Both lists shall show the name, nature and address of each business concern listed. The user’s list shall also show the style and factory number of the Principal’s product in use.
   2. The Agent agrees to send to the Principal, on the form furnished by the Principal, a list of all persons called on by the Agent or the Agent’s employees in connection with the Principal’s business. The list shall show the name, nature and address of each business concern called on, and the object and results of the call.
2. **DEPRECIATION OF AGENCY PROPERTY**

The office furniture, personal property and fixtures used by the Agent in the Principal’s business shall be invoiced and appraised at least once each year by the Agent and a representative of the Principal, and a deduction of not less than [%] per year shall be made to cover wear and tear in ordinary depreciation.

1. **PURCHASE OF AGENCY PROPERTY**

The Principal shall have an option of purchase of all or any part of the supplies, repair parts, vehicles and sundries in stock or on hand at the time of termination of the agency, at the current price, less proper deductions for obsolescence and depreciation, if any. Such price shall be paid to the Agent or credited on the Agent’s account with the Principal, as the Principal may elect.

1. **EMPLOYMENT OF SUBAGENTS**

The Agent agrees not to employ any salespersons to assist in the agency, except under written agreement by the terms of which the Principal shall be released from all liability for any indebtedness from the Agent to such salespersons. The Agent agrees not to employ any person until the Agent has supplied the Principal with full particulars regarding such person, on the form furnished by the Principal, giving the person’s name, record, previous occupation, etc., and until the Principal’s assent to such employment has been received.

1. **MODIFICATION AND TERMINATION**

The Principal at any time may alter and change the boundaries and territory covered by this agency agreement. The agency created by this agreement may be terminated by either party by written notice mailed or delivered to the last known address of the other party. This agreement covers all agreements between the Agent and the Principal relating to the employment of the Agent for the handling of the Principal’s product.

1. **GOVERNING LAW**

The enforcement and interpretation of this agreement shall be governed by the laws of the [STATE/PROVINCE] of [STATE/PROVINCE].

The parties have executed this agreement at [DESIGNATE PLACE OF EXECUTION] the day and year first above written.

PRINCIPAL AGENT

Authorised Signature Authorised Signature

Print Name and Title Print Name and Title