SALES AGENCY AGREEMENT: Contract to appoint a general agent to sell a manufacturer’s products in a particular territory for a sales commission

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# SALES AGENCY AGREEMENT

This agreement is made \_\_\_\_\_\_\_\_\_*[date]*, between \_\_\_\_\_\_\_\_\_*[principal]*, a corporation organized and existing under the laws of the State of \_\_\_\_\_\_\_\_\_, with its principal office located at \_\_\_\_\_\_\_\_\_*[address]*, \_\_\_\_\_\_\_\_\_*[city]*, \_\_\_\_\_\_\_\_\_ County, \_\_\_\_\_\_\_\_\_*[state]* (“principal”), and \_\_\_\_\_\_\_\_\_*[agent]*, of \_\_\_\_\_\_\_\_\_*[address]*, \_\_\_\_\_\_\_\_\_*[city]*, \_\_\_\_\_\_\_\_\_ County, \_\_\_\_\_\_\_\_\_*[state]* (“agent”).

# RECITALS

1. Principal is a manufacturer of \_\_\_\_\_\_\_\_\_ *[product]* and desires to appoint agent as general sales agent for the sale of principal’s product \_\_\_\_\_\_\_\_\_ *[if appropriate, add: and other regular-line products and accessories of principal]* in the following territory: \_\_\_\_\_\_\_\_\_ *[describe territory]*.
2. Agent desires to accept such appointment and to perform all the provisions of this agreement.

In consideration of the matters described above, and of the mutual benefits and obligations set forth in this agreement, the parties agree as follows:

# SECTION ONE.

# DURATION

The term of the agency created shall be \_\_\_\_\_\_\_\_\_ *[period of time]*, beginning \_\_\_\_\_\_\_\_\_ *[date]*, unless sooner terminated.

# SECTION TWO.

# AGENT’S BEST EFFORTS

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

# SECTION THREE.

# NONDISCLOSURE OF PRINCIPAL’S AFFAIRS

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

# SECTION FOUR.

# ASSIGNMENT OF AGENT’S INVENTIONS

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

# SECTION FIVE.

# COMMISSIONS

1. Agent, during the term of the agreement, shall receive a commission from the sale of principal’s product \_\_\_\_\_\_\_\_\_ *[if appropriate, add: and other regular-line products and accessories]* sold for use in agent’s territory, whether sold by agent or by principal, or others, except as provided in this agreement.
2. Agent’s commission on sales made pursuant to this agreement shall be as follows: \_\_\_\_\_\_\_\_\_.

# SECTION SIX.

# SALES SUBJECT TO COMMISSIONS

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

# SECTION SEVEN.

# WHEN COMMISSIONS PAID

1. Any commission to be received under this agreement shall not be credited to agent’s account on principal’s books until the purchaser has made settlement in full with principal, either by cash or acceptable notes \_\_\_\_\_\_\_\_\_*[if appropriate, add: and has delivered to principal or an authorized agent of principal any returnable products]*. If settlement is made wholly or in part by purchaser’s notes, principal may withhold payment of the commission in whole or in part until the notes are paid.
2. Agent’s account may be charged with the amount of any commission previously paid to agent or credited to 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 principal repossesses a product, agent shall receive commission only on the amount of money paid by purchaser prior to repossession.

# SECTION EIGHT.

# COMMISSIONS ON TRADE-INS

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.

# SECTION NINE.

# SALES THROUGH OTHER SALES CHANNELS

Agent waives any claim to a commission on any sales made in agent’s territory other than through principal’s offices or regular sales agencies when, in the opinion of principal, the general conditions of the business in any part of the United States necessitate the sale of principal’s product through other sales channels.

# SECTION TEN.

# SALES IN OR FROM OTHER TERRITORIES

1. Agent agrees not to enter the territory of any other sales agent of principal for the purpose of selling principal’s product, or to endeavor, directly or indirectly, to make sales of principal’s product for use outside of agent’s territory. Should a purchaser call on agent voluntarily and purchase principal’s product for use outside of agent’s territory, agent shall receive commissions as follows: \_\_\_\_\_\_\_\_\_.
2. Agent further agrees that, when any other authorized sales agent of principal sells principal’s product for use in agent’s territory, agent’s account shall be credited with the regular commission, less the commission paid agent making the sale.

# SECTION ELEVEN.

# DISPUTES ON COMMISSIONS

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

# SECTION TWELVE.

# LIMITATION ON COMMISSION CLAIMS

Agent waives all claim for commission on sales of principal’s product, whether made by agent or others, and all other claims of any nature whatever, if the claim is not made within \_\_\_\_\_\_\_\_\_ *[one year]* from the date of termination of this agreement.

# SECTION THIRTEEN.

# AGENT NOT TO SHARE COMMISSION

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

# SECTION FOURTEEN.

# CONTENTS OF ORDERS

1. All orders for principal’s product shall be taken on printed forms furnished by principal, and all such orders shall be sent to 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 principal shall not be responsible for promises or conditions not specified on the orders. Principal’s product shall not be sold for more or less than the list price established by principal.
2. If 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 agent’s account.

# SECTION FIFTEEN.

# ACCEPTANCE OF ORDERS BY PRINCIPAL

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

# SECTION SIXTEEN.

# AGENT NOT TO COMPETE

Agent, having agreed to devote agent’s whole time to principal’s business, shall not purchase or deal in \_\_\_\_\_\_\_\_\_*[product]* on agent’s own account in any way during the continuance of this agreement. Agent will not engage, directly or indirectly, either for agent or as 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 principal.

# SECTION SEVENTEEN.

# 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.

# SECTION EIGHTEEN.

# COMPROMISE AND COLLECTION OF ACCOUNTS

1. Principal shall have full control of and discretion as to the collection, adjustment, or compromise of any or all accounts for principal’s products sold by agent. If principal requests agent to make any collection, or to obtain possession of principal’s product or other property, whether the request relates to a sale made by agent or any agent that preceded agent in the territory, agent shall do so promptly.
2. Principal shall determine whether to take a lien on principal’s product sold by agent. Principal shall not be liable to 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 agent, or any failure for any reason to collect any part of the account or notes.

# SECTION NINETEEN.

# REMITTALS BY AGENT

Agent agrees to remit \_\_\_\_\_\_\_\_\_*[daily]* to principal, in the manner prescribed by \_\_\_\_\_\_\_\_\_*[the treasurer]*, of principal or to deposit \_\_\_\_\_\_\_\_\_*[daily]* in a bank or other financial institution designated by principal’s \_\_\_\_\_\_\_\_\_*[treasurer]*, all money, checks, and drafts received by agent for principal, including any received for repair parts and supplies sold. In no event will agent use any money collected for 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 agent’s own credit.

# SECTION TWENTY.

# AGENT’S EXPENSES

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

# SECTION TWENTY-ONE.

# ACCOUNTING ON TERMINATION

1. Agent authorizes principal, on termination of the agency created by this agreement, to pay any outstanding indebtedness, including amounts due agent and agent’s employees incurred in the management of the agency, and to charge the amount to agent’s account. Principal shall not be bound to pay any such indebtedness, unless principal shall elect to do so. Payment of part of agent’s indebtedness by principal shall not raise any obligation on principal’s part to pay the whole of the indebtedness. An assignment of agent’s account, or any part of it, shall not be binding on principal unless accepted in writing by principal’s \_\_\_\_\_\_\_\_\_ *[treasurer]*.
2. On termination of this agreement, principal shall proceed in the customary manner to collect notes and open accounts for purchases of principal’s product sold by agent and shall charge against agent’s account the commission previously credited on such amounts of notes and accounts as are uncollected. Principal also shall charge agent’s account with 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 agent under this agreement after its termination until the final account can be stated.

# SECTION TWENTY-TWO.

# OBJECTIONS TO ACCOUNTING; LIMITATIONS

Agent agrees that all objections to statements of account rendered by principal are waived, unless written notice is given by agent and unless such notice reaches principal within \_\_\_\_\_\_\_\_\_ days after rendition of the statement by principal.

# SECTION TWENTY-THREE.

# SURETY BOND OF AGENT

Agent agrees to furnish principal with a fidelity bond of $\_\_\_\_\_\_\_\_\_, to be issued by a responsible surety company and conditioned on the faithful performance of agent’s duties in the agency created by this agreement. All premiums on such bond shall be paid by agent.

# SECTION TWENTY-FOUR.

# EXAMINATION OF AGENT’S ACCOUNTS

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

# SECTION TWENTY-FIVE.

# DISPOSITION OF PRODUCTS; CONSIGNMENT

1. Agent agrees, on demand, to account for and deliver to principal, in good condition, all products charged to agent’s consignment account. If agent fails to deliver any product, the product may be charged to agent’s account at list price, if principal so elects, but nothing contained in this agreement shall prevent principal from exercising other legal remedies to recover possession of such products.
2. In the event any of principal’s products shall have been kept on consignment by agent for such period of time that they have become unsaleable as new, principal may order their return to the factory, in which event the freight charges from agent’s office to the factory shall be paid by agent.
3. Agent agrees not to loan, or permit to be loaned, any new or second-hand products. Principal shall furnish suitable products required for such purpose.

# SECTION TWENTY-SIX.

# INSURANCE PREMIUMS; TAXES

Principal shall insure against loss by fire all products delivered on consignment to agent, charging the premium paid for the insurance to agent’s account. 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.

# SECTION TWENTY-SEVEN.

# COMPLIANCE WITH LAWS

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

# SECTION TWENTY-EIGHT.

# CUSTOMER LIST; SALES CALLS

1. Agent agrees to keep a list of probable purchasers, and also a list of users, of principal’s products in 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 principal’s product in use.
2. Agent agrees to send to principal, on the form furnished by principal, a list of all persons called on by agent or agent’s employees in connection with 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.

# SECTION TWENTY-NINE.

# DEPRECIATION OF AGENCY PROPERTY

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

# SECTION THIRTY.

# PURCHASE OF AGENCY PROPERTY

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 agent or credited on agent’s account with principal, as principal may elect. In the case of exercise of the option, the property shall be at once turned over to principal.

# SECTION THIRTY-ONE.

# EMPLOYMENT OF SUBAGENTS

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

# SECTION THIRTY-TWO.

# MODIFICATION AND TERMINATION

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 agent and principal relating to the employment of agent for the handling of principal’s product.

# SECTION THIRTY-THREE.

# GOVERNING LAW

The enforcement and interpretation of this agreement shall be governed by the laws of \_\_\_\_\_\_\_\_\_ *[state]*.

The parties have executed this agreement at \_\_\_\_\_\_\_\_\_ *[designate place of execution]* the day and year first above written.

[Signatures]