



# Suggested Contract: Standard Principal – Rep Agreement

Published as a service by:  
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(Date)

(Name of Officer)  
(Name of Principal)  
(Address)

Dear (Name of Officer):

This letter confirms that (Name of Principal) ("The Company"), located at (Address) hereby retains (Name of Rep) ("The Representative"), located at (Address), commencing (Date) under the following terms and conditions:

1. The Representative shall keep the Company informed as to the general conditions which pertain to or affect the sale of its products.
2. The Representative will make no representations, warranties or commitments binding the Company without the Company's prior consent, other than standard terms of sale.
3. The Representative shall act as the Company's exclusive sales representative for the wholesale and retail sales of all (specify) products of the Company. The Representative shall have the responsibility for the sale of all new products, whether through line extension or acquisition. The Representative shall not be limited in its ability to represent other manufacturers.
4. The Representative will serve as an independent contractor and be responsible for paying all applicable social security, withholding and other employment taxes. The Representative bears all expenses incurred in its sales endeavors, except the following, which the Company agrees to pay. This would include, but not be limited to: advertising fees, trade shows, exhibit fees and business meetings. All requests for reimbursement by the Representative will be agreed upon by both the Representative and the Company in advance in writing executed by both parties and on an individual basis.
5. The Company agrees to pay the Representative, as compensation for its services, a commission of (X%) on the gross invoice amount of sales shipped into The Representative's exclusive territory as specified in Exhibit A. Commissions are payable on the 15<sup>th</sup> day of the month following the date of the invoice. The commission rate or exclusive territory specified above cannot be changed unless mutually agreed upon in writing. There shall be no non-commissionable accounts in the territory unless specified in Exhibit B.
6. The Representative shall receive commissions on all shipments into its exclusive territory, regardless whether said orders are sent by the Representative or received directly by the Company from customers over the telephone, through the mail, by e-mail or fax, or through other means without the Representative's assistance. Commissions shall also be paid to the Representative on all orders originating from customers within the Representative's exclusive territory. The exception would be (specify) stores, and these shall be paid on a shared commission basis with the "shipped to" territory. The Company shall Inform the Representative of all verbal communications with customers and furnish the Representative with all customer and Company correspondence.

7. There shall be no deductions on, or chargebacks to, the Representative's commissions due to advertising allowances, close-outs, markdowns, or for any other reason, unless mutually agreed upon in writing. The Representative shall assist the Company in obtaining credit and financial information regarding customers, report this and other pertinent financial information to the Company, and otherwise assist in the timely processing of orders, except that the Representative assumes no responsibility for customers' credit or collection of delinquent accounts.
8. The Company shall maintain an accurate set of books and records regarding commissions due the Representative and agrees to promptly furnish the Representative with copies of all order acknowledgements and invoices reflecting shipments into the exclusive territory. Commission statements containing accurate purchase order numbers, shipping dates, customers' names and addresses, invoice numbers and invoice dollar amounts shall be sent, together with payment, to the Representative, on or about the 15th day of the month following the month in which the goods are shipped.
9. The Company agrees to engage the Representative for a minimum period of one (1) year from the date of the commencement of this Agreement. This Agreement cannot be shortened without the express written consent of both parties. In the event either party desires to terminate this Agreement at the end of the initial one (1) year term, written notice must be sent to the other party by Certified Mail, Return Receipt Requested, no later than ninety (90) days prior to the effective termination date. If timely notice is not given, or if no notice is given, this Agreement shall be automatically renewed, under the same terms and conditions, for additional one (1) year periods.

*Optional clause for a shorter period:* Either party may terminate this Agreement upon the sending of a written notice by certified mail, return receipt requested, (specify) days prior to the effective termination date.

10. At the termination of this Agreement, a final accounting shall be made between the parties. The Representative shall receive full commissions on all accepted orders in-house at the date of the termination of this Agreement which are shipped after the termination date. In the event the Company terminates this Agreement after it has been in effect for at least one (1) year, the Company agrees to pay a termination fee in the amount of one (1) month's average commissions, based on the twelve (12) calendar months preceding the month of the effective termination date multiplied by the number of years this Agreement was in effect on the date of such termination; said termination fee shall be paid by the Company within a period not to exceed two (2) months.
11. The Company shall furnish the Representative with all necessary sales supplies such as catalogs, price lists, display material, and other sales aids in sufficient quantity to fulfill the requirements of the territory, at no charge, unless mutually agreed upon in writing. In addition, the Company shall furnish adequate samples to the Representative. Such samples shall remain the property of the Company. Except in the case of unsolicited samples or samples which are expendable or of insufficient value, the Representative shall exercise reasonable care in accounting for all samples furnished and shall return such samples to the Company or dispose of them at prices set by the Company, remitting any proceeds to the Company, at its direction.

12. The Company shall provide the Representative with the names of all persons and companies within its exclusive territory, requesting information on the Company's product(s), together with general correspondence, quotes, supply, price, and timely delivery information.
13. During the period of this Agreement and for a period of one (1) year thereafter, the Company agrees that it will not hire, or otherwise utilize, the services of any employee or sales associate of the Representative. The Company agrees that the loss of such employee would result in irreparable harm to the Representative.
14. The Company agrees to indemnify and hold the Representative harmless against any and all losses, legal fees, court costs and reasonable expenses arising from or in connection with claims for the infringement of any patent rights, property damage, or personal injury arising from the product(s) manufactured by the Company or sold by the Representative pursuant to this Agreement.
15. *Optional arbitration clause:* Any case or controversy arising among or between the parties hereto, this Agreement or the subject matter herein, shall be settled by binding arbitration in (specify) under the then prevailing rules of the American Arbitration Association. The decision of the arbitrators shall be final and binding and the prevailing party shall be entitled to recover all reasonable attorney fees and costs.
16. This Agreement forms the entire understanding between the parties. It cancels and supersedes all prior Agreements and understandings. There shall be no change or modification in any of the terms of this Agreement unless it is amended in writing and signed by both parties.
17. This Agreement shall be binding upon each of the parties hereto, their heirs, successors, assigns and successors in interest.

Very truly yours,  
Name of Rep  
("The Representative")

By: \_\_\_\_\_  
(Name of Officer)  
(Title)

Accepted and Agreed To:

Name of Company  
("The Company")

By: \_\_\_\_\_  
(Name of Officer)  
(Title)

Dated: \_\_\_\_\_

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## **Exhibit A: Exclusive Territory**

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List all details and stipulations pertaining to your Firm's exclusive territory.

## **Exhibit B: Non-Commissionable House Accounts in Representative Exclusive Territory**

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Unless specified here, there shall be no non-commissionable accounts in the territory.