**STOCK SALES AGREEMENT**

THIS AGREEMENT is made by and between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ("Principal") located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

("Otherside"), located at\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

In consideration of the mutual covenants and promises contained in this Agreement as set forth below, the Principal and the Other side agree as follows:

Article 1. Legal Status of the Parties.

Section 1.1. Legal Status of the Principal. The Principal is duly organized, validly existing, and in good standing under the laws of the State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ with the power to own property and carry on its business as it is now being conducted.

Section 1.2. Legal Status of the Other side. The Other side is a(n) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ having a primary place of business at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Section 1.3. Company Business. The Principal is engaged in the business of manufacturing and selling\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. The Other side declares that the Other side possesses the financial and physical resources to promote the sale and use of the products of the Principal and desires to develop a demand for and sell such products as authorized in this Agreement. The Principal desires the Other side to develop a demand for and sell its products on the terms and conditions set forth in this Agreement.

Article 2. Agency.

Section 2.1. Exclusive Appointment.

a. The Principal appoints the Other side as exclusive sales representative for the sale of its products within the following territory:

This territory may be subsequently enlarged, reduced, or changed in area with the mutual consent of the parties.

b. During the continuance of this Agreement, the Principal shall not appoint any other person, firm, or corporation to sell the same products in the territory.

c. Except as the Principal may subsequently authorize in writing, the Otherside shall not sell any of the Principal's products outside of the territory.

Section 2.2. Products Covered.

a. The products of the Principal covered by this Agreement are those which it and its subsidiaries manufacture and sell under the following trade names:

b. If any products that the Principal may hereafter manufacture and sell may be in conflict with or competitive to the products of other manufacturers then being distributed by the Other side, the Other side reserves the

right by written notice to the Principal to exclude such of the Principal's products from the scope of this Agreement and to consent to their sale by others in the territory covered.

Section 2.3. Compensation.

a. The Principal shall pay to the Other side as compensation for his/her services a commission of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ percent (\_\_\_\_\_\_%) of the net invoice value of all shipments of its products to any part of his/her

territory for which the Principal shall have received payment. "Net invoice value" is defined as the gross invoice amount, less any returns, and allowances. The Principal shall pay the commissions on the \_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_ day of each month for all shipments paid for during the preceding calendar month.

b. If this Agreement shall terminate for any reason whatsoever, the Principal shall pay the Otherside a full commission for orders solicited by the Otherside and accepted by the Principal prior to the effective date of such termination, regardless of when shipments are made or invoices rendered.

Article 3. Operations.

Section 3.1. Quotations. In obtaining sales of the Principal's products, the Other side shall quote only the prices and terms listed in the Principal's published price lists or as approved in writing by the Principal.

Section 3.2. Forwarding and Acceptance of Orders. The Other side shall forward all orders promptly to the Principal and each order shall be subject to the Principal's acceptance. Upon acceptance, the Principal shall forward to the Other side a copy of the invoice acknowledging acceptance of the order and the delivery dates of the ordered products. The Principal shall not unreasonably withhold acceptance of any order. However, the Principal does reserve the right to reject any order solicited by the Other side for any valid good faith business reason which in the considered judgment of the Principal is sufficient grounds for rejection.

Section 3.3. Invoices and Collections. All invoices in connection with orders solicited by the Other side shall be sent by the Principal, direct to the customer, with a copy to the Other side. The Principal is responsible for all collections and bad debts. The Principal also exercises complete control over the approval of all customers credits, orders, and contracts. The Principal shall have no right to debit the Other side for the loss of any sum involved in any invoice from the Principal to the customer, unless that customer is the Other side. The Other side shall forward promptly to the Principal all

payments which the Other side may collect from customers of the Principal. Furthermore, the Other side shall make no allowances or adjustments in accounts, or authorize the return of any products, unless given specific advance authorization, in writing, by the Principal.

Section 3.4. Authority to Employ Salespeople. The Otherside shall have full authority to employ such salespersons at such compensation and on such other conditions as the Otherside deems proper to sell the products of the Principal in the territory. The contract which the Otherside makes with such salespeople shall contain a provision that the salespeople are the employees of the Otherside and are to be paid by him/her alone and, that in employing the

salespeople, the Otherside is acting individually and not as an Otherside for the Principal.

Section 3.5. Payment of Expenses. The Otherside shall assume and pay all the costs of conducting the sales agency, including commissions or other compensation to salespeople in the Otherside's employ.

Section 3.6. Samples and Advertising Matter. The Principal at its own expense shall furnish the Otherside a reasonable supply of samples and marketing and sales literature, such as brochures, technical data sheets, catalogues, etc. Sample cases are the exclusive property of the Principal and, on termination of this Agreement, the Otherside shall return them to the Principal at the Principal's expense.

Section 3.7. Supplies and Deliveries. The Principal shall maintain sufficient inventory and supplies to enable it to promptly deliver all orders solicited by the Otherside. The Principal shall furnish to the Otherside information relating to the delivery of the products as is reasonable required in the interest of the customer.

Section 3.8. Assistance in Training. The Principal shall reasonably a.) render advice to the Otherside in connection with the Otherside's soliciting orders, b.) familiarize the Otherside with the operation of the products, and c.) render assistance to the Otherside in training any of the Otherside's employees or representatives in connection with soliciting orders.

Section 3.9. Availability of Information. During the term of this Agreement, the Principal shall, at its expense, promptly make available to the Otherside and to customers solicited by the Otherside, copies of the Principal's brochures, customer lists, forms of orders and contracts, and other information reasonable necessary for the Otherside's performance under this Agreement.

Section 3.10. Product Warranty. The Principal shall furnish to each customer solicited by the Otherside, the Principal's "Standard Warranty" covering the products. This Standard Warranty shall contain a statement to the effect that no one is authorized to make any warranty or representation other than as set forth in the Standard Warranty, and that the customer may not rely on any other warranty or representation. The Principal shall be solely responsible for the design, development, supply, production, and

performance of the products for which orders are solicited under this Agreement and for the protection of its trade names. The Principal assumes all responsibility for all liabilities and expenses relating to the products. The Principal shall hold the Otherside harmless from, and indemnify the Otherside for, all liability, loss, costs, expenses, or damages however caused by reason of any products or any act or omission of the Principal which may result

from the sale or distribution of the products by the Otherside. No warranty of any nature as to any of the products shall run from the Principal to the Otherside.

Section 3.11. Handling of Inquires. The Principal shall promptly forward to the Otherside the original of all product inquiries received by the Principal from potential or actual customers within the territory, for the Otherside's attention and handling, along with a copy of any acknowledgment the Principal may desire to forward to the inquirer. The Principal shall make available to the Otherside such information as may be reasonably required by the Otherside to enable it to process the inquiry.

Section 3.12. Shipment Reports. The Principal shall furnish to the Otherside at the Otherside's address for receiving notices, not later than the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(\_\_\_\_\_\_) day of each calendar month, a list indicating by customer name and products, the shipment(s) of products, invoices rendered for the products, and acceptance and rejection of orders during the immediately preceding calendar month. These "Shipments Reports" shall be certified by an authorized officer of the Principal and shall be subject to an

audit by public accountants selected by the Otherside at its expense, not more frequently than once each calendar quarter.

Section 3.13. Selling Effort. The Otherside shall use reasonable best efforts to solicit orders in the territory. During the entire term of this Agreement, the Otherside shall have the right to promote, solicit orders for, sell, and/or otherwise market other goods, equipment, and/or services manufactured or supplied by persons or firms other than the Principal. However, if these other products compete directly or indirectly with the Principal's products, the Otherside shall first obtain the prior written approval of the Principal with respect to representing these other products.

Article 4. Termination.

Section 4.1. Grounds.

a. Either party may terminate this Agreement by written notice to the other party on the occurrence of any of the following events:

(1) There shall be a substantial failure by the other party to perform one or more of its obligations under this Agreement which shall not have been cured within \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (\_\_\_\_\_) days after written notice specifying the nature of such failure.

(2) The other party shall make a general assignment for the benefit of creditors.

(3) A receiver of all or substantially all of the property of the other party shall be appointed.

(4) The other party shall become or be declared insolvent.

(5) The other party shall file any petition in bankruptcy or shall be adjudged a bankrupt.

(6) Sale of the business of either party.

(7) Death or incapacity of either party (if the party is an individual).

b. Both parties may terminate this Agreement by mutual consent. Such termination shall take effect on a date mutually agreed upon by both parties.

Section 4.2. Applicability of Terms after Termination. In the event of termination, this Agreement shall remain applicable to any orders for products which the Otherside has previously placed and to any other orders which may be executed within \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (\_\_\_\_\_) days subsequent to the effective date of termination.

Article 5. General Provisions.

Section 5.1. Effect of Partial Invalidity. The invalidity of any portion of this Agreement shall not affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the parties agree that the remaining provisions shall remain in full force and effect.

Section 5.2. Entire Agreement. This Agreement contains the complete Agreement between the parties and shall supersede all other agreements, either oral or written, between the parties. The parties stipulate that neither of them has made any representations except as are specifically set forth in this Agreement and each of the parties acknowledges that they have relied on their own judgment in entering into this Agreement.

Section 5.3. Assignment. Neither party to this Agreement may assign their rights under this Agreement unless the other party so consents to the assignment in writing.

Section 5.4. Notices. All notices, requests, demands, and other communications shall be in writing and shall be given by registered or certified mail, postage prepaid, to the addresses shown on the first page of this Agreement, or to such subsequent addresses as the parties shall so designate in writing.

# Section 5.5. Governing Law

The laws of the State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ shall govern this Agreement

# Section 5.6. Attorney's Fees

Should any action be commenced between the parties to this Agreement concerning the matters set forth in this Agreement or the rights and duties of either in relation thereto, the prevailing party in such action shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for its Attorney's Fees and Cost.

# Section 5.7. Arbitration and Venue

Any controversy arising out of or relating to this Agreement or any modification or extension thereof, including any claim for damages and/or recession, shall be settled by arbitration in  \_\_\_\_\_\_\_\_\_\_\_\_\_County,  \_\_\_\_\_\_\_\_\_\_\_\_\_\_(state) in accordance with the Commercial Arbitration Rules of the American Arbitration Association before one arbitrator. The arbitrator sitting in any such controversy shall have no power to alter or modify any express provisions of this Agreement or to render any reward which by its terms effects any such alteration, or modification. The parties consent to the jurisdiction of the Superior Court of  \_\_\_\_\_\_\_\_\_(state), and of the United States District Court for the  \_\_\_\_\_\_\_\_\_ District of  \_\_\_\_\_\_\_\_\_(state) for all purposes in connection with such arbitration including the entry of judgment on any award. The parties consent that any process or notice of motion or other application to either of said courts, and any paper in connection with arbitration, may be served by certified mail or the equivalent, return receipt requested, or by personal service or in such manner as may be permissible under the rules of the applicable court or arbitration tribunal, provided a reasonable time for appearance is allowed. The parties further agree that arbitration proceedings must be instituted within one year after the claimed breach occurred, and that such failure to institute arbitration proceedings within such period shall constitute an absolute bar or the institution of any proceedings and a waiver of all claims. This section shall survive the termination of this Agreement.

Section 5.8. Amendment. Any modification, amendment or change

of this Agreement will be effective only if it is in a writing

signed by both Partners.

Section 5.9. Headings. The titles to the paragraphs of this Agreement are solely for the convenience of the Partners and shall not affect in any way the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement

on this \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_.

OTHERSIDE: PRINCIPAL:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Company name) (Company name)

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Signature) (Signature)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Typed or printed name) (Typed or printed name)

Its:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Its:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Title) (Title)