Exclusive Distribution Agreement

This Exclusive Distribution Agreement (the “Agreement”) is entered into on [date] (the “Effective Date”), between [name of distributor] (“Distributor”), with offices located at [address] and **Shefan Solutions, LLC** (“Seller”) with offices located at 726 Kayo Avenue, Lancaster, Pennsylvania 17601. Distributor and Seller are sometimes individually referred to herein as a “Party” and collectively as the “Parties”.

* 1. Exclusive Appointment. Seller hereby appoints Distributor as an exclusive, authorized distributor of the Seller’s products listed in Exhibit A (the “Products”) within [describe Distributor’s territory] (the “Territory”). Seller agrees that during the term of this Agreement it shall not appoint another distributor in the Territory other than the Distributor. During the term of this Agreement, Distributor shall not sell any products in the Territory that are competitive with the Seller’s Products. Nothing contained herein shall serve to limit Seller’s sales or marketing activities in any manner in any other market or with respect to any other Seller product not designated in this Agreement. Distributor agrees not to solicit, directly or indirectly, orders for Products from customers outside of the Territory without Seller’s prior written consent, and shall forward all sales leads regarding potential customers located outside the Territory to the Seller. Seller reserves the right from time to time to make changes to the Products and/or to discontinue any of the Products. Seller may also sell the Products itself directly to customers in the Territory. Distributor represents that its appointment and sale of Products under this Agreement does not violate any legal or contractual obligation of the Distributor.
  2. Purchase Orders, Payment Terms, Pricing.
     1. Purchase Orders. Distributor shall submit purchase orders for the Products to the Seller by [insert method of ordering, e.g., email, Seller’s internal electronic ordering system, etc.]. Purchase orders are subject to written acceptance by an authorized representative of Seller, and Seller reserves the unconditional right to reject any purchase order. Seller assumes and shall have no liability for any delay in filling or shipping any purchase order. Should any order for Products exceed Seller’s available inventory, Seller shall in its sole discretion determine how to allocate its available inventory without liability to Distributor on account of the method of allocation determined or its implementation.
     2. Invoices and Payment Terms. Seller shall send Distributor invoices via [insert method, e.g., mail, email, etc.] for each shipment of Products. Invoices are due and payable within thirty (30) days from the date of invoice, provided that Seller has elected to provide Distributor a line of credit, otherwise terms are cash in advance of shipment. Payments due hereunder must be made, at Seller’s sole option, by [payment method, e.g., wire transfer, certified check, etc.]. Seller reserves the right to change or modify payment terms upon thirty (30) days’ notice to Distributor. Distributor shall have no right of offset or withholding under this Agreement. Any amounts not paid by Distributor when due shall be subject to interest charges, from the date due until paid, at the rate of 1.5% per month, or the highest interest rate allowable by law (whichever is less), payable monthly. If any amounts due to Seller from Distributor, for any reason, become past due, Seller may, without further notice, withhold further shipment of Products until all invoices have been paid in full. Distributor agrees to provide Seller with financial statements and other evidence of corporate and financial standing as Seller may reasonably request from time to time to evaluate Distributor’s credit risk.
     3. Prices. Seller shall establish prices for Products. The initial prices for the Products are set forth on Exhibit B attached hereto. Seller shall at all times have the right to change the prices of its Products upon thirty (30) days’ notice to Distributor. Prices do not include, and Seller shall not be responsible for, the cost of freight, insurance, or any required federal, state or local sales or other taxes, duties, export or custom charges, VAT charges, brokerage or other fees.
     4. Minimum Purchase Orders. During the first contract year of this Agreement, Distributor shall order a minimum of [insert number of units for each of the Products] units of [insert product name], which represents sufficient Products to sell to 1% of the target market as defined by Seller. During each contract year thereafter, Distributor shall order a minimum of 0.5% of the previous contract year’s minimum purchase order for each of the Products. For the purposes of this Agreement, each contract year shall be calculated from the Effective Date of this Agreement.
  3. Shipment Terms, Title and Risk of Loss, Acceptance.
     1. Shipment, Title and Risk of Loss. All Products purchased by Distributor hereunder will be suitably packaged in Seller’s standard containers, marked for shipment to Distributor at the address specified in the purchase order, and delivered to the Distributor or the forwarding agent selected by Distributor within the Territory. Title and risk of loss will pass F.O.B. Seller’s shipping point. Distributor will be responsible for and pay all freight, shipment, and insurance charges associated with shipment of the Products, even if the order is rejected upon delivery. Seller shall use commercially reasonable efforts to ship Products to Distributor on or before the requested receipt date designated in a purchase order, but Seller shall not be held liable to Distributor or any other party for any delay in shipment of any purchase order. Seller reserves the right to cancel or delay any shipment when Distributor is delinquent in payments, when payment for a shipment has not been arranged to Seller’s reasonable satisfaction, or when Distributor has failed to perform any of its obligations under this Agreement.
     2. Inspection and Acceptance. Distributor shall have five (5) days from the date of arrival of the shipment of the Products to the designated shipping location to inspect the Products and notify Seller of any discrepancies including, but not limited to, any discrepancies in the quantity or quality of the Products. Unless a notice of a discrepancy is timely reported to Seller, all shipments of Products will be deemed accepted by Distributor.
  4. Intellectual Property Rights. During the term of this Agreement, Seller grants to Distributor a non-transferable, non-exclusive, limited license to use Seller’s logos, trademarks, and trade names (collectively the “Seller’s Marks”), in connection with the Distributor’s marketing, advertisement, and sale of the Products in the Territory. Such license shall immediately terminate upon the expiration or termination of this Agreement. Distributor shall strictly comply with all standards of use for the Seller’s Marks and must at all times display appropriate trademark and copyright notices as instructed by Seller. All media advertising, printed materials, and electronic documents in which a Seller Mark is used must be submitted to Seller for review in advance and must not be distributed or used in any manner without the prior written approval of Seller. Distributor acknowledges that the Seller Marks and other intellectual property provided to Distributor by Seller, if any, are the sole and exclusive property of Seller. Distributor shall not acquire any right, title or interest under this Agreement in any patent, copyright, Seller Marks or other intellectual property right of any kind of Seller. During the term of this Agreement and thereafter, Distributor shall not do anything that will in any manner infringe, impeach, dilute or lessen the value of the Seller Marks, patents, copyrights or other intellectual property of Seller or the goodwill associated therewith or that will tend to prejudice the reputation of Seller or the Products.
  5. Minimum Advertising Requirements. During the Term of this Agreement, Distributor is at a minimum required to actively advertise the Products on national television in the Territory, the sufficiency of which shall be determined in a commercially reasonable manner by Seller. From time to time, Distributor shall provide to Seller proof of such advertisement. In the event that Distributor fails to provide such proof or fails to actively advertise the Products on national television in the Territory, such failure shall be considered a material breach of this Agreement.
  6. Warranty. Seller makes no warranties or representations to Distributor or any other person with respect to the Products except as set forth in Seller’s Limited Warranty form/card accompanying the Products (the “Limited Warranty”). All sales to Distributor will include and be subject to Seller’s standard Limited Warranty, warranty disclaimers and limitations on liability in effect for the Products at the time of shipment of the Products to Distributor, unless expressly agreed otherwise in a separate document referencing this Agreement and signed by authorized representatives of the Parties. Seller reserves the right to change any of the terms of the Limited Warranty at any time, without notice and without liability to Distributor or any other person. Distributor will not alter the Limited Warranty or warranty disclaimers without the prior written authorization of Seller, nor extend or make any additional warranty or representation regarding the Products unless expressly authorized by Seller. SELLER MAKES NO OTHER WARRANTY, EXPRESS OF IMPLIED, WITH RESPECT TO THE PRODUCTS, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.
  7. LIMITATION OF LIABILITY. IN NO EVENT SHALL SELLER BE LIABLE UNDER THIS AGREEMENT TO THE DISTRIBUTOR FOR ANY INCIDENTAL, CONSEQUENTIAL, INDIRECT, STATUTORY, SPECIAL, OR PUNITIVE DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF USE, LOSS OF TIME, INCONVENIENCE, LOST BUSINESS OPPORTUNITIES, DAMAGE TO GOODWILL OR REPUTATION, OR LOSS OF DATA, REGARDLESS OF WHETHER SUCH LIABILITY IS BASED ON BREACH OF CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE, AND EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR SUCH DAMAGES COULD HAVE BEEN REASONABLY FORESEEN.
  8. Term; Termination,
     1. Term. This Agreement shall commence on the Effective Date and shall continue in full force and effect for two years (the “Initial Term”) unless terminated earlier as provided in this Agreement, and shall automatically be extended for additional one-year periods unless either Party provides written notice to terminate at least ninety (90) days prior to the expiration of the Initial Term or any renewal term.
     2. Termination for Breach. Either Party may terminate this Agreement at any time in the event of a material breach by the other Party that remains uncured after 30 days following written notice thereof. Termination shall be in addition to any other remedies that may be available to the non-breaching party.
     3. Obligations Upon Termination. Upon termination of this Agreement, Distributor shall cease to be an authorized distributor of the Products and (1) all amounts of indebtedness owing by Distributor to Seller shall become immediately due and payable, notwithstanding prior terms of sale, (2) all unshipped orders may be cancelled by Seller without liability, and (3) Distributor shall resell and deliver to Seller upon demand by Seller, free and clear of all liens and encumbrances, such remaining Products in Distributor’s possession or control as Seller may elect to repurchase from Distributor (in the original factory packaging). Within thirty (30) days of termination of this Agreement, Distributor shall remove and not thereafter use any sign, display, or other advertising or marketing means containing Seller Marks. In addition, Distributor shall immediately destroy all advertising matter and other printed materials in its possession or under its control containing the Seller Marks, except for those in-store materials directly necessary for the resale of the Products which may be remaining in Distributor’s possession after termination, which materials Distributor may continue to utilize until all remaining Products have been sold or sixty (60) days after termination, whichever comes first, after which Distributor shall cease the use of all Seller Marks.
  9. Force Majeure. Seller shall not be liable hereunder for any failure or delay in the performance of its obligations under this Agreement if such failure or delay is on account of causes beyond its control, including labor disputes, civil commotion, war, fires, floods, inclement weather, governmental regulations or controls, casualty, government authority, strikes, or acts of God, in addition to any and all events, regardless of their dissimilarity to the foregoing, deemed to render performance of the Agreement impracticable or impossible under the law, in which event the non-performing party shall be excused from its obligations for the period of the delay and for a reasonable time thereafter.
  10. Governing Law and Venue. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without giving effect to the principles of conflicts of law of such state, and shall be binding upon the Parties hereto in the United States and worldwide. Any claims or legal actions by one party against the other arising under this Agreement or concerning any rights under this Agreement shall be commenced and maintained in any state or federal court located in Pennsylvania, Lancaster County. Both Parties hereby submit to the jurisdiction and venue of any such court.
  11. Entire Agreement, Modification, Waiver, Severability. This Agreement is the entire agreement between the Parties with respect to the subject matter and may only be modified by a written amendment signed by both Parties. No waiver of any term or right in this Agreement shall be effective unless in writing, signed by an authorized representative of the waiving Party. The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or modification of such provision, or impairment of its right to enforce such provision thereafter. If any provision or portion of his Agreement shall be held by a court of competent jurisdiction or by controlling law to be illegal, invalid, or unenforceable, the remaining provisions or portions shall remain in full force and effect.

Intending to be legally bound hereby, the Parties hereto have executed this Distributor Agreement on the date set forth below.

**SELLER**

**Shefan Solutions, LLC**

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

Alex Marew, Manager

**DISTRIBUTOR**

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

Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Exhibit A**

**List of the Products Subject to the Agreement**

**Exhibit B**

**Initial Prices for the Products**