

INSIDE DEALER AGREEMENT

This Inside Dealer Agreement (“Agreement”) is between the entity identified on Addendum A to this Agreement as “Independent Authorized GHS Dealer” (hereafter, “Top Level Dealer”), and the person or entity identified on Addendum A as “Inside Dealer” (hereafter, “Second Level Dealer”).

FACTUAL RECITALS:

A. Global Health & Safety, LLC (“GHS” or “Global”) is a wholesaler of very high quality residential fire safety and related products, including smoke alarms, heat alarms, combination smoke and heat alarms, carbon monoxide detectors, fire extinguishers, fire escape ladders, burn kits, gas alarms, fire blankets, surge strips, and other products (“Products” or “GHS Products”).

B. GHS sells the Products to independent authorized GHS dealers throughout North America, who resell the Products to consumers in the home (directly and through subdealers), a method of product distribution commonly known as “Direct Sales.” Top Level Dealer is such an independent authorized GHS dealer, party to a written contract with GHS.

C. Second Level Dealer possesses experience and expertise in the marketing of consumer products through Direct Sales. Through its owner(s), employees, and contractors, Second Level Dealer possesses the knowledge, education, training, and certification required of a business engaged in the sale and in-home installation of the Products.

D. The business addresses of Top Level Dealer and Second Level Dealer are stated on Addendum A.

E. Pursuant to all of the terms and conditions of this Agreement, Top Level Dealer wishes to sell Products to Second Level Dealer to be marketed through Direct Sales, and Second Level Dealer wishes to purchase Products from Top Level Dealer and to market the Products through Direct Sales.

AGREEMENT:

NOW, THEREFORE, intending to be legally bound, and in consideration of the mutual covenants herein contained and on the following terms and conditions, the parties agree as follows:

(1) **Essence of Agreement.** Pursuant to and in accordance with all of the provisions of this Agreement, Top Level Dealer will sell GHS Products to Second Level Dealer, to be marketed by Second Level Dealer to consumers through Direct Sales.

Top Level Dealer’s Initials: _____

Second Level Dealer’s Initials: _____

(2) **Second Level Dealer To Use Best Efforts.** Using its best efforts, and substantially all of its business time and resources, Second Level Dealer shall actively and aggressively sell and promote the sale of GHS Products through Direct Sales.

(3) **Internet Sales Prohibited.** Second Level Dealer may not sell, or offer to sell, any of the Products via the Internet. The parties agree that the selling and offering for sale of merchandise over the Internet is fundamentally antithetical to the marketing of such merchandise through Direct Sales. Such is particularly true of GHS Products, which must be expertly installed in appropriate locations within the home in accordance with applicable state and municipal statutes and ordinances. The Internet purchaser of Products such as smoke alarms and heat alarms does not receive the valuable and essential pre-sale, point-of-sale, and post-sale services provided by authorized GHS dealers and subdealers.

(4) **No Exclusive Territory.** Top Level Dealer does not have the authority or right to assign to Second Level Dealer any exclusive geographical area, or territory, within which Second Level Dealer is to resell the Products. If GHS has assigned to Top Level Dealer a territory in which Top Level Dealer is expected to focus its efforts to sell and promote the sale of GHS Products, then Second Level Dealer shall be expected to focus its efforts to sell and promote the sale of GHS Products in that same territory.

(5) **Relationship of Parties.** The relationship between the parties is that of vendor and vendee. The parties are independent contractors; neither is an employee, agent, branch, division, or representative of the other. Neither party has granted to the other, under this Agreement or otherwise, any express or implied right or authority to assume or create any obligation on the part of the other, or to bind the other in any manner.

(6) **Not a Franchise Agreement.** Second Level Dealer is not a franchisee. Second Level Dealer is not required to pay any fee (directly or indirectly) for the right to sell the Products within any geographical area. No obligation has been or will be imposed on Second Level Dealer to purchase or maintain in inventory a quantity of goods exceeding that which a reasonable businessperson normally would purchase by way of a starting inventory, or maintain as an ongoing inventory, for a direct sales business marketing similar products. In addition, Second Level Dealer has not been required to pay any money to Top Level Dealer or to GHS to obtain or rent any fixtures, equipment, or other tangible property to be utilized in, and that is necessary for, the operation of its sub-dealership. Although items of personal property that may assist Second Level Dealer in operating a profitable and successful dealership may be made available to it, it is under no obligation to purchase any such items.

(7) **Second Level Dealer's Representations and Warranties.** Second Level Dealer represents and warrants that:

a. It has closely studied and knows the provisions of the current edition of the National Fire Protection Association (NFPA) Code applicable to the installation of fire safety products in residential dwelling units (particularly including but not limited to the installation of smoke alarms and heat alarms).

Top Level Dealer's Initials: _____

Second Level Dealer's Initials: _____

b. It has closely studied and knows the provisions of the applicable Fire Codes of all States and municipalities in which it conducts business, and will ensure that GHS products (particularly including but not limited to smoke alarms and heat alarms) sold by it and installed in dwelling units in such States and municipalities are properly and legally installed in full compliance with the provisions of such Codes, including but not limited to provisions as to type, number, and placement of smoke alarms.

c. It has closely studied and knows all installation instructions provided by GHS for the Products, and will ensure that Products sold and installed by it are installed in conformity with such instructions.

d. It has ensured and will ensure that all persons with which it contracts, who have any involvement in the installation of GHS products in the home, have received adequate training and instruction as to the proper and legal installation of such Products, and possess whatever license, permit, certificate, or other governmental approval is required of persons performing such installation work.

e. It will ensure that each consumer who purchases Products from it receives original owners' manuals for all Products that are purchased, and any other documents GHS requires a dealer of the Products to provide to customers.

f. At all times Second Level Dealer and its employees and contractors will comply with all laws and regulations applicable to its and their business operations, particularly including municipal solicitation ordinances, federal and state telemarketing and telephone solicitation laws and regulations, state licensing and fictitious name filing obligations, the FTC Rule establishing a three business day cooling-off period for in-home sales codified at 16 CFR Part 429 and any counterpart state laws, state and municipal laws applicable to retail installment sales and sellers, state sales tax laws, state employment and labor laws, and federal and state advertising laws including prize promotion and sweepstakes laws.

g. Top Level Dealer will provide to Second Level Dealer copies of policy statements and guides to legal practices issued by GHS; Second Level Dealer will study and know the contents of such policy statements and guides; will ensure that its business practices fully comply with such policy statements and guides; and will train its employees and contractors as to such policy statements and guides so as to ensure that such persons also comply with them.

(8) **Price and Payment Terms.** Top Level Dealer determines the prices Second Level Dealer must pay for the Products, and all of the terms and conditions of sale. If possible, Top Level Dealer may arrange for GHS to drop-ship Products directly to Second Level Dealer, from GHS's facility in Coppell, Texas. Should that occur, Second Level Dealer will pay all shipping charges and costs and comply with whatever requirements are imposed by GHS in order for Products to be obtained from the shipper or facility to which the Products may be shipped. Second Level Dealer alone determines the prices at which it sells Products to consumers, except

Top Level Dealer's Initials: _____

Second Level Dealer's Initials: _____

that if GHS has established a maximum price at which a Product can be sold to consumers, Second Level Dealer may not charge more than such price. If requested to do so, Second Level Dealer shall provide a current and valid Resale and Tax Exemption Certificate.

(9) **Handling of Customer Complaints.** Second Level Dealer shall promptly and courteously investigate each complaint it receives from a person who purchased Products from it, regardless of the nature or merits of such complaint, and shall endeavor in good faith to resolve each and every such complaint to the complainant's satisfaction.

(10) **Warranties.** GHS provides certain warranties which run directly to the consumer who purchases the Products. Second Level Dealer shall not state or imply that GHS has provided any warranty, express or implied, other than the actual warranties it has provided. Second Level Dealer may not extend or otherwise change GHS's warranty on any Product.

(11) **Limited Trademark Sublicense.** Top Level Dealer hereby grants to Second Level Dealer a limited nonexclusive sublicense to use, in accordance with trademark policies and guidelines announced by GHS, all of GHS's trademarks, trade names, service marks, logos, and similar items (the "Marks"), in connection with Second Level Dealer's sale and service of the Products. This limited trademark sublicense shall automatically expire on the date on which this Agreement is terminated. Notwithstanding the foregoing, Second Level Dealer may not include in its business name any trade mark or name owned by GHS.

(12) **No Assignment.** Neither party may, directly or indirectly, transfer or assign this Agreement, or any right or obligation hereunder, without the prior written consent of the other, which consent may be unreasonably withheld.

(13) **Duration and Termination of Agreement.** This Agreement has no particular duration and will remain in effect until terminated by one of the parties. Either party may terminate this Agreement on 60 days prior written notice to the other, with or without cause. Top Level Dealer may immediately terminate this Agreement for cause, providing Second Level Dealer with written notice that it has done so. Cause particularly includes any material breach by Second Level Dealer of its obligations hereunder; its failure to order a non-trivial quantity of Products for a period of 45 consecutive days; its submission to GHS or to Top Level Dealer of untrue information; the sale or offering for sale by it of even one Product via the Internet; its sale of even one Product (excluding used merchandise accepted as trade-ins) to a person or entity that resells consumer goods other than through direct sales; the filing against it of three or more complaints in one calendar year, or one very serious complaint at any time, with regulatory and/or prosecutorial bodies; the entry of a civil judgment of fraud against it (or any of its principals); or the engaging by it in the business of selling any product by direct sales other than GHS Products. Neither party shall be liable to the other for any incidental or consequential damages, whether in the form of lost profits or otherwise, arising from the termination of this Agreement.

(14) **Rights and Obligations Upon Termination.** Upon the termination of this Agreement, Second Level Dealer shall cease using any of the Marks, shall promptly remove all

Top Level Dealer's Initials: _____

Second Level Dealer's Initials: _____

signs and displays indicating that it is an authorized dealer of the Products, and shall discontinue all advertising stating or suggesting that it is an authorized dealer of the Products. Upon the termination of this Agreement by either party, Top Level Dealer possesses the right (which it may or may not exercise, in its sole discretion) to purchase from Second Level Dealer any and all Products which Second Level Dealer has purchased from Top Level Dealer and still has in its possession on the date on which the Agreement is terminated. The price paid by Top Level Dealer for such Products shall equal the price charged by Top Level Dealer to Second Level Dealer for such Products, and Top Level Dealer shall pay any shipping costs associated with return of the Products to it or its designee. Top Level Dealer has no responsibility, liability or obligation to Second Level Dealer under this Agreement after its termination. Also upon the termination of this Agreement by either party, Second Level Dealer shall return to Top Level Dealer all dealer handbooks, videos, posters, forms, sales aids, and other materials supplied at no charge to it; Top Level Dealer shall pay any shipping costs associated with the return of such items to it or its designee. Second Level Dealer may not resell any of the Products other than through Direct Sales, after the termination of this Agreement.

(15) **Confidentiality.** This Agreement may result in Second Level Dealer gaining access to or receiving confidential and/or proprietary information owned by Top Level Dealer. Second Level Dealer agrees to refrain from making any use or disclosure of any confidential and/or proprietary information received or otherwise obtained it from Top Level Dealer.

(16) **Limited Covenant Not to Compete.** For a period of one year following the termination of this Agreement, Second Level Dealer's owners, principals, executives, and officers (as well as Second Level Dealer itself), on their own behalves or on behalf of any other person or entity, shall completely refrain, both directly and indirectly, from: (a) engaging in the business of selling and/or promoting the sale of any Products of the types sold by Top Level Dealer, within the Territory (defined below); or (b) working in any capacity for or rendering any services to any person or entity engaged in the business of selling and/or promoting the sale of any Products of such types, within the Territory. Second Level Dealer recognizes that this limited covenant not to compete is necessary to protect important interests possessed by Top Level Dealer, whose business, revenue, and goodwill are linked to and premised in part upon the actions of subdealers such as Second Level Dealer, who promote the sale of and sell the Products through Direct Sales. The services provided by independent dealers who promote and sell consumer products in the home are special and unique, and entirely unlike the services of dealers of products not marketed through Direct Sales. In addition, of necessity Second Level Dealer will have become closely familiar with the Products and innovative sales methods through which the Products are marketed and very likely will have received confidential information owned by Top Level Dealer. For purposes of this section and the next section of this Agreement, "Territory" consists of (i) the counties and municipalities in which Top Level Dealer and all of its subdealers and independent contractors maintain offices or regularly conduct business operations; and (ii) all counties and municipalities immediately adjacent to those in which such persons maintain offices or regularly conduct business operations.

Top Level Dealer's Initials: _____

Second Level Dealer's Initials: _____

(17) **Limited Covenant Not to Solicit.** In serving as an authorized subdealer of GHS Products, Second Level Dealer will develop contacts and relationships with other persons associated in some way with Top Level Dealer and/or the marketing of GHS Products, particularly including (but not limited to) other authorized GHS dealers and subdealers, and to the executives, owners, principals, officers, salespersons, safety advisors, installers, and employees of such dealers and subdealers. To protect the interests of Top Level Dealer and of other authorized dealers of GHS Products as well as GHS (all of whom are intended and express third party beneficiaries of this provision) in its and their contacts and relationships with such persons, for a period of two years after the termination of this Agreement, Second Level Dealer's owners, principals, executives, and officers (as well as Second Level Dealer itself), on their own behalves or on behalf of any other person or entity, shall completely refrain, both directly and indirectly, from: (a) contracting with or employing, or attempting to contract with or employ, any owner, principal, executive, officer, employee, salesperson, or independent contractor, associated with or working in any capacity for any authorized dealer or subdealer of GHS Products; (b) influencing or attempting to influence any of such persons to terminate his or her contractual and/or business relationship with dealer or subdealer; (c) soliciting or otherwise attempting to persuade any person, within the Territory, to sell through in-home demonstrations any smoke alarm, heat alarm, or combination alarm; and (d) communicating with any person known or believed to be a customer of any authorized GHS dealer or subdealer, orally or in writing, for any business reason or purpose.

(18) **Limited Liquidated Damage Provision.**

a. While this Agreement is in effect and following the termination of this Agreement by either party, Second Level Dealer must completely refrain from offering for sale or selling any GHS Product other than through Direct Sales. In particular, and without limitation, Second Level Dealer must completely refrain from offering for sale or selling any GHS Products over the Internet or to any person who will resell the Products other than through Direct Sales. Second Level Dealer acknowledges the serious harm that may be caused to Top Level Dealer and to other authorized independent dealers of the Products as well as GHS (who are intended and express third party beneficiaries of this provision), by the offering for sale and sale of the Products over the Internet or other than through Direct Sales, and in addition that it would be very difficult and burdensome to determine the exact damages caused by such occurrence. Second Level Dealer agrees that each unit sale of a GHS Product by Second Level Dealer, or by any of its owners, principals, executives, and officers, over the Internet or otherwise other than through Direct Sales, directly or indirectly, will presumptively cause damage to Top Level Dealer and/or one or more authorized GHS dealers and/or to GHS, in the amount of one thousand dollars (\$1,000.00), all of which shall be paid to Top Level Dealer. Second Level Dealer may rebut this presumption by proving through a preponderance of the evidence that such unit sale did not cause damage to any of such entities of that sum of money.

b. Second Level Dealer acknowledges the serious harm that may be caused to Top Level Dealer and to other authorized dealers of the Products as well as GHS (who are intended and express third party beneficiaries of this provision), by any violation of the covenant not to

Top Level Dealer's Initials: _____

Second Level Dealer's Initials: _____

compete set forth in Section 16 of this Agreement, and in addition that it would be very difficult and burdensome to determine the exact damages caused by such violation. Second Level Dealer agrees that each breach of such covenant not to compete will presumptively cause damage to Top Level Dealer and/or one or more authorized GHS dealers and/or GHS in the amount of one hundred thousand dollars (\$100,000.00), all of which shall be paid to Top Level Dealer. Second Level Dealer may rebut this presumption by proving through a preponderance of the evidence that such breach did not cause damage to any of such entities of that sum of money.

c. Second Level Dealer acknowledges the serious harm that may be caused to Top Level Dealer and to other authorized dealers of the Products as well as to GHS (who are intended and express third party beneficiaries of this provision), by any violation of the covenant not to solicit set forth in Section 17 of this Agreement, and in addition that it would be very difficult and burdensome to determine the exact damages caused by such violation. Second Level Dealer also agrees that, for a breach of the foregoing covenant not to solicit which contributes in a non-trivial way to the cessation of the business relationship between an authorized GHS dealer or subdealer and a person or entity who had been party to an oral or written contract with that authorized dealer or subdealer, Top Level Dealer and/or such dealers and subdealers shall be presumed to suffer damages in the amount of ten thousand dollars (\$10,000.00) for each such person, all of which shall be paid to Top Level Dealer. Second Level Dealer may rebut this presumption by affirmatively proving through a preponderance of the evidence that such occurrence did not cause damage to any of such entities of that sum of money. Finally, Second Level Dealer agrees that, for a breach of the above covenant not to solicit, where the person solicited had been a principal, owner, or executive of an authorized GHS dealer, which breach contributes in any non-trivial way to the termination of the contractual relationship between GHS and that authorized GHS dealer, GHS shall be presumed to suffer damages in the amount of two hundred thousand dollars (\$200,000), all of which shall be paid to GHS as an intended and express third party beneficiary of this provision.

d. The parties agree that the various liquidated sums of money just set forth all constitute reasonable estimates of likely damages suffered by Top Level Dealer, and/or one or more authorized GHS dealers or subdealers and/or by GHS, and do not constitute penalties.

(19) **Complete Agreement.** This Agreement constitutes the sole contract between the parties with respect to the matters set forth herein. It supersedes any and all previous discussions, negotiations, understandings, and agreements between the parties, whether oral or written or both. The Agreement between the parties is entirely written; it does not include any oral promises, representations, terms, or statements. To be effective, a modification or amendment of this Agreement must be written and signed by the highest ranking executives of both parties; no oral modifications or amendments are permitted.

(20) **Enforcement of Provisions.** The failure of either party at any time to require full performance by the other of any provision of this Agreement shall not affect such party's right to require such performance at any time thereafter; nor shall the waiver by either party of a breach of any provision herein constitute a waiver of any subsequent breach of the same or any other provision of the Agreement.

Top Level Dealer's Initials: _____

Second Level Dealer's Initials: _____

(21) **Notices.** Any notice required to be given by this Agreement shall be in writing and shall be given by personal delivery, by overnight mail, and/or by registered mail, to the last known address of the party to be notified and shall be deemed to have been given on the date personally delivered or on the date of attempted mail delivery, even if the recipient refuses to sign for or accept such delivery. Email notice is not sufficient.

(22) **Severability.** Should any provision of this Agreement be found to be unlawful, such provision shall be deemed to have been severed from this Agreement, and every other provision of the Agreement shall remain in full force and effect.

(23) **Survival.** All provisions of this Agreement which, by their express or implied terms, are intended to survive the termination of this Agreement, shall do so.

(24) **Factual Representations Deemed Recitals.** All statements in this Agreement of current and past facts are deemed to be recitals of fact which the parties agree to be true and by which they are bound.

(25) **Applicable Law; Arbitration; Waiver of Jury Trial; Limitation on Punitive Damages.** This Agreement and the relationship of the parties shall be governed by and construed according to the laws of the State in which Top Level Dealer maintains its principal office (excluding conflict of laws principles). Any cause of action, claim, suit or demand by either party, allegedly arising from or related to the terms of this Agreement or the relationship of the parties, shall be resolved by binding, confidential arbitration before an experienced arbitral entity selected by the party initiating the arbitration, except that the American Arbitration Association may not be selected as such entity. Such arbitration shall occur in the State in which Top Level Dealer maintains its principal office. Any and all questions as to whether or not an issue constitutes a dispute or other matter arbitrable under this section shall themselves be settled by arbitration. The arbitrator shall have the discretion to permit discovery, upon a showing of good cause, but such discovery shall be limited to requests for the production of documents and up to five depositions per side, each of which is not to exceed two days. Any arbitration award shall be final, binding, and conclusive upon the parties and their privies, and a judgment rendered thereon may be entered in any court having jurisdiction. **The parties knowingly waive any and all rights to trial by jury of any issue in any arbitration between them,** in any way relating to or arising from this Agreement or the relationship of the parties. The parties agree that, in the event of any arbitration, neither party will seek, will be entitled to, or may recover punitive damages more than three (3) times the amount of compensatory damages that are proven, no matter how small or large the amount of such compensatory damages.

Top Level Dealer's Initials: _____

Second Level Dealer's Initials: _____

(26) **Effective Date.** This Agreement becomes effective at 11:59 p.m. on the date on which it has been signed by both parties.

SIGNATURES:

Independent Authorized GHS Dealer (Top Level Dealer):

By: _____

Signer's Printed Name: _____

Signer's Printed Title: _____

Dealer's Name: _____

Date: _____

Inside Dealer (Second Level Dealer):

By: _____

Signer's Printed Name: _____

Signer's Printed Title: _____

Dealer's Name: _____

Date: _____

Top Level Dealer's Initials: _____

Second Level Dealer's Initials: _____

ADDENDUM A TO INSIDE DEALER AGREEMENT

YEAR SIGNED: _____

Independent Authorized GHS Dealer:

Business Name: _____

Name of Principal: _____

Address: _____

Phone: _____

Cell Phone: _____

Email: _____

Inside Dealer:

Business Name: _____

Name of Principal: _____

Address: _____

Phone: _____

Cell Phone: _____

Email: _____

Top Level Dealer's Initials: _____

Second Level Dealer's Initials: _____