



DISTRIBUTOR’S AGREEMENT

This **DISTRIBUTOR’S AGREEMENT** (this “Agreement”) is made this _____ day of _____, 20____ (the “Effective Date”), by and between ENTRY-MASTER SYSTEMS, INC., a Maryland corporation (“Entry-Master”), and _____ (the “Distributor”).

RECITAL:

The Distributor desires to become a distributor of certain of Entry-Master’s products, and Entry-Master desires to grant to the Distributor certain rights to market and distribute certain of Entry-Master’s products, on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration, the parties hereto agree as follows:

1. **APPOINTMENT OF DISTRIBUTOR** - Entry-Master hereby grants to the Distributor, and the Distributor hereby accepts, pursuant to the terms of this Agreement, including the Terms and Conditions set forth on **Exhibit A** attached, the non-exclusive right to market, distribute and sell the Entry-Master products specified in **Exhibit B** attached (the “Products”), to dealers in the United States of America (the “Territory”).
2. **DUTIES OF DISTRIBUTOR** - The Distributor agrees to promote the sale and distribution of the Products to dealers in the Territory, to maintain a sales organization of sufficient size to carry out the Distributor’s duties under this Agreement, to serve the dealers in the Territory promptly and adequately, to furnish to Entry-Master such reports, information and data as Entry-Master may from time to time require, and to conform to all merchandising and other policies of Entry-Master as may be announced from time to time.
3. **TERM** - The Term of this Agreement shall be one (1) year from the Effective Date.
4. **DEALER PURCHASES OF THE ENTERPRISE SYSTEM** - In the event the Distributor introduces a Dealer to Entry-Master during the Term of this Agreement, and the Dealer thereafter purchases one or more Enterprise Systems from Entry-Master, Entry-Master agrees to pay the Distributor a commission equal to two percent (2%) of the net selling price of each Enterprise System sold by Entry-Master to such Dealer during the Term (the “Sales Commission”). The Distributor shall have the burden of proving to Entry-Master’s satisfaction that the Distributor introduced such Dealer to Entry-Master. “Net selling price” is defined as the gross amount of the invoices rendered to the Dealer for each sale of an Enterprise System, less deductions for state, federal, or local taxes, spare parts, freight allowances, installation costs, service costs, trade and/or cash discounts, returns and refunds. The Sales Commission shall be payable by Entry-Master on or before the thirtieth (30th) day following Entry-Master’s receipt of final payment for a Dealer’s order.
5. **COMPLIANCE WITH AGREEMENT** - The Distributor hereby accepts this appointment and agrees to make all sales of Entry-Master Products only in accordance with this Agreement and Exhibits A and B attached, all of which are an integral part of this Agreement and incorporated by reference herein.

IN WITNESS WHEREOF, the parties have executed this Agreement, and intending for this Agreement to be a specialty sealed it, as of the date first written above.

ATTEST:

ENTRY-MASTER SYSTEMS, INC.

By: _____ (SEAL)
Kevin W. Baker, President/CEO

DISTRIBUTOR: _____

By: _____ (SEAL)
Name: _____
Title: _____

**EXHIBIT A
TO THE DISTRIBUTOR'S AGREEMENT
BETWEEN
ENTRY-MASTER SYSTEMS, INC.
AND**

TERMS AND CONDITIONS

1. **APPOINTMENT OF DISTRIBUTOR** -

Entry-Master hereby grants to the Distributor, and the Distributor hereby accepts, the non-exclusive right to market, distribute and sell the Products to dealers (each a "Dealer" and collectively the "Dealers"), in the Territory, solely for resale to customers who acquire such Products for their internal use and not for redistribution, remarketing, time-sharing or other similar resale or reuse (each an "End User"), for the Term of the Distributor's Agreement (the "Agreement") and pursuant to the terms and subject to the conditions set forth herein.

2. **REEXPORTATION** - The Agreement is limited to the Territory. The Distributor covenants and agrees to strictly limit its distribution, marketing and sales of the Products within the Territory. The Distributor further covenants and agrees to refrain from exporting, or from engaging any third party to export, directly or indirectly, the Products outside of the Territory, or from establishing any subsidiary or warehouse for the sale or transport of the Products outside of the Territory without the express prior written consent of Entry-Master, which may be withheld with or without good cause.

3. **ASSIGNMENT** - The Distributor shall not have the right to assign or transfer to any third party all or part of its rights or obligations under the Agreement under any form whatsoever, without the express prior written consent of Entry-Master, which may be withheld with or without good cause. The Distributor may resell the Products to Dealers doing business in the Territory solely for resale to End Users, provided always that the Distributor ensures that the rights and remedies of Entry-Master under the Agreement are protected and that the Distributor remains liable for its obligations thereunder. The Distributor shall timely inform Entry-Master in writing of the names of any such Dealers prior to the sale or distribution of any Products to such Dealer, and of the nature and extent of their commercial relationship with the Distributor. Entry-Master shall have the right to disapprove any Dealer. If requested by Entry-Master, the Distributor shall obtain and submit to Entry-Master such financial and other information as Entry-Master may reasonably request with respect to any Dealer at any time.

4. **PRODUCTS** -

4.1 The Distributor will purchase the Products from Entry-Master. All Product purchase orders must be in writing in the form of purchase order requested by Entry-Master and otherwise comply with the terms of the Agreement. The Distributor shall submit written purchase orders for Products, and acceptance will only be effective upon acceptance by Entry-Master or shipment of such order. Notwithstanding the content of the Distributor's purchase order, the Agreement shall take precedence over such purchase order, and any conflicting, inconsistent, or additional terms of the Distributor's purchase order shall be null and void. Products shall be delivered as soon as practicable to the principal offices of the Distributor unless otherwise noted on the order by the Distributor.

4.2 The Products shall be supplied in accordance with the Entry-Master specifications for the Products then in effect (which may be amended by Entry-Master from time to time), all of which are incorporated herein by reference and a copy of which will be made available to the Distributor upon request.

4.3 Entry-Master reserves the right at any time without prior notice to add or withdraw any Products from the market and/or to change the design or specifications of any of the Products. Entry-Master shall make reasonable efforts to give adequate notice to the Distributor of Entry-Master's intention to withdraw or change the design or specifications of any Products, but shall not be required to give such notice. The list of Products set forth on Exhibit B may be amended from time to time in Entry-Master's sole discretion.

4.4 As a condition precedent to any of the Distributor's rights or remedies under the Agreement, including but not limited to any licensing rights, the Distributor shall comply with all of Entry-Master's written policies and procedures governing the distribution and use of the Products then in effect (which may be amended by Entry-Master from time to time), all of which are incorporated herein by reference and a copy of which will be made available to the Distributor upon request.

5. **MINIMUM QUANTITY PURCHASE REQUIREMENT** - The Distributor agrees to comply with the Minimum Quantity Order requirements set forth in Exhibit B to the Agreement. The Minimum Quantity Order Requirements may be reviewed annually by Entry-Master and changed in Entry-Master's discretion.

6. **PRICES, PAYMENT, DELIVERY AND RETURNS** -

6.1 The Distributor shall pay the following for the Products: (a) the prices specified on Entry-Master's published price list in effect at the earlier of the time of acceptance of the orders or shipment of the Product (the "Prices"); (b) all costs of all items (equipment, sub-assemblies, software, material, components or services) not set forth in the purchase order and required by the Distributor or made necessary because of incomplete or inaccurate information from the Distributor; (c) except as prohibited by law, the amount of any tax imposed on Entry-Master or the Distributor because of the manufacture, sale or use of the items sold; and (d) all transportation charges, unless otherwise provided for in writing by Entry-Master. Entry-Master retains the right to change, in its discretion, the Prices at any time; however, such price changes shall not affect purchase orders accepted by Entry-Master prior to such price change.

6.2 Unless otherwise indicated above, the Prices do not include: (a) customs charges, duties, licenses or sales, use, excise, ad valorem or similar taxes; (b) levies imposed on the production, storage, sale, transportation or use of the Products; and (c) transportation, insurance charges and other costs associated with the delivery of the Products to the destinations specified by the Distributor. The Distributor agrees to promptly pay directly to Entry-Master, in addition to the prices specified herein, any amount set forth in Entry-Master's invoices for all such charges (or provide applicable tax exemption certificates acceptable to the taxing authorities), and shall pay directly to the involved carrier(s) all such delivery related costs if applicable.

6.3 All payments are due net thirty (30) days from the date of invoice, unless: (a) other reasonable progress payments are required by Entry-Master; (b) Entry-Master determines that the Distributor's financial condition makes payment necessary before contract completion; or (c) otherwise provided for by Entry-Master's written order acknowledgement, if any, and/or invoice. If the Products are delivered in installments, the Distributor shall pay for each installment in accordance with the terms hereof. Payments shall be wired in U.S. Dollars into the account or accounts designated by Entry-Master, unless Entry-Master agrees to accept payment by check. Late payments shall bear interest at eighteen percent (18%) per annum. In the event collection efforts are commenced to collect any sum due Entry-Master, whether or not suit has been filed, the Distributor agrees to pay Entry-Master's reasonable attorneys' fees and all costs of litigation. The Distributor waives trial by jury in any such proceeding.

6.4 The Distributor shall furnish Entry-Master adequate financial information to establish the Distributor's credit and financial stability to the satisfaction of Entry-Master. Entry-Master reserves the right to set, modify or terminate the Distributor's line of credit. The amount of credit extended by Entry-Master, if any, or the terms of payment may be changed or withdrawn by Entry-Master at any time.

6.5 The Distributor acknowledges that Entry-Master will use its best efforts to supply the ordered units at the times specified herein and on the purchase order(s), but shall have no liability for delay or failure to ship. Shipping dates are approximate only and Entry-Master may deliver in installments. In no event shall Entry-Master be liable for any special, incidental, consequential, punitive or any other type of damages resulting from any delay in delivery, regardless of cause. All sales are made F.O.B. Entry-Master's facility. Title and risk of loss pass to the Distributor, and Entry-Master's liability as to delivery ceases, upon making delivery of the Products purchased under the Agreement to the carrier acting as the Distributor's agent. Unless specific instructions from the Distributor specify which method of shipment to use, Entry-Master will exercise its own discretion without liability therefor. All claims for damages in transit must be filed with carrier. Freight charges, export-import duties, and insurance during and after transit are the Distributor's sole responsibility.

6.6 The Distributor shall inspect all Product units upon arrival at destination and shall within ten (10) calendar days of arrival (the "Arrival Date") give written notice to Entry-Master of any claim for damage or shortages, which such notice shall be effective upon receipt by Entry-Master. Should the Distributor fail to give such notice within ten (10) days of the Arrival Date, the Product units shall be deemed accepted. All Products returned to Entry-Master for repair or replacement shall be governed by the Entry-Master Repair and Return Policy then in effect (which may be amended by Entry-Master from time to time), all of which are incorporated herein by reference and a copy of which will be made available to the Distributor upon request.

7. LIABILITY AND WARRANTY -

7.1 The Distributor shall defend, indemnify and hold Entry-Master harmless from and against any and all losses, liabilities, damages, expenses, lawsuits, fines, penalties, taxes, assessments, claims, judgments, attorneys' fees, court costs (hereinafter collectively the "Claims") arising out of or relating to: (a) any breach by the Distributor of the Agreement or of any warranties, representations, covenants or obligations of the Distributor under the Agreement; (b) any intentional or negligent act or omission of the Distributor or any of its directors, officers, members, partners, owners, stockholders, employees, agents, contractors, Dealers, affiliates and any other person or entity working on behalf of, through or for the Distributor; (c) any advertising, promotion, false or misleading representation, alteration, mishandling, material and/or property modification, or misuse of the Products; and (d) infringement of patents, copyrights or trademarks arising from any use of any Products not intended, recommended or approved by Entry-Master.

7.2 The Distributor shall be solely responsible for the compliance of the Products in all respects with any applicable statutory, administrative or regulatory requirements in force in the Territory and as such, it shall fully hold Entry-Master harmless and indemnify it against any Claims with respect thereto, including reasonable attorneys' fees and the costs of such litigation thereunder.

7.3 Except as provided in the Agreement, the sale of any Products by Entry-Master does not convey any license, by implication, estoppel, or otherwise, under the patent claims or copyrights covering said products, or any combination of said products with other elements. Entry-Master will defend at its expense, using the counsel of its choice, any legal proceedings brought against the Distributor based on a claim that a Product sold by Entry-Master under the Agreement infringes any United States patent, copyright or trademark affixed by Entry-Master, provided that Entry-Master is notified promptly and given full authority, information and assistance for such defense. If the Distributor complies with the foregoing obligations, and subject to the provisions of the Agreement, Entry-Master will pay all damages and costs finally adjudicated against the Distributor, but will not be responsible for any compromise or settlement made without Entry-Master's prior written consent. If any Product is held to be infringing, and its use enjoined, Entry-Master may, at its election and expense, either: (a) obtain for the Distributor the right to continue using the Product; (b) replace the Product with a non-infringing product; (c) modify the Product so that it is non-infringing; or (d) remove the infringing Product and refund the purchase price paid. Entry-Master will not have any of the foregoing obligations if the infringement is caused by the interconnection or use of Products sold by Entry-Master with products or other items not sold by Entry-Master under the Agreement. The foregoing states the entire liability of Entry-Master for patent, copyright and trademark infringement by any Product or any part

thereof. THIS PROVISION IS STATED IN LIEU OF ANY OTHER EXPRESSED, IMPLIED OR STATED WARRANTY AGAINST INFRINGEMENT, AND SHALL BE THE SOLE AND EXCLUSIVE REMEDY FOR PATENT, COPYRIGHT AND TRADEMARK INFRINGEMENT OF ANY KIND. IN NO EVENT SHALL ENTRY-MASTER BE LIABLE OR RESPONSIBLE FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR ANY OTHER DAMAGES OF ANY KIND TO THE DISTRIBUTOR, ITS DEALERS OR CUSTOMERS, FROM OR ARISING OUT OF ANY PATENT, COPYRIGHT OR TRADEMARK INFRINGEMENTS OR CLAIMS THEREFOR.

7.4 ENTRY-MASTER WARRANTS THAT EACH PRODUCT WILL BE FREE FROM MANUFACTURING DEFECTS FOR A PERIOD OF FIFTEEN (15) MONTHS FROM THE DATE OF THE SHIPMENT OF SUCH PRODUCT. DURING THE WARRANTY PERIOD, ENTRY-MASTER WILL REPAIR MANUFACTURING DEFECTS IN THE PRODUCT, OR REPLACE THE PRODUCT AT ENTRY-MASTER'S SOLE OPTION, WITHOUT CHARGE, UPON RETURN OF THE PRODUCT TO ENTRY-MASTER AT THE DISTRIBUTOR'S SOLE COST AND EXPENSE, WHICH SHALL BE THE DISTRIBUTOR'S SOLE AND EXCLUSIVE REMEDY. THE FOREGOING WARRANTY IS EXCLUSIVE AND ENTRY-MASTER MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED. ENTRY-MASTER MAKES NO WARRANTY OF MERCHANTABILITY NOR DOES ENTRY-MASTER MAKE ANY WARRANTY THAT EXTENDS BEYOND THE DESCRIPTION ON THE FACE HEREOF. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THE AGREEMENT, ENTRY-MASTER, ITS AFFILIATES, SUBSIDIARIES, DIRECTORS, OFFICERS, SHAREHOLDERS, AGENTS, EMPLOYEES AND SUCCESSORS AND ASSIGNS, SHALL NOT BE LIABLE FOR LOST PROFITS OR ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR RELATED TO ANY WARRANTY OR THE ALLEGED BREACH THEREOF.

7.5 EXCEPT AS EXPRESSLY SET FORTH ABOVE, TO THE EXTENT ALLOWED BY LAW, ENTRY-MASTER HEREBY DISCLAIMS ALL WARRANTIES, BOTH EXPRESS AND IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, SYSTEM INTEGRATION, AND DATA ACCURACY. EACH PARTY ACKNOWLEDGES THAT IT HAS NOT RELIED ON ANY REPRESENTATION THAT IS NOT EXPRESSLY SET FORTH IN THE AGREEMENT.

7.6 NOTWITHSTANDING ANY OTHER PROVISION OF THE AGREEMENT, ENTRY-MASTER'S AGGREGATE RESPONSIBILITY AND LIABILITY UNDER THE AGREEMENT, WHETHER ARISING OUT OF CONTRACT, TORT OR OTHERWISE, INCLUDING BUT NOT LIMITED TO NEGLIGENCE AND STRICT LIABILITY, CLAIMS FOR BREACH OF ANY WARRANTY OR GUARANTY, FAILURE OF PERFORMANCE OR DELAY IN PERFORMANCE BY ENTRY-MASTER OR PERFORMANCE OR NON-PERFORMANCE OF THE PRODUCTS, SHALL NOT EXCEED THE ORIGINAL PURCHASE PRICE OF THE PRODUCT, AND IN NO EVENT SHALL ENTRY-MASTER BE LIABLE IN CONTRACT OR IN TORT, INCLUDING BUT NOT LIMITED TO NEGLIGENCE AND STRICT LIABILITY, FOR ANY SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR ANY OTHER DAMAGES OF ANY KIND OR CHARACTER WHATSOEVER, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR PRODUCTION, LOSS OF REVENUE OR USE OF REVENUE, PROPERTY DAMAGE OR EXPENSES OR DAMAGES INCURRED IN RELIANCE ON ENTRY-MASTER'S PERFORMANCE OR NON-PERFORMANCE UNDER THE AGREEMENT, WHETHER SUFFERED BY DISTRIBUTOR OR ANY THIRD PARTY, OR FOR ANY LOSS OR DAMAGE ARISING OUT OF THE NEGLIGENCE, IN WHOLE OR IN PART, OF DISTRIBUTOR, ITS DEALERS, CONTRACTORS, EMPLOYEES, CUSTOMERS OR AGENTS OR ANY THIRD PARTY.

7.7 Other than the warranties expressly provided for herein, the Distributor shall not be authorized to grant any warranty binding on Entry-Master, including but not limited to warranties regarding the performance, condition, title, non-infringement, merchantability, fitness for a particular purpose, system integration, or data accuracy of the Products. The Distributor shall disclaim all warranties implied by law as permitted by applicable law. If the Distributor grants an express warranty binding the Distributor regarding the performance

and/or condition of the Products, such express warranty shall not exceed the scope of, or be inconsistent with, any express warranty given by Entry-Master for the Products.

7.8 If the Distributor alleges that any Product is defective or not otherwise in accordance with the Agreement, or that Entry-Master has otherwise breached the Agreement, the Distributor shall give written notice to Entry-Master and a reasonable period within which Entry-Master may repair or remedy the alleged defect or other failure to comply with the Agreement. Such written notice shall: (a) be given within ten (10) calendar days of the date that Distributor knew or should have known of such alleged defect or failure to comply with the Agreement, or the claim is waived; (b) specifically identify the defect or failure alleged; and (c) shall be effective upon actual receipt by Entry-Master. Strict compliance with this sub-paragraph shall be a condition precedent to the Distributor's right to bring any claim, cause of action, or otherwise to collect any alleged damages, costs, expenses, attorneys fees, etc., arising out of or related to any alleged defect or failure of Entry-Master to comply with any warranty or other obligation under the Agreement.

7.9 All warranty returns must be authorized by Entry-Master. Entry-Master return authorization numbers must be clearly marked on the outside of the carton in which returned Products are packaged.

7.10 In addition to the disclaimers of liability expressed elsewhere in the Agreement, Entry-Master shall not have any liability of any kind under the Agreement unless the Distributor gives Entry-Master written notice of its claim within ten calendar (10) days after the date (the "Accrual Date") the Distributor knows or should have known of its claim (which such notice shall be effective upon receipt by Entry-Master) and the Distributor files suit against Entry-Master within one (1) year after the Accrual Date, or the claim is waived and forever barred. In no event shall Entry-Master have any responsibility or liability of any kind for any repairs or replacements by the Distributor without Entry-Master's prior written authorization.

8. **ACCOUNTING AND REPORTS** -

8.1 The Distributor shall furnish to Entry-Master no later than the fifteenth (15th) business day of each quarter:

8.1.1 A list of all Dealers to whom any Products were sold for the prior quarter;

8.1.2 An itemized statement of the sales of Products to Dealers for the prior quarter; and

8.1.3 A summary report on all events and circumstances having an impact on the sales and/or reputation of the Products.

8.2 Upon the request of Entry-Master, the Distributor shall furnish to Entry-Master within fifteen (15) business days of such request a report on marketing activities.

8.3 In furtherance of the foregoing, the Distributor shall maintain at the disposal of Entry-Master or its agents all accounting documents and commercial documents, and shall permit Entry-Master or its agents to inspect, after serving the Distributor forty-eight (48) hours prior notice, such documents at any time to permit verification of sales of Products.

9. **COMPLIANCE WITH LAW** - The Distributor shall at all times comply with applicable law in its performance of the Agreement. In furtherance of the foregoing and without limitation, the Distributor represents and warrants to Entry-Master that it has obtained or will obtain in a timely manner, at its own expense, all approvals, permits, authorizations, registration and other formalities required to: (a) transport the Products to the Dealers; and (b) market, distribute, sell, promote the sales of, and advertise in accordance with local regulations, the Products within the Territory.

10. **CONFIDENTIALITY** -

10.1 During the Term and after the expiration or termination of the Agreement for any reason, the Distributor shall, and shall cause each of its current and former Dealers, employees, officers, directors, agents, representatives and affiliates to, maintain confidential and not disclose or use for any purpose other than that stipulated in the Agreement, any part of the information, whether written or oral, without limitation, concerning the Products, their specifications, compositions, conditioning, procedure or techniques for manufacturing and know-how received directly or indirectly from Entry-Master, its employees, officers, directors, agents, representatives and affiliates, or developed or in any way acquired in connection with the marketing, distribution or sale of the Products. In furtherance of the foregoing, the Distributor will not, without first obtaining the written consent of Entry-Master, which may be withheld with or without good cause, communicate any such information to any one other than its approved Dealers and employees, and then only to the extent necessary for the performance of the Agreement, and only after such persons provide reasonable assurances in writing that they will keep such information strictly confidential in accordance with the terms of the Agreement.

10.2 This confidentiality obligation does not apply to information that: (a) is already lawfully known to the person to whom it is disclosed (upon written proof of same) without a breach of the provisions of the Agreement; (b) is already lawfully in the public domain without any breach of the provisions of the Agreement; (c) is obtained from third parties who are not bound to maintain confidentiality, to the extent that the information known by third parties has not been obtained as a result of a breach of these provisions; (d) must be disclosed by law; or (e) is in any sales brochures or any printed material from Entry-Master that is intended to be available to customers.

10.3 The Distributor further agrees that upon termination or expiration of the Agreement for any reason, it will forthwith promptly deliver to Entry-Master all materials and copies thereof containing any information of Entry-Master or the Products subject to the obligation of confidentiality under the Agreement.

11. **PROPRIETARY RIGHTS** -

11.1 **Exclusive Ownership** - The Distributor expressly recognizes that Entry-Master is the exclusive and absolute owner of the intellectual property rights relating to the Products, the trademarks relating to the Products, and of all information relating to any formula or marketing strategy for any Product which includes, without limitation, all samples, plans, information, formulas, descriptions of concepts and other technical characteristics relating to the Products (the "Technical Information"). The Distributor agrees that it will not at any time, either during the term or after the termination of the Agreement for any reason:

11.1.1 Use or permit the use of the trademarks related to the Products, in whatever form, for trademark purposes or in any manner or language except as expressly permitted in the Agreement or by prior express written authorization of Entry-Master.

11.1.2 Register in any country the trademarks related to the Products or any trademarks confusingly similar thereto.

11.1.3 Dispute or contest: (a) the validity of the trademarks related to the Products or the registration thereof, whether said registrations are now existing or hereafter obtained; (b) the exclusive ownership by Entry-Master of the trademarks related to the Products, the Technical Information or the Products; (c) the exclusive ownership by Entry-Master of the present or future goodwill of the business appertaining to said trademarks related to the Products, the Technical Information or the Products in the Territory; or (d) the exclusive proprietary rights of the trademarks related to the Products, the Technical Information and all methods or techniques related thereto heretofore or hereafter developed, or used in or in connection with the Products, and whether or not any of such information is trademarked or trademarkable, copyrightable or copyrighted, patented or patentable or otherwise protected or protectable.

11.2 **Right to Control Quality of Products and Distribution Services** - Entry-Master shall have the right to inspect and reasonably control use of its trademarks with respect to the quality and character of the goods sold and services rendered in connection with the Entry-Master marks.

11.3 **Limited Copyright License** - Entry-Master may develop or create catalogs, photographs, video segments and other creative works (“The Works”) that are protectable under copyright law. Entry-Master shall grant a limited license to use The Works to the Distributor and to the Distributor’s Dealers. This license is limited in scope; this license is solely for use of The Works in connection with sale of the Products within the Territory. This license, and the permission to use promotional material set forth in Article 8.3, above, shall be deemed revoked upon termination of the Agreement for any reason.

12. **TERMINATION** - Entry-Master shall have the right to terminate the Agreement, in addition to all other rights and remedies it may have at law or in equity, if any of the following occur:

12.1 Failure of the Distributor to perform any of its obligations under the Agreement, or any other breach or threatened breach of the Agreement by the Distributor.

12.2 The Distributor cannot perform its obligations in the ordinary course of business.

12.3 Bankruptcy, insolvency, receivership, dissolution, winding-up or any similar event of the Distributor.

12.4 Suspension of the Agreement for more than one (1) month due to an event of force majeure (which shall include, but not be limited to, the Distributor’s acts or omissions, acts of God, governmental actions, labor disputes, strikes or shortages, civil disturbances, fires, floods, storms, public health matters, transportation delays, plant accidents and material or facility procurement delays).

12.5 Any change of voting control or majority ownership of the Distributor.

12.6 Entry-Master gives written notice of its intent to terminate the Agreement, for any reason or no reason, with or without cause, which such termination shall be effective ninety (90) days from the date of such notice.

13. **EFFECT OF TERMINATION** - In the event of a termination of the Agreement by expiration, non-renewal or otherwise:

13.1 The Distributor shall immediately pay Entry-Master in full all amounts due by it to Entry-Master.

13.2 Such termination shall not release either party from any obligations or liability that at such time has already accrued to the other party, or in any way affect the survival of any right, duty or obligation of either party that is intended to survive such expiration or earlier termination.

13.3 The Distributor shall: (a) deliver to Entry-Master, without delay, and without saving any copies, all of the information or documentation or other items relating to the Products that may be in its possession as a result of the Agreement; (b) immediately cease all marketing, distribution and sales of the Products; and (c) immediately cease all use of the trademarks related to the Products, the Technical information and the Products.

13.4 The Distributor shall immediately cease to identify itself as an authorized distributor for Entry-Master or otherwise affiliated in any manner with Entry-Master.

13.5 If the Distributor has paid in full all amounts due by it to Entry-Master, the Distributor shall have the right to continue to distribute the Distributor’s inventory of Products at the time of termination, but in no

event no longer than six (6) months after such termination. During this period, the provisions of the Agreement shall continue in force to the extent required for the limited purpose of permitting the Distributor to distribute such inventory.

13.6 Notwithstanding the provisions of the previous clause, Entry-Master shall have the right at any time to repurchase any of the Products that have not yet been resold by the Distributor, at the lower of the original invoice price or the market price then applicable to such Products, minus any shipping and quality inspection costs. Entry-Master may deduct from such repurchase any amounts due to it by the Distributor.

13.7 Entry-Master shall not be liable for incidental or consequential damages of any kind, whether as a result of a loss by the Distributor of present or prospective profits, anticipated sales, expenditures, investments, commitments made in connection with the Agreement, or on account of any other reason or cause whatsoever.

13.8 Entry-Master and the Distributor shall be bound by and uphold their respective obligations and covenants under the Agreement, all of which shall survive termination of the Agreement for any reason.

14. **REMEDIES FOR BREACH** - Entry-Master may exercise any of the following rights or remedies in addition to any other right or remedy elsewhere provided in the Agreement, at law, in equity, by statute or otherwise, upon the breach or threatened breach of the Agreement by the Distributor, whether or not Entry-Master has elected to terminate the Agreement:

14.1 **Monetary Damages** - Hold the Distributor responsible for any and all damages and expenses, including reasonable counsel fees and other damages incurred by Entry-Master that may result from the breach or threatened breach of the Agreement by the Distributor.

14.2 **Injunctive Relief** - The Distributor recognizes that the relationship between the Distributor and Entry-Master is of a special and unique character, and that in the event of the breach or threatened breach by the Distributor of any of the terms and conditions of the Agreement, Entry-Master shall be entitled, if it so elects, to institute and prosecute proceedings in any court of competent jurisdiction, either at law or in equity, to enforce the specific performance hereof and to enjoin the Distributor from violating any provision of the Agreement. Nothing in the Agreement shall be construed to prevent the election by Entry-Master of any such remedy in the event of the breach or threatened breach of the Agreement by the Distributor.

15. **INDEPENDENT CONTRACTOR RELATIONSHIP** - The Distributor agrees that, with respect to all matters pertaining to the Agreement, it shall be deemed to be an independent contractor. The Distributor shall have no authority, nor shall it hold itself out as having authority, whether expressed or implied, to assume or create any obligation on behalf of Entry-Master, nor shall the Distributor issue or cause to be issued any quotations or draft any letters or documents over the name of Entry-Master, but rather shall use its own name for such purposes. Nothing contained in the Agreement shall be construed so as to authorize the Distributor to hold itself out as a representative or agent of Entry-Master, nor to act on behalf of Entry-Master, or to create a partnership or joint venture, and neither party thereto shall be liable for the debts or obligations of the other.

16. **MISCELLANEOUS** -

16.1 **No Waiver by Entry-Master** - No delay or failure on the part of Entry-Master to: (a) insist upon the strict performance of any term of the Agreement or any other documents executed in connection therewith; or (b) exercise any rights or remedies thereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy thereunder preclude any subsequent exercise thereof or the exercise of any other right or remedy at any later time or times.

16.2 **Severability** - In the event that any one or more of the provisions of the Agreement or any other document executed in connection therewith is for any reason held to be invalid, illegal or unenforceable, in

whole or in part or in any respect, or in the event that any one or more of the provisions thereof operates to invalidate any of the provisions thereof, then such provision or provisions shall be deemed null and void and shall not affect any other provision thereof, and the remaining provisions shall remain in full force and effect and shall in no way be affected, prejudiced or disturbed thereby.

16.3 Entire Agreement - The Agreement shall completely and fully supersede all other prior agreements, both written and oral, between Entry-Master and the Distributor relating to the subject matter of the Agreement. The Agreement may not be amended except by written instrument signed by the parties thereto.

16.4 Counterparts; Binding Agreement - The Agreement may be executed in any number of counterparts, all of which when so executed and taken together shall constitute but a single instrument. The Agreement shall be binding upon the Distributor and its successors and permitted assigns, and shall inure to the benefit of Entry-Master and its successors and assigns. The Agreement may not be assigned by the Distributor, except with the express written consent of Entry-Master, which may be withheld with or without good cause.

16.5 Construction - Whenever used in the Agreement, the singular number shall include the plural, the plural shall include the singular, and the use of the masculine, feminine or neuter gender shall include all genders. The headings in the Agreement are for convenience only and shall not limit or otherwise affect any of the terms thereof. References to Sections within this Exhibit A shall refer to Sections of Exhibit A unless otherwise indicated. Except as otherwise expressly set forth in the Agreement, all matters requiring Entry-Master's approval, consent, acceptance or satisfaction in the Agreement shall be subject to Entry-Master's sole and absolute subjective discretion.

16.6 Further Assurances - Upon the request of Entry-Master, the Distributor shall immediately execute and deliver to Entry-Master such further instruments and documents and do or cause to be done such further acts that may be necessary or proper to carry out more effectively the provisions and purposes of the Agreement and the other documents and instruments to be executed and/or delivered in connection therewith.

16.7 Cumulative Remedies; Process - The parties acknowledge and agree that the rights and remedies provided in the Agreement are cumulative and in addition to all other rights and remedies now or hereafter existing by contract, at law or in equity or otherwise. In any suit, action or proceeding instituted in connection with the Agreement or any of the other documents or instruments executed in connection therewith or pursuant thereto, the parties agree that service of process as provided in the manner set forth or as otherwise authorized by law shall be deemed sufficient for all purposes hereof.

16.8 Jurisdiction - Any suit, action or proceeding arising out of or relating to the Agreement or any of the other documents and instruments executed and/or delivered in connection therewith shall be litigated in courts having a situs within the State of Maryland, and each of the parties thereto consents to the jurisdiction of any federal or state court located within the State of Maryland, and agrees that it is subject to service of process prescribed in the Maryland Rules of Procedure. To the extent permitted by applicable law, the Distributor hereby waives, and agrees not to assert, by way of motion, as a defense or otherwise, in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of the above-named courts, that the suit, action or proceeding is brought in an inconvenient forum, that venue is improper, or that the Agreement or any of the other documents and instruments executed pursuant thereto may not be enforced in or by such courts.

16.9 Governing Law - The rights and obligations of the parties under the Agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland, excluding the conflict of laws provisions of that state.

16.10 Waiver of Jury Trial - The Distributor hereby waives trial by jury in any action or proceeding to which it and Entry-Master may be parties, arising out of or in any way pertaining to the Agreement.

16.11 Notices - Except as otherwise set forth in the Agreement, all notices to any of the parties thereto shall be sufficient for all purposes if either hand delivered, sent via facsimile transmission, or by U.S. First Class Mail, Postage Prepaid to such party at its last known business address.

16.12 Reservation of Rights - All rights not expressly granted to the Distributor in the Agreement are expressly reserved by Entry-Master.

16.13 Compliance by Dealers - The Distributor covenants and agrees to enter into written agreements with each of its Dealers selling the Products requiring such Dealers to comply with and be bound to the Distributor by the covenants, terms, conditions and provisions of the Agreement to same extent as the Distributor is bound to Entry-Master thereunder. The Distributor shall be solely responsible for compliance by all Dealers with all such covenants, terms, conditions and provisions, and the Distributor shall defend, indemnify and hold Entry-Master harmless from and against any and all losses, liabilities, damages, expenses, lawsuits, fines, penalties, taxes, assessments, claims, judgments, reasonable attorneys' fees and court costs, arising out of or relating to any Dealer's failure, in whole or in part, to comply with all such covenants, terms, conditions and provisions.

**EXHIBIT B
TO THE DISTRIBUTOR'S AGREEMENT
BETWEEN
ENTRY-MASTER SYSTEMS, INC.
AND**

PRODUCTS

Product
Description

Model
Number

EMC 32

The term "Products" also includes any other products shipped by Entry-Master to the Distributor under the Agreement.

The minimum quantity order (the "Minimum Quantity Order") is: _____
_____.