

**TURNSTYLE ENTERPRISES, INC.**  
**2011 DEALER AGREEMENT**

THIS DEALER AGREEMENT (“Agreement”) is made effective as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (“Effective Date”) by and between Turnstyle Enterprises, Inc., a South Carolina corporation, having its office at 328 Tiller Drive, Pawleys Island, South Carolina 29585 (“Turnstyle”), and \_\_\_\_\_, a \_\_\_\_\_ (corporation, LLC, proprietorship, partnership) having an office at \_\_\_\_\_ (“Dealer”) with reference to the following:

**1. APPOINTMENT BY TURNSTYLE.** Turnstyle hereby appoints Dealer to promote sales and installation of Turnstyle Gate Mounting Systems (Turnstyle GMS), on the terms and conditions contained herein. Dealer will purchase products from Turnstyle as set forth in Exhibit A for the sale of Turnstyle GMS and accessories to customers. Dealer may promote sales for only the GMS packages identified in Exhibit A, which may be changed from time to time by Turnstyle. Dealer hereby accepts such appointment and shall use its reasonable commercial efforts to promote sales and to promote and enhance Turnstyle’s business, reputation and goodwill.

**2. DEALER’S GENERAL OBLIGATIONS.**

**2.1 RETAIL DISPLAYS.** Dealer may display at any of its locations point of sale materials and/or demonstration models provided or approved by Turnstyle. Turnstyle will provide Dealer with point of sale materials provided or approved by Turnstyle. All retail displays, furnished by Turnstyle, remain the exclusive property of Turnstyle, unless purchased by Dealer at an agreed upon price.

**2.2 TRAINING.** Turnstyle or GMS will provide training and training materials regarding the GMS products to Dealer and/or Dealer’s training personnel, as Turnstyle reasonably deems necessary. Dealer may train its own employees, send employees (at Dealer’s expense) to Turnstyle’s facility in Pawleys Island, South Carolina or schedule a training class at Dealer’s location. Turnstyle will conduct training at Dealer’s location only when the number of trainees make such an arrangement practicable.

**2.3 SALES PERSONNEL.** Dealer shall allow only its employees to promote orders for Turnstyle GMS products except with Turnstyle’s prior written consent, which may be withheld at Turnstyle’s discretion.

**2.4 ADVERTISING.** Dealer shall promote and advertise Turnstyle GMS at its sole cost. Advertising content shall be subject to Turnstyle approval.

**2.5. STANDARD OF CONDUCT.** In all of its activities for Turnstyle under this Agreement and in its own business, Dealer shall conduct itself in a commercially reputable and ethical manner, shall comply with all applicable laws, and shall engage in no deceptive sales practice or other practice which impugns Turnstyle’s commercial reputation and goodwill. In all dealings with customers and others, Dealer shall identify itself as an independent business, and shall conduct itself with the highest standards of honesty, integrity and fair dealing. Personnel employed by, or acting under the authority of Dealer shall not be or be deemed to be employees of Turnstyle, and Dealer assumes full responsibility for their acts and shall have sole responsibility for their supervision and control.

**2.6. NO TYING.** In no event may Dealer condition the promotion or sale of Turnstyle products upon the customer’s acquisition of any other product or service, except as approved by Turnstyle

in writing.

**2.7 INTERNET ACCESS.** Dealer shall maintain Internet access and e-mail capability during the term of this Agreement and be responsible for all access (authorized and unauthorized) by current employees.

**3. DEALER'S BUSINESS REQUIREMENTS.** Dealer shall conduct all of its product sales in accordance with the appropriate laws, rules and regulations. Turnstyle disclaims any control over Dealer's business except to the limited extent expressly provided herein to support its promotion and sale of Turnstyle GMS products.

**4. CHANGES.** Turnstyle may change the content, pricing, terms, conditions, and availability of the GMS products from time to time in its sole discretion. Turnstyle will notify Dealer of such changes in writing as soon as practicable. Dealer shall promptly modify or replace point of sale materials as necessary to reflect such change.

**5. NO FINANCING; COLLECTION OF FEES.** Turnstyle does not provide consumer financing for GMS products. All fees shall be collected directly from the customer or paid directly to Turnstyle, unless otherwise approved in writing by Turnstyle. Failure to comply with the provisions of this Section 5 shall be deemed a material breach by Dealer that is incurable, and shall entitle Turnstyle, at its sole option, to immediately terminate this Agreement as set forth in Section 11.2.

**6. DEALER COMPENSATION.** Dealers will not be directly compensated by Turnstyle, but will earn the difference between the distributor pricing and the sales price as determined by the distributor. Refer to Exhibit A for complete Dealer Pricing Schedule. Dealers are entitled to re-sell GMS products, as well as installation services.

**7. CONFIDENTIAL INFORMATION.** Dealer acknowledges that Dealer will acquire information, materials and knowledge from Turnstyle about Turnstyle's GMS products, programming techniques, experimental work, customers, suppliers, service and sales methods, advertising, promotion and marketing strategies, programming strategies, and prices, and that all such knowledge, information and materials are and will be the trade secrets and confidential and proprietary information of Turnstyle (collectively "Confidential Information"). Confidential Information will not include, however, any information (i) which is or becomes part of the public domain through no fault of Dealer; (ii) which is already known to Dealer without the obligation of confidentiality; (iii) which is independently developed by Dealer without reference to or use of Confidential Information; or (iv) or that Turnstyle regularly gives to third parties without restriction on use or disclosure. Dealer agrees to hold all such Confidential Information in strict confidence, not to disclose it to others or use it in any way, commercially or otherwise, except in the performance of services by Dealer's employees on a need-to-know basis. Dealer shall not allow any unauthorized person access to Confidential Information, either before or after expiration or termination of this Agreement for as long as such Confidential Information remains Turnstyle's confidential and proprietary information. Dealer further agrees to take all actions reasonably necessary and satisfactory to protect the confidentiality of the Confidential Information including, without limitation, implementing and enforcing operating procedures to minimize the possibility of unauthorized use or copying of the Confidential Information. Dealer's obligations under this Section 7 shall survive the termination or expiration of this Agreement for a period of two (2) years.

**8. NOTICE OF RIGHT TO FILE LIEN.** Turnstyle reserves the right to file a notice of lien and foreclosure thereof against the property owner and his property for any Turnstyle GMS products installed on a property owner's premises, according to the laws applicable in the subject jurisdiction. On all sales of

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Turnstyle GMS products over \$10,000.00, Dealer agrees to furnish to Turnstyle, the information required by state law to file and perfect such a lien.

**9. ASSIGNMENT.** This Agreement is made by Turnstyle in reliance on the financial, business and personal reputation of Dealer and its ownership and management. Accordingly, this Agreement may not be assigned or encumbered by Dealer without Turnstyle's prior written consent. Subject to the foregoing sentence this Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

**10. TERM.**

10.1 TERM. The initial term of this Agreement shall commence on the effective date hereof and shall continue for one (1) year after the date set forth above.

10.2 RENEWAL. Except as provided below, the term shall automatically renew, upon the same terms and conditions, for an unlimited number of successive renewal terms of one (1) year each, unless either party notifies the other of its intention not to renew this Agreement no fewer than sixty (60) days prior to the date of termination in writing to the other party.

**11. TERMINATION.** This Agreement shall be terminable upon the following conditions:

11.1 TERMINATION WITHOUT CAUSE. Either party may terminate this Agreement at any time for any or no cause, reason or justification, upon at least sixty (60) days prior written notice to the other stating its intention to terminate.

11.2 IMMEDIATE TERMINATION. Turnstyle may terminate this Agreement immediately upon written notice to Dealer, without opportunity to cure, if Dealer (a) knowingly misrepresents the GMS products to customers or otherwise misleads them as to their specifications or capabilities; (b) violates any law or knowingly breaches the standards of conduct set forth in Section 2.6; (c) knowingly uses or discloses Confidential Information in violation of Section 7; or (d) commits a material breach hereof which by its terms or nature is not curable.

11.3 BANKRUPTCY OR CESSATION OF BUSINESS. Subject to applicable laws, this Agreement shall terminate automatically upon Dealer's cessation of business, election to dissolve, dissolution, insolvency, failure in business, commission of an act of bankruptcy, general assignment for the benefit of creditors, any levy, attachment or foreclosure, or the enforcement of any of the rights of a secured creditor of Dealer or the filing of any petition in bankruptcy or for relief under the provisions of the bankruptcy laws by or with respect to Dealer.

**12. RIGHTS AND OBLIGATIONS UPON TERMINATION OR CANCELLATION.**

12.1 OBLIGATIONS OF TURNSTYLE. Upon termination of this Agreement for any reason, Dealer shall immediately cease using and shall, upon request of Turnstyle, deliver to Turnstyle; (a) any unused Turnstyle GMS sales literature; and (b) all forms, directives, policy manuals and other written information and materials supplied to it by Turnstyle pursuant to this Agreement. On termination, Dealer shall immediately discontinue all solicitations of sales of Turnstyle GMS products and all use of Turnstyle's Confidential Information and shall cease to identify itself as an authorized entity promoting and soliciting on behalf of Turnstyle. Dealer agrees that for a period of two (2) years after termination, Dealer shall not directly solicit any customer who was procured by Dealer.

12.2 WAIVER OF CLAIMS. DEALER WAIVES ANY RIGHT TO COMPENSATION AND DAMAGES IN CONNECTION WITH THE TERMINATION OF THIS AGREEMENT IN ACCORDANCE HERewith, TO WHICH IT MIGHT OTHERWISE BE ENTITLED UNDER ANY APPLICABLE LAW. BY WAY OF EXAMPLE, DEALER SHALL HAVE NO RIGHT, BASED ON SUCH TERMINATION, TO ANY PAYMENT FROM TURNSTYLE FOR LOST

BUSINESS, FUTURE PROFITS, LOSS OF GOODWILL, REIMBURSEMENT OF EXPENDITURES OR INVESTMENTS MADE OR COMMITMENTS ENTERED INTO, ADVERTISING COSTS, OVERHEAD OR OTHER COSTS INCURRED OR ACQUIRED BASED UPON THE BUSINESS DERIVED OR ANTICIPATED UNDER THIS AGREEMENT OR FOR ANY OTHER DAMAGES.

12.3 SURVIVAL. The covenants and conditions herein, which, by their terms or nature, extend beyond the termination or expiration of this Agreement, shall survive such termination or expiration until fully performed.

12.4 FORCE MAJEURE. Neither party shall be liable for any loss, damage, cost, delay, or failure to perform in whole or in part resulting from causes beyond such party's control, including but not limited to, fires, strikes, insurrections, riots, or requirements of any governmental authority.

12.5 INDEPENDENT CONTRACTOR RELATIONSHIP. Dealer is an independent contractor authorized during the term hereof to promote orders for the Services. Dealer is not a partner, franchisee or employee of Turnstyle for any purpose whatsoever. The provisions of this Agreement are for the benefit only of the parties hereto and no third party may seek to enforce, or benefit from these provisions.

12.6 INDEMNIFICATION. Dealer shall defend, hold harmless and indemnify Turnstyle and its affiliates and their respective employees, officers, and directors from and against any and all third party claims and resulting damages, costs, and other liabilities arising out of Dealer's negligent performance, breach or alleged breach of its obligations under this Agreement.

12.7 LIMITATION OF LIABILITY. IN NO EVENT SHALL TURNSTYLE BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES, LOSS OF PROFITS, LOSS OF REVENUES, OR LOSS OF USE EVEN IF INFORMED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL TURNSTYLE'S LIABILITY FOR DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT EXCEED THE AMOUNTS PAID TO DEALER FOR THE SALE OF SERVICES DURING THE PREVIOUS TWELVE (12) MONTH PERIOD. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THESE LIMITATIONS AND EXCLUSIONS WILL APPLY REGARDLESS OF WHETHER LIABILITY ARISES FROM BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING BUT NOT LIMITED TO NEGLIGENCE), BY OPERATION OF LAW, OR OTHERWISE.

### **13. MISCELLANEOUS.**

13.1 LAWS. All issues with respect to the construction of this Agreement and the rights and liabilities of the parties shall be governed by the laws of the State of South Carolina, without regard to its conflicts of law rules. Each party hereby agrees that any dispute, claim or other litigation arising out of this Agreement shall be arbitrated in accordance with Section 13.10 hereof.

13.2 ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior representations or agreements, oral or written, and all other communications between the parties relating to the subject matter hereof. This Agreement will not be varied except by an instrument in writing subsequently executed by an authorized representative of each party.

13.3 COMPLIANCE. Dealer shall comply with all applicable laws, rules and regulations of all governmental authorities.

13.4 EXPENSES. Each party shall pay all of its costs and expenses under this Agreement and shall be solely responsible for the acts and expenses of its own employees.

13.5 NO IMPLIED WAIVERS. The failure of Turnstyle to require the performance by Dealer of any provision of this Agreement shall not affect in any way the right to require such performance at any later time nor shall the waiver by Turnstyle of a breach of any provision hereof be deemed

a waiver of such provision.

13.6 NOTICES. Any notice or other written communication required or permitted to be given by this Agreement shall be deemed given when personally delivered (which includes delivery by a major courier or overnight delivery service) electronically mailed or via facsimile, or three (3) business days after it has been sent by United States first-class, certified, or registered mail, postage prepaid, properly addressed to the addresses set forth below the signatures herein.

13.7 INVALID OR UNENFORCEABLE PROVISIONS. If any provision of this Agreement is determined to be invalid or unenforceable, that provision shall be deemed severed from the remainder, which shall remain enforceable. If any provision of this Agreement does not comply with any law, ordinance or regulation of any governmental or quasi-governmental authority, now existing or hereinafter enacted, such provision shall to the extent possible be interpreted in such a manner so as to comply with such law, ordinance or regulation, or if such interpretation is not possible, it shall be deemed amended, to satisfy the minimum requirements thereof.

13.8 GOVERNMENTAL APPROVAL. This Agreement shall be subject to all necessary approvals of local, state and federal regulatory agencies.

13.9 TAXES. Any taxes asserted against Dealer or Turnstyle by any governmental authority as a result of this Agreement shall be the responsibility of the parties as follows: (a) Dealer shall be responsible for any taxes or levies arising out of its performance hereunder; and (b) each party shall be responsible for any taxes related to its income derived hereunder. Collection and reporting of state, provincial, local, federal, or national sales taxes and excise taxes are the sole responsibility of the Dealer. Dealer shall provide to Turnstyle, upon request, copies of state, local, federal or provincial tax certificates, identifiers or licenses. No-for-profit entities shall provide, upon request, certification of tax exemption.

13.9.1 INTERNATIONAL SALES. Collection and reporting of local, provincial and national sales taxes and excise taxes are the sole responsibility of the Dealer. Payment of customs inspections, fees, duties, broker fees and taxes are the sole responsibility of the Dealer.

13.10 PAYMENTS IN U.S. DOLLARS. All payments to Turnstyle shall be in U.S. Dollars. Published prices are in U.S. Dollars.

13.11 WARRANTY. The term "Warranty" refers only to the written Turnstyle Warranty. The Warranty may not be modified by verbal or written statements or promises by Dealers, Distributors, Representatives or salespersons. Turnstyle shall not be responsible for extended warranties issued by Dealers.

13.12 ARBITRATION. Any dispute or claim arising out of the interpretation, performance, or breach of this Agreement, including without limitation claims alleging fraud in the inducement, shall be resolved only by binding arbitration, at the request of either party, in accordance with the rules of the American Arbitration Association, modified as herein provided.

13.13 BENEFITS. Subject to the restrictions against assignment herein provided, this Agreement shall bind and inure to the benefit of the successors and permitted assigns of each of the parties hereto.

13.14 AUTHORIZATION; CAPACITY. Each party represents that the execution, delivery and performance of this Agreement have been duly authorized, that it has the full right, power, and authority to execute, deliver and perform this Agreement, and that such execution, delivery and performance do not and will not conflict with any agreement, instrument, order, judgment or decree to which a party is a party or by which it is bound.

[name of Dealer]

By: \_\_\_\_\_ Name: \_\_\_\_\_ Title: \_\_\_\_\_  
\_\_\_\_\_ Address: \_\_\_\_\_

Turnstyle Enterprises, Inc.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address:  
Turnstyle Enterprises, Inc.  
Attention: Vice President  
328 Tiller Drive,  
Pawleys Island, SC 29585

**EXHIBIT A**

**DEALER PRICING SCHEDULE**

Turnstyle Enterprises, Inc. publishes a pricing guide, listing Manufacturer's Wholesale Pricing ("MWP") on both the Turnstyle GMS and other carried accessories. Sales of the Turnstyle GMS are not listed on Turnstyle's internet sales sites, whereas MWP of all accessories are consistent with the prices offered by Turnstyle on its internet sales sites. Dealers and Sales Representatives are entitled to purchase all Turnstyle GMS products and accessories at the currently published MWP, and can re-sell all products at a markup of their own discretion. The MWP is subject to change without notice.

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