

HONEYWELL ACCESS SYSTEMS SALES POLICY

We at Honeywell Access Systems believe that service and support play an important role in the success of our business. In order to ensure our customers receive both accurate and reliable information, your call may be monitored by Honeywell's management team. This is another way in which Honeywell Access Systems is continuing to provide the highest level of service and support in the industry.

1. Ordering

Customer may order Products from Honeywell by faxing Honeywell's Customer Service department and by issuing a purchase order specifying the quantity of products, the desired delivery date, shipping method, and the locations to which Product should be shipped.

Honeywell reserves the right to refuse any purchase order, and is not bound to honor it, unless a paper copy via fax or mail has been received at Honeywell's Oak Creek (Milwaukee), Wisconsin headquarters.

Orders received without a requested shipping date will be scheduled for shipment according to current Honeywell production schedules. Payments are accepted in U.S. currency only. Exceptions to this policy are handled on an individual basis. Prices are subject to change without notice. Minimum order amount accepted by Honeywell is \$100.00 net. Cancelled orders are subject to a minimum 15% cancellation charge if canceled within forty-five (45) days of placing the respective purchase order. Special (spec) or custom (cust) order items that cannot be cancelled with our suppliers are subject to a 100% cancellation charge.

A minimum order of 25 is required on stock card items. Call for a quotation and minimum requirements on non-stock cards (i.e. custom/special cards).

2. Delivery and Shipping

Orders will be assigned estimated ship dates based on product availability and the date Honeywell receives and accepts the order. Honeywell shall make every reasonable effort to meet delivery date(s) quoted or acknowledged. However, Honeywell will not be liable for its failure to meet such dates. Orders which cannot be shipped for more than 90 days may be canceled.

Honeywell shall not be liable for loss, damage, detention, or delay due to war, riots, civil insurrection or acts of the common enemy, fire, flood, strikes, or other labor difficulty, acts of civil or military authority including governmental laws, orders, priorities or regulations, acts of the Customer, embargo, wrecks, or delays in transportation, inability to obtain necessary labor, materials or manufacturing facilities from unusual sources, or other causes beyond the reasonable control of Honeywell. In case of delay in

performance due to any such cause, the date of delivery or time for completion will be adjusted to reflect the actual length of time as may be necessary to properly reflect the delay.

The Customer's receipt of Equipment shall constitute a waiver on any claims for delay.

In the event that Customer requests a guaranteed ship date Honeywell reserves the right to add to the purchase price, subject to Customer's approval, expenses which increase the costs of production, (i.e. freight charges, overtime expenses, etc). Honeywell reserves the right to make shipments of complete orders in advance of the ship dates specified and partial orders with prior approval from Customer. Claims for delays in shipment, shortage and damage must be initiated by Customer with the carrier.

3. Freight and Title

Title and risk of loss or damage to the Equipment shall pass to the Customer upon tender of delivery FOB at Honeywell's facility, except that a security interest in the Equipment or any replacement shall remain with Honeywell, regardless of mode of attachment to realty or other property, until full payment has been made therefore.

Customer shall do all things and acts necessary to perfect and maintain said security interest and shall protect Honeywell's interest by adequately insuring the Equipment against loss or damage from any cause and Honeywell shall be named as an additional insurer. Customer shall provide Honeywell with certificates of insurance coverage.

Claims for shortages and damages enroute must be promptly filed with the delivery carrier by the Customer.

Shipments will be routed by the most expeditious and reasonable method. Freight charges will be prepaid and added to the invoice. Use of carriers other than Honeywell's preferred carrier(s) may be subject to additional handling charges to the Customer.

All freight charges, including warranty shipments, are the Customer's responsibility.

4. Payment Terms

Standard domestic terms are 2% discount if paid within ten (10) days, or NET thirty (30) days. Terms for international sales may require Letters of Credit rather than open credit terms subject to Credit Department approval. All claims and/or disputes concerning billing issues and discrepancies must be submitted to Honeywell for consideration within thirty (30) days from invoice date. Otherwise, all billings are considered final after 30 days.

Unless otherwise agreed to in writing by Honeywell, Customer shall pay all invoices issued within thirty (30) days from the date of invoice. Orders exceeding \$50,000 and/or orders involving

custom products, will generally require progress payment terms due with an order at the time of shipment, and net 30 days after shipment. Honeywell reserves the right to change the credit terms at any time, when, in Honeywell's opinion, Customer's financial condition or previous payment record so warrants.

Interest shall accrue on all past due invoices at the maximum legal rate or 1.5% per month (18% APR) whichever is lower. Honeywell may place Customer on a C.O.D. basis in the event that Customer's account becomes delinquent or Honeywell becomes insecure about Customer's financial capabilities. In the event it becomes necessary for Honeywell to incur collection costs or initiate suit to collect any amount under this agreement, or any portion thereof, the Customer promises to pay such additional collection costs, charges, and expenses including reasonable attorney's fees if the account is placed in the hands of an attorney for collection.

5. Taxes

The prices do not include any Federal, State, or local property, license, privilege, sales, use, excise, gross receipts, or other like taxes which may be now or hereafter applicable to, measured by, or imposed upon or with respect to this transaction, the Equipment, its sale, its value or its use, or any services performed in connection therewith. Such taxes will be itemized separately to the Customer, who shall make prompt payment to Honeywell.

Honeywell will accept a valid exemption certificate from the Customer, if applicable. If an exemption certificate previously accepted by Honeywell is not recognized by the governmental taxing authority involved, Customer agrees to promptly reimburse Honeywell for any taxes covered by such exemption certificate which Honeywell is required to pay.

6. Claims

Claims for price adjustment must be submitted to Honeywell Customer Service Department within thirty (30) days from date of invoice in question. Claims for shortages, or incorrectly filled orders, must be made within ten (10) days after receipt of shipment.

7. Credits

Credits will be issued for material that is re-sellable, brand new, and unopened in its original box. Orders that are accepted for return within forty-five (45) days after shipment are subject to a minimum 15% restocking charge. Orders that are accepted for return between forty-five (45) and ninety (90) days after shipment are subject to a minimum 40% restocking charge.

No returns will be accepted for credit later than ninety (90) days after shipment.

8. Limits of Liability

Honeywell's sole Liability and the Customer's exclusive remedy for damages regardless of theory, shall not exceed the cost of correcting the defect and in no event shall such liability be greater than the purchase price paid by the Customer for the

defective equipment. Honeywell SHALL NOT UNDER ANY CIRCUMSTANCES BE LIABLE FOR SPECIAL, INDIRECT NOR CONSEQUENTIAL DAMAGES OF ANY KIND.

Customer shall hold harmless and indemnify Honeywell from and against all claims, demands, losses and liability arising out of damage to property or injury to persons occasioned by or in connection with the acts or omissions of Customer and its agents and employees, and from and against all claims, demands, losses and liability for costs of fees, including reasonable attorneys' fees, in connection therewith.

9. Product Design

Honeywell reserves the right to discontinue the manufacturing of any of the equipment, to make changes in their design or to add improvements to the equipment at any time without prior notice to the Customer, provided that Honeywell shall not be required hereby to change equipment previously sold. No part of this paragraph will be deemed to affect the obligation of Honeywell to fill orders previously accepted.

10. Software License, Warranty and Service

DEFINITIONS

"Licensed Program" means a software program and any updated, improved or otherwise modified version ("Release") of such a program and any related materials, in machine readable and/or printed form, furnished to Licensee by or on behalf of Honeywell, including any materials provided under any Honeywell software service, and any full or partial copies of any of the foregoing. License Programs include, but are not limited to, Operating Systems, Communications Software, Query Languages, Honeywell Programs or any applications packages obtained from Honeywell.

"Honeywell Program" means a Licensed Program owned by Honeywell, or for which Honeywell has the independent ability, including the right to use source code, to provide maintenance and support.

"Designated Equipment" means, with respect to each Licensed Program, the specific computer and peripherals (hereinafter called "Hardware System") or with respect to any subsequent releases, the particular Hardware System for which Licensee has paid Honeywell's applicable fee.

LICENSE GRANT AND SCOPE

Subject to the terms above, Honeywell hereby grants to Licensee and its third-party customer, and Licensee accepts a nontransferable, nonexclusive license to resell each Licensed Program only on the Designated Equipment for the Release in question. Licensee expressly understands that a Licensed Program cannot be transferred to, or used in connection with, any Hardware System not licensed by Honeywell to operate the Release in question.

Upon request, Honeywell may license Licensee, for an additional fee, to use some of the Licensed Programs in connection with a

Hardware System which Honeywell determines to be compatible after conducting an inspection at Honeywell's usual charges for such inspection. Releases furnished after such inspections are not warranted to work with future software revisions or to the Hardware System if modified after Honeywell inspection.

Licensee may obtain Releases beyond those originally furnished for particular designated equipment by either entering into a software support contract covering the Licensed Program and Designated Equipment, or placing a purchase order which identifies the Licensed Program, release number and Designated Equipment (by Hardware System identification number), and in either case, paying Honeywell's applicable fee.

ASSIGNMENT/TRANSFER

Neither the licenses granted hereunder nor the Licensed Programs may be assigned or transferred without the prior written consent of Honeywell, and any such attempt will void the license. If Licensee desires to transfer the Designated Equipment to another third party for continuing use by such party, Honeywell agrees, upon Licensee's request and subject to Honeywell's reasonable approval, to offer to enter into a standard Honeywell license agreement covering the Licensed Program(s). Licensee may transfer the Licensed Program(s) to such third party on payment of an additional fee of \$100 to Honeywell. In the absence of such an agreement, if Licensee transfers the Designated Equipment, Licensee shall promptly return to Honeywell the Licensed Programs, including all copies which contain any portion of a Licensed Program and external security devices.

MODIFICATIONS/COPIES

Honeywell grants to Licensee the right to modify and/or copy any Licensed Program in machine readable form as necessary for backup, archival or modification purposes only. Upon termination of the license for such Licensed Program, the license to use any modified License Programs is also terminated. Licensed Programs in printed form shall not be copied in whole or in part, but additional copies may be obtained from Honeywell at its then standard charges.

Licensee shall not reverse assemble or reverse compile any Licensed Program.

Licensee agrees that any copyright notices and/or proprietary notices appearing on any Licensed Programs will be reproduced and included on and in any modifications and copies, in whole or in part, of Licensed Programs.

OWNERSHIP

Honeywell either owns or has the right to license Licensed Programs. As between Honeywell and Licensee, Licensed Programs and all copies thereof, in whole or in part, including all portions of Licensed Programs contained in modifications, shall remain the sole property of Honeywell.

PROTECTION OF LICENSED PROGRAMS

Licensee agrees that Licensee and its employees will not provide or otherwise make available any Licensed Program or portion thereof in any form (including derivative programs) to any third party and will keep such materials in confidence. Licensee further agrees to limit availability of License Program only to those employees who need to use such Licensed Programs as permitted by this agreement.

SERVICES FOR HONEYWELL SOFTWARE PROGRAMS

With respect to each Honeywell Program included with a Honeywell system, Honeywell will furnish, without additional charge, the services described below for a period of 15 months from the date of shipment, or 12 months from the date of installation, whichever occurs first.

THE SERVICES ARE:

Upon Licensee's written request and furnishing Honeywell with all requested information, Honeywell will provide services for correcting or working around variances between the function of a Licensed Program and Honeywell's published user documentation, provided the variances occur on an unmodified version of Honeywell's most current Release of Licensed Program or the prior major Release made available by Honeywell, and is used on Designated Equipment in normal operating condition and with operating software and environment as specified by Honeywell. Honeywell will use all reasonable effort to correct or work around the variances described above, but does not represent or warrant that such variances will be corrected or worked around. If a problem is determined by Honeywell to be of Licensee origin, Licensee will pay Honeywell's standard charges for work performed in responding to the problem.

Any new releases of updates of the Licensed Program generally released by Honeywell to other Licensees at no charge.

The features of new software releases may require hardware upgrades of the processor, memory, hard drive, or other components for proper operation. Honeywell will specify all hardware requirements for new releases. It is the responsibility of the Customer to procure and install any required hardware upgrades at his own cost.

Any updates of applicable user manuals and new user manuals and guides generally released by Honeywell to other Licensees at no charge.

Consultation by telephone, during normal business hours, to assist Licensee with the application of Licensed Programs.

Honeywell's technical bulletins and alert bulletins as appropriate.

SERVICES FOR NON-HONEYWELL SOFTWARE PROGRAMS

With respect to each Licensed Program other than Honeywell Programs, Honeywell will use all reasonable effort (any litigation will be at Honeywell's option) to require all suppliers of such Programs to provide the services which they have contracted to perform for Honeywell's Customers and which Honeywell has formally announced will be available at no charge, but Honeywell will have no other responsibility with respect to non-Honeywell programs.

TERM AND TERMINATION

Each License granted herein shall remain in force until Licensee discontinues use of the Licensed Program on the Designated Equipment, or until Honeywell terminates this agreement, or the License for such Licensed Program. Honeywell may terminate this agreement or any license hereunder: effective immediately upon notice if Licensee provides or otherwise makes available to any third party any Licensed Program or portion thereof, or upon thirty days notice if Licensee attempts to use any Licensed Program or modification thereof on equipment other than the Designated Equipment for the Release in question, or attempts to transfer any license or assign this agreement without the prior written consent of Honeywell, or fails to perform any other material obligation under this agreement, and does not cure such breach within such period. Immediately upon termination, Licensee shall return to Honeywell the Licensed Programs and all copies thereof, provided that Licensee may remove from such copies any modifications made by Licensee.

LIMITED SOFTWARE WARRANTY

All software is provided on an "as is" basis without warranty. Neither Honeywell nor its subcontractors or suppliers grant any warranty with respect to any Licensed Program or services furnished hereunder, and no warranties of any kind, whether written, oral, implied or statutory, including warranties of merchantability or fitness for a particular purpose, shall apply.

UPGRADES

Upgrades for all Honeywell software are available through Honeywell's Customer Service Department.

WARRANTY AND MAINTENANCE AGREEMENT (HOST SYSTEMS)

1. Honeywell provides warranty and maintenance for third party computer hardware and Honeywell software for 12 months from date of installation.
2. Limited assistance on third party computer hardware and software (including operating environment) supplied by Customer is available from Honeywell on a time and material basis.
3. Standard telephone assistance (M-F, 7AM – 7PM Central Time) is included for the first year in the system price. Additional software support services are available for a fee for the first and subsequent years.

11. Export

Products produced and sold by Honeywell are subject to either general or validated license controls under the United States

export administration regulations. Export of this product without proper export license is prohibited by law.

For further information on requirements regarding the export of Honeywell's products, you may contact the U.S. Department of Commerce International Trade Administration, Washington, DC, 20230, or Honeywell at (414) 766-1700.

12. Warranty

Honeywell warrants its material and workmanship free from defects for a period of one (1) year from the date of original shipment to Customer. The warranty on terminals, printers, communications material and upgrade kits is ninety (90) days from the date of original shipment. Satisfaction of this warranty shall be limited to repair or replacement of material that is defective or becomes defective under normal use.

Return/Repairs: Defective warranty material must be returned to Honeywell's factory for repair or replacement. At Honeywell's discretion, the material will be repaired and returned or replaced within five business days. If defective warranty material is returned within ninety (90) days of original shipment, and is replaced, it will be replaced with new material. If defective warranty material is returned more than ninety (90) days after shipment, Honeywell, at its discretion, will replace with either new or repaired material. Special ordered equipment that must be returned to the vendor for repair may take longer.

Advancements: The prompt replacement of damaged or defective material prior to its return. Honeywell Access will invoice the customer for replacement material and subsequently issue credit upon receipt of the returned material. The customer must issue Honeywell Access a purchase order prior to shipment of replacement material. There will be an additional advancement fee for this service for which the customer will be responsible.

Test Fees: Any product received by Honeywell Access Systems that is tested and determined to be in good working condition, will be returned to the customer along with a testing fee that will be billed to the customer's account. The purchase order number that was supplied to Honeywell Access Systems for the advance replacement equipment will be used for the billing of this testing fee. The testing fee will not be refundable. In addition, the customer will not receive the credit for the return of the defective equipment and will be expected to pay for the replacement equipment that was shipped as an advancement.

PC On-site Warranty: All PC systems that are sold include a one (1) year on-site warranty for hardware related issues. Honeywell Access Systems guarantees next business day on site service for any problems brought to our attention prior to 3:00 p.m. CST. Honeywell Access Systems and/or our vendor will be required to provide troubleshooting over the phone with either customer or end-user to determine the extent of the problems. A purchase order must be supplied to the Honeywell Access Systems Customer Service Rep during notification of the problem

to ensure that any defective or unused repair parts are promptly returned to the vendor. In the event that the parts are not returned to the vendor, the customer will be billed for the unreturned items on the provided purchase order number. Any abuse of or power surges to the equipment will void the warranty. (Please see below for further definition of non-warranty issues.) The purchase order number will be used, therefore, to bill the customer for the non-warranty repair of the equipment.

Extended PC System Warranties: Additional maintenance agreements can be purchased to extend the warranty for our PC systems in time increments of one (1) year. These additional extended warranties will not exceed a total of two (2) additional years from the expiration of Honeywell's normal one (1) year warranty. These additional warranties can be purchased from our Sales Department. Please contact your Honeywell Access Sales Rep for more information on these additional warranties. Extended warranties for PC systems must be purchased during the initial warranty period only.

Extended Warranties: HID has extended its warranty to lifetime coverage on all of its products except ISOPROX and DUOPROX cards. Honeywell will honor HID's warranty for all new items purchased on or after January 1, 1997.

Freight charges for warranty material is the responsibility of the Customer.

13. Non-Warranty

Honeywell's warranty shall not extend to any material which is determined to be defective as a result of misuse, improper storage, incorrect installation, operation or maintenance, alteration, modification, accident, acts of God, natural disaster, or unusual deterioration of the material due to physical environments in excess of the limits set forth in material manuals. (Refer to section above on Warranty.)

Return/Repair: Upon the receipt of defective or damaged material at Honeywell Access Systems, new or repaired replacement material will be shipped to the customer. The customer will be charged for repair or replacement material. Customer is required to issue a purchase order and is responsible for all freight charges.

Advancements: The prompt replacement of damaged or defective material prior to its return. Customers must issue a purchase order prior to shipment of replacement material. Customers will be invoiced a transaction fee for this advanced replacement service and for all repair or replacement costs, including freight charges.

Test Fees: Any product received by Honeywell Access Systems that is tested and determined in good working condition, will be returned to the customer along with a testing fee that will be billed to the customer's account. This testing fee will not be refundable.

14. Return Merchandise Authorization (RMA)

No material will be accepted for return to Honeywell's warehouse or factory without an RMA number, also referred to as a Return Authorization Credit (RAC) number. Customer will need to provide the following information to obtain a RMA number:

- a. Model number and serial number of the unit.
- b. If available, the shipment date of the unit (from packing list).
- c. A new purchase order number.
- d. Symptoms of the defective unit.
- e. Technical call reference number (for products in warranty).
- f. Method of shipment.
- g. Type of RMA required (advance replacement, repair/return, return only for credit or DOA)

Upon receipt of a Customer RMA request for either credit or repair of material, Honeywell agrees to either issue an RMA number or, per written Customer request, provide Customer with a written explanation for its refusal to issue the RMA within thirty (30) days of the request date. Unauthorized returns will be refused and returned to the shipper at the Customer's expense. An RMA number is valid for a period of ninety (90) days from the date of issue. After ninety (90) days, the RMA number will be voided. An RMA number will not be issued for special order or custom material, except for warranty repair claims.

15. Use of Trademarks

During the term of this Agreement or any extension thereof, Customer may use the tradename of Honeywell or any of Honeywell's trademarks, insignias, logos, or proprietary marks in connection with Customer's sales, advertisements, and promotions of the Products. Customer acknowledges that these trademarks and logos are valuable assets of Honeywell and Customer's use of such proprietary marks shall be in accordance with Honeywell's direction and policies.

Customer specifically disclaims any right in any of the proprietary marks and shall not use the proprietary marks as part of the business name of Customer.

16. Promotional Expenses

Honeywell will furnish to Customer, at no cost, reasonable quantities of catalogs and other sales promotional literature regarding the Products. See last page for a listing of available promotional pieces. At the request of Customer, Honeywell will provide technical and/or sales training seminars for Customer's personnel, provided that such seminars can be scheduled within the time and travel schedules of Honeywell's personnel. Consult factory for seminar and training fees.

17. Federal Communications Commission (FCC) Registration

Honeywell warrants that each of the products is registered under and complies with Part 68 of the Federal Communications Commission's Rules and Regulations, including, but not limited to, all labeling and customer instruction requirements.

18. Infringement

In the event Customer received a claim that the Product or any part thereof infringes upon the patent, copyright, trademark or proprietary rights of others, Customer shall immediately notify Honeywell in writing of all such claims. Honeywell shall defend or settle such claims, and exercise its best efforts to procure for Customer the right to use the Products or modify the products to avoid infringement. Customer shall cooperate in the defense of any such claims as reasonably requested by Honeywell. Honeywell will indemnify and hold Customer harmless from any costs or damages resulting from such claims including reasonable attorney's fees. However, Honeywell shall have no liability or any claim based upon the combination with, operation of, or use of any Product not supplied by Honeywell or based upon alteration of the product by someone other than Honeywell.

19. Confidentiality

All software, drawings, diagrams, specifications, catalogs, literature, manuals and other materials furnished by Honeywell in relation to the design, use and service of the Products shall remain confidential and shall constitute proprietary rights of Honeywell and Customer agrees to treat such information as confidential. Customer shall acquire no rights in the design of the Products or the related materials except to use such information solely for the purpose of and only during the time it sells the Products. Customer shall not copy the design of any of the Products or use or cause to be used any Product design or related materials for its own benefit or for the benefit of any other party. The covenants contained in this section shall remain effective throughout the term of the Agreement and thereafter unless specifically waived by Honeywell in writing.

20. Relationship Of Parties

The Agreement does not in any way create the relationship of joint venture, partnership, or principal and agent between Honeywell and Customer. Neither party shall have the power or ability to pledge the credit of the other nor to bind the other or to contract in the name of or create a liability against the other in any way for any purpose.

21. Non-Assignability

Neither party shall assign this agreement or its rights and obligations hereunder except with the prior written consent of the other party, which shall not be unreasonably withheld or delayed. Any unauthorized transfer or attempt to transfer or assign shall automatically terminate this Agreement.

22. General Provisions

- A. Governing Law – This transaction shall be governed and construed in accordance with the laws of the State of Wisconsin, USA.
- B. Remedies: Nonexclusive—No remedy conferred by any specific provision of these terms is intended to be exclusive of any other remedy and each and every remedy shall be accumulative and shall be in addition to every other remedy given here under or now or hereinafter existing in law, or in equity, or by statute, or by otherwise. The election of one or more remedies by either party shall not constitute a waiver of the right to pursue other available remedies.
- C. Enforcement of Agreement – In the event of litigation relating to this transaction, the prevailing party shall be entitled to recover its attorney's fees associated with that litigation plus prejudgment interest at the legal rate computed from the date of the filing of such litigation.

23. Conflicting Terms

Honeywell rejects any terms or conditions stated by Customer or contained in Customer's purchase documents or correspondence which are in addition to, conflict with or limit the terms and condition herein. Customer's execution or other acceptance of this proposal or its acceptance of delivery of all or part of the goods to be delivered hereunder shall constitute Customer's acceptance of the terms and conditions herein and shall be deemed to exclude any additional, conflicting or limiting terms stated by Customer or contained in Customer's purchase documents or correspondence.

24. Fire Safety And Liability Notice

Honeywell hereby notifies installer that card readers should never be connected to any critical entry, exit door, barrier, elevator or gate without providing customers with an alternative exit in accordance with all fire and life safety codes pertinent to the installation. These fire and safety codes vary from city to city and approval from local fire officials must be obtained whenever using an electronic product to control a door or other barrier. Use of egress buttons, for example, may be illegal in some cities. In most applications, single action exit without prior knowledge of what to do is a life safety requirement. (Always make certain that any required approvals are obtained in writing. Do not accept verbal approvals, as they are not valid.) Honeywell also never recommends using the N-1000 or related products for use as a primary warning or monitoring system. Primary warning or monitoring systems should always meet local fire and safety code requirements. The installer must also test the system on a regular basis by instructing the end user in appropriate daily testing procedures. Failure to test a system regularly could make installer liable for damage to end user if a problem occurs.