

Mitek Electronics and Communications
Mitek Corporation / Magnum Marketing Corp.

Distributor Agreement

MITEK CORPORATION AND DISTRIBUTOR AGREE AS FOLLOWS:

- 1) Appointment.** Mitek Corporation hereby appoints Distributor as an authorized non-exclusive Mitek Distributor for Mitek products.
- 2) Acceptance.** Distributor accepts the appointment by Mitek and agrees to develop demand for and to sell Mitek products within the territory herein set forth, and will make all sales hereunder in accordance with this Agreement.
- 3) Term.** The initial term of this Agreement shall be from the date of acceptance by Mitek until December 31, 2017, unless terminated as herein provided.
- 4) Products.** Upon the signing of this Agreement by the parties, Distributor shall become the authorized Distributor for the Mitek Corporation products ("Products") as listed in Exhibit A, which may be amended by Mitek annually and/or periodically.
- 5) Dealers.** Distributor is requested to submit Distributor Serviced Dealer agreements for all Dealers ("Dealers") who purchase Products from Distributor and who follow and support procedures and policies of this agreement. Such agreements will be due by January 31 of each calendar year, or for Dealers added during the year, within 30 days of the Dealer's first Product purchase from Distributor. Only Dealers for whom a Distributor Serviced Dealer agreement was completed will be allowed to return products for warranty and appear on the appropriate Mitek brand dealer locator.
- 6) Orders.** Distributor agrees to purchase all products in master carton quantities.
- 7) Pricing.** Distributor shall be supplied with a copy of the Mitek Buyers guide that lists Mitek's current manufacturer's suggested retail price ("MSRP") and minimum advertised price ("MAP" when applicable) for each of the Products. Mitek may at anytime change the MSRP or MAP (when applicable) for any Product by written notice to the Distributor.
 - a)** It is Mitek's policy to supply Products only to Distributors whose Dealers observe the MSRP and MAP (when applicable) in Dealer Advertisements and Materials. Nothing in this Agreement, however, is intended to restrict the price at which Dealer sells Products.
 - b)** "Dealer Advertisements and Materials" means all oral, written and electronic advertisements, materials or presentations of any kind that are circulated or communicated to potential customers by any means by or at the direction of the Dealer, or for which the Dealer pays any fee, and shall include any listing or identification of a Product on the internet (including auction sites) or any other computer network.
 - c)** Price Protection – Mitek will not credit the Distributor for any product pricing changes or special discounts at any time.
- 8) Payment Terms.** A credit facility charge rate of 1.25% per month for up to 90 days may be charged for past due invoices. Failure to pay within terms will result in forfeiture of discount. Mitek shall have the right to establish and change credit limits and financial requirements at its sole discretion.
- 9) Sales Limitations.** Distributor agrees as follows:
 - a)** Distributor shall not sell, offer for sale, or ship Products except to Mitek approved Dealers in the geographic area ("Territory") as described in Exhibit A, which may be amended by Mitek annually and/or periodically.

- b) Distributor shall not sell Products to any Dealer that sells Products on the internet without prior written approval from Mitek. Dealers are allowed to advertise or display Products on their website, using at least MAP pricing, but Products may not be able to be purchased from any website operated by, linked to, or referred by the Dealer.
- c) Distributor may utilize their own website to sell Products to Mitek approved Dealers ONLY. Any Product sales directed toward or completed to consumers or non-approved Dealers will constitute a breach of this Agreement.
- d) A violation of any provision of this paragraph shall give Mitek the right to immediately terminate this Agreement "for cause". Upon termination, all invoices due Mitek Corporation shall become immediately due and payable.
- e) Mitek is not obligated to provide warranty for any product found to be sold through the Distributor or a Dealer on the Internet, without prior written approval from Mitek.

10) Promotion Requirements. Distributor agrees to use its best efforts to promote conscientiously and diligently the sale of Products on a full-time, year round basis within the Territory. Distributor agrees to cooperate with any requested support from Mitek for shows and events.

11) Purchase Requirements. The purchase requirements of the distributor are listed in Exhibit A. These requirements may be amended by Mitek annually and/or periodically. If these requirements have not been met, then **Mitek has the right to make any adjustments needed, including changes to discount levels, payment terms, freight programs, promotional funds, or Territory.** In addition, Mitek may refuse to renew this Agreement for an additional year.

12) Credit and Financial Requirements. Distributor has signed a Credit Application, and represents that all statements set forth in said Credit Application are true and correct as of the date of this Agreement.

- a) Distributor shall, from time to time, when requested by Mitek, furnish any financial statements or additional information as may be necessary to enable Mitek to determine Distributor's financial condition and continued credit worthiness.
- b) Distributor shall not make deductions of any kind from any payments due Mitek unless a written credit memorandum has been issued by Mitek to Distributor.
- c) Distributor agrees to sign Security Agreements and UCC Financing Statements as may be required by Mitek from time to time.
- d) Distributor agrees to provide Mitek with resale certificates for Distributor's customers upon request, in order to determine their exemption status for government compliance.
- e) If Distributor becomes delinquent in payment obligations or other financial requirements established by Mitek, or if, in the sole judgment of Mitek, Distributor's credit becomes impaired, Mitek shall have all or any of the following rights and remedies in addition to any other remedies provided by law or this Agreement:
 - i) Mitek may refuse to accept any new orders, may cancel or delay shipment of any orders accepted previously, or may stop shipments in transit.
 - ii) Mitek may refuse to extend further credit and may require payment on a C.O.D. or Cash in Advance basis.
 - iii) Mitek may declare all outstanding amounts immediately due and payable notwithstanding any Credit Agreement previously entered into by the parties.
- f) MITEK SHALL NOT BE LIABLE TO DISTRIBUTOR FOR LOSSES OR DAMAGES OF ANY KIND AS A RESULT OF THE EXERCISE BY MITEK OF ITS RIGHTS AND REMEDIES SET FORTH HEREIN
- g) Payment terms are defined in Exhibit A
- h) In the event it becomes necessary for Mitek to institute litigation to collect sums owed to Mitek by Distributor, Distributor shall be responsible for reasonable attorney's fees and court costs incurred by Mitek in connection with said collection action.

13) Orders and Shipments.

- a) A confirmation from Mitek to the Distributor will constitute acceptance of the order.
- b) Mitek shall have the right for any reason to reject an order in whole or part.
- c) Mitek shall endeavor to ship product in a reasonable amount of time.

- d) MITEK SHALL NOT BE LIABLE TO DISTRIBUTOR FOR ANY DAMAGES, WHETHER INCIDENTAL, CONSEQUENTIAL OR OTHERWISE, FOR FAILURE TO FILL ORDERS, DELAYS IN SHIPMENT OR DELIVERY, OR ERROR IN THE FILLING OF ORDERS.
- e) Mitek shall have the right to make partial shipments with respect to Distributor's orders, which shipments shall be separately invoiced and paid for when due. The portion of the order not available to ship may be canceled. Distributor shall be notified by telephone of any such cancellation.
- f) Freight policies are described in Exhibit A, and may be amended by Mitek annually and/or periodically.
- g) Any and all orders drop shipped may be subject to additional shipping and handling charges.

14) Exclusion of Implied Warranties.

- a) ANY AND ALL IMPLIED WARRANTIES WITH RESPECT TO PRODUCTS SOLD BY MITEK TO Distributor, INCLUDING BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, HEREBY ARE EXCLUDED.
- b) Mitek's liability, if any, to Distributor for any allegedly defective product or part, shall be limited to repair or replacement of the product or part, at Mitek's option. Mitek SHALL NOT BE LIABLE TO DISTRIBUTOR FOR ANY DAMAGES, WHETHER INCIDENTAL, CONSEQUENTIAL OR OTHERWISE, BECAUSE OF PRODUCT OR PART DEFECTS.

15) Trademarks and Trade Names.

- a) Distributor may use the trade names, trademarks, and logos associated with Products (collectively "Marks"), in any sign or advertising during the continuance of this agreement, subject to the following guidelines:
 - i) All displays of the Marks should follow the exact appearance and proportions found on camera-ready line art supplied by Mitek. No distortion or modification of the type style is permitted. The ® (registered trademark symbol) must be included as part of the Mark.
 - ii) The Mark must be shown on a solid background (no patterned backgrounds are permitted). Mitek corporate logos should always be a solid fill, as opposed to outlined.
 - iii) In case of termination of this Agreement, or upon request of Mitek, Distributor shall discontinue use of such Mark in any sign or advertising and shall not use the Mark directly or indirectly in connection with its business, nor use any other name, title, or expression so nearly resembling it as would be likely to lead to confusion or uncertainty, or to deceive the public.
 - iv) Distributor shall not attach any additional trademarks or trade names to Products and shall not affix any Marks to products other than appropriate Products.
- b) Distributor is permitted during the term of this Agreement to use or reproduce Mitek copyrighted materials provided they are not modified or altered in any way. The Distributor's name, logo and contact information may be stamped or otherwise added to the materials, but this addition must not cover or deface any of the original Mitek logos or contact information.
- c) A violation of any provision of this paragraph shall give Mitek the right to immediately terminate this Agreement "for cause". Upon termination, all invoices due Mitek Corporation shall become immediately due and payable.

16) Product Returns. Distributor may not return any Product for credit or replacement without prior return authorization from Mitek. In the event Mitek repurchases any of its products at any time, such repurchases shall be treated as a reduction in Distributor's purchases for purpose of determining the minimum purchase requirements set forth herein. Mitek shall have the right to charge a restocking charge of up to 25% of invoice price. In addition to restocking charges, Mitek shall also charge accordingly to replace or restore packaging as needed.

17) Termination.

- a) Termination by Distributor. Distributor may terminate this Agreement, at will, at any time, by written notice to Mitek, not less than thirty days prior to effective date of such notice.
- b) Termination by Mitek. Mitek may terminate this Agreement, at will, at any time, by written notice to Distributor, not less than thirty days prior to effective date of such notice.

- c) **Termination for Cause.** Mitek may immediately terminate this Agreement "for cause". "Cause" shall include, but not be limited to, the following:
 - i) Sales of Products outside the Territory set forth in Exhibit A of this Agreement.
 - ii) Sales to Dealers who do not observe Mitek's pricing policies as outlined in section 7.
 - iii) Sales to Dealers who sell Products on the internet
 - iv) Any change in the management, ownership or control of Distributor's business.
 - v) Use of MITEK trademarks, trade names, and copyrighted materials in violation of this Agreement
 - vi) Any breach of Distributor of any other terms or provisions of this Agreement.
 - vii) Any misrepresentation by the Distributor of credit or financial information.
- d) **Termination for Insolvency.** This Agreement shall immediately terminate if a receiver is appointed for all or any portion of Distributor's property; Distributor becomes insolvent or unable to pay its debts as they mature in the ordinary course of business, or makes an assignment for benefit of creditors; any proceedings are commenced by or against Distributor under any bankruptcy or insolvency law; or Distributor is liquidated or dissolved.
- e) **Liability for Termination.** MITEK SHALL NOT BE LIABLE FOR ANY LOST PROFITS, INCIDENTAL OR CONSEQUENTIAL DAMAGES, OR DAMAGES OF ANY OTHER KIND OR CHARACTER AS A RESULT OF TERMINATION OF THIS AGREEMENT.

18) Repurchase of Inventory Following Termination.

- a) Upon the termination of this Agreement for any reason, Mitek, at its option, shall have the right, but shall not be required, to repurchase from Distributor all Products then in Distributor's inventory. If Mitek wishes to consider the exercise of such option, it shall, within ten days following the effective date of termination, request Distributor to provide a list of all Products on hand. Distributor shall provide said list within ten days thereafter. Within ten days of the receipt of such list, Mitek, at its option, shall notify Distributor as to the products it wishes to repurchase. If such option to repurchase is exercised by Mitek, Distributor agrees to deliver or cause to be delivered to Mitek, at Distributor's expense, those products selected for repurchase. Mitek shall have the right to inspect all returned merchandise before establishing final disposition. Upon inspection, Mitek shall be entitled to reject or return to Distributor any product, which in Mitek's sole judgment, is in unacceptable condition. Distributor shall be credited for any accepted products at the purchase price at which, such products were originally purchased by Distributor.

19) Assignment

- a) This Agreement constitutes a personal contract and Distributor shall not transfer or assign this Agreement, or any part thereof, without written consent of Mitek.

20) Non-Solicitation. Distributor shall not directly or indirectly solicit the employment of any Mitek employee, and shall not employ any Mitek employee or any person who was an employee of Mitek at any time during the relationship between the parties, and for a period of two (2) years following the termination of any relationship between the parties. Distributor agrees that if it breaches the terms and conditions of this section, Distributor shall immediately pay to Mitek an amount equal to the hired employee's annual wage for each such breach.

21) Confidentiality. Distributor acknowledges that they will be in possession of confidential information owned by Mitek Corporation.

- i) a) "Confidential Information" means any information, technical data, or know-how, including but not limited to that which relates to research, business plans and strategies, business operations and systems, marketing techniques and materials, price lists and policies, trade secrets, samples, patents, copyrights, technical data, drawings, descriptions, products, services, technology, formulae, plans, customers markets, business policies or practices, unreleased software, developments, inventions (whether or not patentable), financial data, methods, results, existence of on-going discussions between the parties, and/or any other material related thereto provided.
- ii) b) Distributor agrees that for a period of two (2) years after the term or termination of this Agreement, Distributor and any of its employees or agents will not release, publish, reveal or

disclose the Confidential Information directly or indirectly to any person without first obtaining the written consent of Mitek Corporation.

22) Miscellaneous Provisions

- a) The relationship between Mitek and Distributor is that of buyer and seller only. Distributor is not the agent or legal representative of Mitek for any purpose whatsoever. Distributor is not granted any right or authority to assume or create any obligation or responsibility, express or implied, on behalf of or in the name of, Mitek, or to bind Mitek in any manner. Distributor shall be deemed to be an independent contractor at all times.

23) Notices. All notices required under this Agreement shall be in writing and shall be delivered by personal delivery or certified mail to Mitek, 1 Mitek Plaza, Winslow IL 61089, or to such other address as the parties shall designate in writing. Distributor notices shall be delivered to the address on the applicable Mitek agreement. Notice shall be deemed effective upon receipt if delivered in person, or if mailed, upon the date received by recipient in the United States Mail.

24) Indemnification. Distributor agrees to and does hereby fully indemnify and hold harmless, Mitek and the respective officers, directors, shareholders, employees, and agents of Mitek, herein referred to as "the indemnified parties", from and against any and all losses, damages, liabilities, obligations, judgments, costs, and other expenses incurred or suffered by indemnified parties by reason of the assertion of any claim or the institution of any litigation against them during the term of this Agreement, or subsequent to its termination, which is directly or indirectly based upon or related to, any breach by Distributor of this Agreement, or any acts of omission of Distributor, or Distributor's employees or agents. Distributor shall assume the defense, at its sole expense, of any claim or litigation as to which it has an indemnification obligation hereunder. If Distributor fails to do so, the indemnified party shall have the right to assume their own defense and Distributor shall be obligated to reimburse the indemnified parties for any and all expenses, including, but not limited to, reasonable attorney's fees and court costs incurred in the defense of such claim or litigation.

25) Magnuson-Moss. Distributor shall at all times comply with the provisions of the Magnuson-Moss Act and regulations there under, and comparable state laws and regulations relative the delivery of warranties to consumers and all other laws and regulations applicable to the conduct of its business

26) Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Illinois. Any litigation instituted by Distributor against Mitek, which pertains to Products or this Agreement, must be instituted in Stephenson County, Illinois. Any such litigation against Distributor by Mitek may, at Mitek's option, be instituted in Stephenson County, Illinois, or in the state in which Distributor maintains its principal place of business. Distributor hereby consents irrevocably to the jurisdiction in Illinois of any such litigation by Mitek against Distributor.

27) Waiver. The waiver by either party of any of its rights or breaches under the terms of this Agreement shall not be deemed or construed as a waiver of any subsequent breach or default.

28) Severability. In the event the provisions of this Agreement or the application of any such provisions to the parties hereto shall be held by a court of competent jurisdiction to be unlawful or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect.

29) Entire Agreement. This Agreement constitutes the entire Agreement between the parties hereto. Any written or oral Agreements existing prior to the date of this Agreement are superseded and canceled by this Agreement. This Agreement may only be modified in writing executed by both parties. This Agreement shall become effective only upon its execution by Distributor and subsequent execution by Mitek.

2017 Home Distributor Program

Brands

- MTX Home, DCM, Esoteric, Atlas Sound

Program Discounts

- Terms = 20% 30, Net 31

Freight Program

- Purchase orders exceeding \$3500 will be shipped at Mitek's expense.
- Each shipping location must place an order exceeding \$3500 to qualify for free freight.
- Custom home speakers (in-wall / in-ceiling only) purchase orders exceeding \$500 also qualify for free freight.

Atlas Program

- For all Atlas purchases pricing is reflective in the current Atlas price book. Atlas purchases will not qualify for standard program discounts.

2017 MDF Program

Mitek is proud to help our distributors promote the Mitek brands in their territory with a MDF program.

Program Details:

- Distributor may receive 1.5% MDF credit on NET Sales

Conditions:

- MDF funds may only be used for: sales incentives, print materials, and/or show expenses.
- Distributor must submit the MDF request form to Mitek for pre-approval.
- MDF credits maybe requested after the end of the first quarter.
- MDF Funds will accrue throughout the year and may be claimed quarterly, yearly, or at time of request.
- MDF Funds must be requested/claimed by 12/31/16
- Any unused MDF Funds for the year will not carry over to the following year
- Before funds will be issued proof of performance must be submitted to Mitek.
- If funding will be used for any print materials Mitek requests to right to review proofs and suggest changes before materials are printed.
- This program supersedes all others and is the only funding available in 2017.

Program Requirements

- Mitek requires monthly inventory reports from all customers to be provided to help identify trends and opportunities. This information is kept strictly confidential.
- Program and pricing is subject to change throughout the year.

2017 Mitek Home Electronics Return Program –Dealers and Distributors

Warranty Periods - All product warranty periods start with the sale to the End User. See warranty statements for complete details and exceptions.

- In-Wall and In-Ceiling Speakers – 10 Years
- All-Weather, Add-a-Zone, Pro Audio – 5 Years
- Powered Subwoofers, ABUS – 2 Years
- Multi-Purpose, Bookshelf, Indoor-Outdoor, Home Theater - 1 Year
- Soundolier – 90 Days
- Atlas Product – See Atlas Price book
- R-Stock products (remanufactured) – 90 days
- Products Exchanged or Repaired under warranty – 90 days or balance of original warranty

Proof of Purchase (POP)

- If the length of time between the date of shipment from Mitek and the date of return exceeds the normal warranty period, a POP will be required to verify the date of sale to the end user.

Field Destroy Policy

- Home and Pro products are not eligible for Field Destroy, and must be returned in order to receive warranty consideration.

In order to receive a Return Authorization (RA) please choose one of the following;

- Complete an RA Request Form (available online at www.mitekusa.com or www.magnumrocks.com) and either FAX it to **866-556-0090** OR email to us at mitekwarranty@mitekusa.com

OR

- Call the Warranty phone number (**800-556-2888**) for assistance – be prepared to provide your name, phone number and shipping information, the model and serial number of the product, and a description of the problem.
THEN
- Print the RA number on the outside of the box, and include a Proof of Purchase (POP) if requested. Send audio/speaker products to the Monroe address.

Shipping Address
Mitek Warranty
704 30th Street
Monroe WI 53566

RA number or requests for additional information will be provided within 48 hours. Please call **800-556-2888** with any questions after submission.

Mitek Tech Support
Phone - 800-225-5689

Mitek Warranty

Mitek Home products (including AAL, Blueprint, DCM, Esoteric, MTX, MTX Pro Audio, Musica, and Soundolier) purchased in the USA from an authorized Mitek dealer are guaranteed against defects in material and workmanship for the period of time specified. The warranty period begins the day the product is purchased by the end user, and this warranty is limited to the original retail purchaser of product. Products found to be defective during the warranty period will be repaired or replaced with equivalent product by Mitek at no charge. This warranty is void if it is determined that unauthorized parties have attempted repairs or alterations of any nature, and the warranty does not extend to cosmetics or finish. Mitek disclaims any liability for other incurred or consequential damages resulting from product defects. Mitek's total liability will not exceed the purchase price of the product.