

GENTEX CORPORATION TERMS OF SALE
Effective January, 2009

All sales of products relating to fire protection and carbon monoxide detection products by GENTEX CORPORATION (“**Seller**”) are made on the following terms and conditions. In these Terms of Sale, products that Seller sells or offers to sell are called “**Goods**,” the purchaser of the Goods is called “**Buyer**” and the contract between Seller and Buyer with respect to the Goods is called the “**Contract**.”

1. **Agreement.** Seller’s quotation, acknowledgment or other document to which these Terms of Sale relates constitutes Seller’s offer to sell to Buyer, and Seller rejects earlier offers to buy made by Buyer and objects to any different or additional terms contained in any acceptance by Buyer of Seller’s offer. If for any reason Seller’s quotation, acknowledgment or other document is in legal effect an acceptance of an offer by Buyer, then Seller’s acceptance is conditional upon Buyer’s assent to all of these Terms of Sale, and Buyer’s acceptance of delivery of, or payment for, the Goods shall constitute Buyer’s agreement to these Terms of Sale. Notwithstanding any contrary provision in Buyer’s purchase order or other document or communication, Seller’s delivery of Goods, performance of services or the commencement of work on Goods to be specially manufactured for Buyer, will not be deemed an acceptance by Seller of terms different than those contained in these Terms of Sale.

2. **Terms of Payment.** Payment terms are 2% net thirty (30) days from the date of shipment unless Seller agrees otherwise, except that (1) if at any time Seller determines that Buyer’s financial condition or credit rating does not justify a sale on credit or if Buyer is at any time in default in any indebtedness or obligation that Buyer owes to Seller, then Seller may require advance payment or ship the Goods C.O.D. and (2) if any shipment is delayed by Seller at the request of Buyer, then payment terms are 2% net thirty (30) days from the date on which Seller is prepared to make shipment. Payments shall be made to Seller at the address specified in the invoice. Pro rata payments shall become due as shipments are made. Unless Seller consents in writing, Buyer may not setoff or deduct amounts owed to Buyer by Seller, Seller’s affiliates or others. If a payment is not made on or before its due date, then it shall accrue a late charge of 1-1/2% per month on the unpaid balance. If a payment is not made on or before its due date, then Seller may cease performance under the Contract and any or all of Buyer’s other purchase orders, whether or not related to the late payment.

3. **Delivery.** The Goods will be delivered EXW (Incoterms 2000) Seller’s facility from which the Goods will be shipped, except that if Seller’s facility and Buyer’s facility to which the goods are to be shipped are both located in the United States, then Seller shall deliver the goods F.O.B. (Uniform Commercial Code term) Seller’s facility, except that, in either case, risk of loss of the Goods shall pass to Buyer upon identification of the Goods to the contract between Buyer and Seller. Delivery dates are estimates only, and time is not of the essence. Seller shall have the right to determine the method of shipment and routing of the Goods unless Seller otherwise agrees in writing. Buyer shall be responsible for any additional costs incurred by Seller to meet any increase in quantity of more than 15% of the purchase order within a lead time specified by Seller. Buyer shall be responsible for additional costs of expedited or other special transportation that Buyer requests.

4. **Claims.** A claim by Buyer that Seller failed to deliver the agreed-upon quantity, weight or number of the Goods must be submitted to Seller in writing within ten (10) days after Seller delivers the Goods. If Buyer fails to do so, then it shall be conclusively presumed that the proper quantity, weight and number was delivered.

5. **Delays.** If Seller is not able to finish and deliver the Goods to Buyer on time because of anything that Seller cannot control (such as casualty, labor trouble, accidents or unavailability of supplies or transportation), then the estimated delivery time shall be extended accordingly, and Seller shall not be liable to Buyer for any damages that the delay causes.

6. **Installment Deliveries as Separate Sales.** Seller may ship all of the Goods at one time or in portions from time to time. Each installment of the Goods is to be considered as a separate sale, and Buyer shall be liable to pay the agreed price for each such installment without regard to any failure to deliver other installments.

7. **Defects; Remedies.** If an item of the Goods that has been properly installed and maintained and not subject to abuse, misuse, neglect or accident or altered or repaired by anyone other than Seller or its authorized representative proves to be defective (as defined below) within the Applicable Warranty Period after Seller manufactures it, and if Buyer promptly returns the item to Seller F.O.B. Seller’s facility in Zeeland, Michigan, then Seller shall, at Seller’s option, either repair or replace the defective item, at Seller’s expense. An item shall be considered “defective” if Seller finds that it is defective in materials or workmanship and if the defect materially impairs the value of the goods to Buyer, except that if Buyer shall have provided or approved drawings of or specifications for or a sample of the item, then the item shall not be defective to the extent that it conforms to the drawings, specifications or sample. This paragraph sets forth Buyer’s sole and exclusive remedies for a defect in the goods. The Applicable Warranty Periods are:

Product	Applicable Warranty Period
Smoke detectors and alarms	24 months

Notification appliances	36 months
Carbon monoxide detectors and alarms	24 months
Combination carbon monoxide/smoke detectors/alarms	24 months

This paragraph does not apply to, and Seller shall have no obligation to Buyer with respect to, (1) any of the Goods that are manufactured by anyone other than Seller or (2) the design, design performance, durability or system integration of any of the Goods that are modules or assemblies or any components of such Goods.

8. **Limitations.** EXCEPT AS STATED IN PARAGRAPH 7 SELLER DOES NOT MAKE ANY WARRANTY AS TO THE GOODS AND, IN PARTICULAR, DOES NOT MAKE A WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND BUYER IS SOLELY RESPONSIBLE FOR DETERMINING THE PROPER APPLICATION AND USE OF THE GOODS. Seller shall not have any tort liability to Buyer with respect to the goods and shall not be liable for consequential, special, punitive, indirect or incidental damages that arise from a product defect, delay, nondelivery or other breach. Buyer shall not have a right of rejection or of revocation of acceptance of the goods.

9. **Safety Features.** Buyer shall install and operate the Goods properly and according to Seller’s installation and operating instructions and shall not remove or change a safety device, warning or operating instruction that Seller places on the Goods.

10. **Permits and Compliance.** Seller is not responsible for obtaining a permit, inspection or license that may be required for installation or operation of the Goods unless otherwise agreed to in writing. Seller does not make a promise or representation that the Goods will conform to a law, ordinance, regulation, code or standard.

11. **Components of Another Product.** If any of the Goods constitute parts or components that are to be incorporated or installed in a product, system or process (“Final Product”) that is manufactured or assembled by or for Buyer, then (1) Buyer shall obtain, or cause the end-user of the Final Product to obtain, all permits, inspections and licenses that are required for installation or operation of the Final Product, (2) Buyer shall cause the Final Product to conform to all applicable laws, ordinances, regulations, codes and standards and (3) Buyer shall place on the Final Product all safety devices and warnings, and shall furnish to its buyer all installation and operating instructions, that are necessary or desirable to prevent death, personal injury or property damage from being caused by use or operation of the Final Product.

12. **Resale.** On each resale of the Goods, Buyer shall contractually limit its buyer’s rights and remedies against both Buyer and Seller to the same extent that this Contract limits Buyer’s rights and remedies.

13. **Indemnification.** Seller will indemnify and defend Buyer against third-party claims asserted against Buyer or its customers for bodily injury, death, or property damage, if and to the extent such injury, death or damage is directly attributable to Seller’s gross negligence or willful misconduct in the design or manufacture of the Goods. Seller shall have no duty to indemnify Buyer for bodily injury, death, property damage or any other liability to the extent such injury, death, damage or other liability is due to improper installation or misuse of the Goods. Installation of the Goods is improper if the Goods are not installed in accordance with the instruction and installation manuals that Seller provided with such Goods, as supplemented or amended by technical bulletins or other materials published by Seller from time to time. The parties will cooperate with each other to determine the cause of a defect in or failure of the Goods and an equitable allocation of responsibility among all responsible parties. Seller may examine and test all available Goods that are subject to a third-party claim. Buyer shall include Seller in settlement discussions where indemnity has been or will be sought from Seller, and Buyer will not settle or compromise any third-party claim that gives rise to an indemnification claim without Seller’s prior written consent.

Buyer shall indemnify and hold harmless Seller with respect to all damages, losses, claims and expenses, including consequential and incidental damages and attorney fees, that Seller incurs as a result of (1) Buyer’s breach of any of Buyer’s obligations under the Contract, (2) any claimed unfair competition or patent, trademark, copyright infringement or any other claim resulting from Seller’s manufacture of the goods to Buyer’s specifications, or (3) improper installation of the Goods.

14. **Intellectual Property.** Seller does not transfer to Buyer any patent, trade secret, trademark, service mark, copyright or other intellectual property right (“**Intellectual Property Right**”) related to the Goods. All inventions (whether or not patentable), devices, technologies, ideas, improvements, processes, systems, software and other works and matters that Seller creates or develops in the course of Seller’s design, development or manufacture of the Goods and all drawings and specifications that Seller provides to Buyer (“**Intellectual Property**”) shall be Seller’s sole property, and Buyer assigns, and agrees to assign, to Seller all right, title and interest that Buyer now has or in the future acquires in the Intellectual Property. Buyer shall not disclose or use any of the Intellectual Property or any information about Seller’s business, operations or activities, except to the extent necessary for Buyer to use the Goods.

Seller will indemnify and defend Buyer and its customers against claims, liabilities, losses, damages, costs and expenses, including reasonable legal fees, arising out of the actual infringement by the Goods of a third-party Intellectual Property Right in the United States, the European Union or Japan. If a claim under this section results, or is likely to result, in an injunction or other order that would prevent Seller from supplying or Buyer from using the Goods for their intended purpose, then Seller will at its option and

expense (1) secure a license of the Intellectual Property Right that permits Seller to continue supplying the Goods to Buyer, (2) modify the Goods so that they become non-infringing, so long as the modification does not materially alter the operation or performance of the Goods, or (3) replace the Goods with non-infringing but practically equivalent goods.

Seller shall have no liability under this section, and Buyer shall indemnify Seller, for any claim of infringement based on (1) the Goods being modified by Buyer or a third party, (2) the Goods being modified by Seller upon Buyer's request, (3) use or interconnection by Buyer of the Goods in combination with other products not made or sourced by Seller or (4) Goods made to specifications not provided by Seller.

15. **Disclosure and Use of Information.** Any information disclosed by either Buyer or Seller to the other during the term of this Agreement is proprietary to each and may not be used by the other or disclosed by the other to any other entity without the written consent of the owner of the information. Any information owned or developed by Seller, including but not limited to, patents, trademarks, copyrights, know-how and proprietary information, and used for the supply of the Goods under this Contract shall remain the sole and exclusive property of Seller. Except as authorized in writing by and on terms acceptable to Seller, Buyer shall have no right to disclose any information to any third party or to have any third party make any Goods that use the information owned by Seller.

16. **Changes.** Changes in the Contract may be made only if Buyer submits written instructions for such changes and if Seller accepts those changes in writing. If any such approved changes in drawings, materials, quantities, dates of performance or design of the part, units, tools or fixtures, in Seller's sole judgment, increase Seller's costs or result in the scrapping of current inventory thus rendering it unusable, then Seller may condition approval of any such change or scrap on agreement by Buyer to a price increase to recoup such cost increase. Seller shall have the right to make design or engineering changes to the Goods that do not materially change their function or specifications at any time in its sole discretion.

17. **Cancellation/Reschedule of Purchase Orders.**

A. Buyer does not have a right to cancel its agreement to buy the Goods from Seller. If, however, Seller agrees in writing to permit cancellation, then Buyer shall immediately pay to Seller all reasonable and allocable materials, tooling, material management, labor, overhead and general and administrative costs and expenses incurred as a result of any such cancellation, within thirty (30) days after the date of Seller's invoice setting forth such costs and expenses. By way of illustration and not limitation, Seller's costs incurred by reason of Buyer's cancellation may include the storage costs for the items to be purchased, and costs associated with relocating the production to an alternate source, as well as the costs of unreimbursed and/or unamortized research and development costs, capital equipment, raw materials and other property and supplies of Seller that are needed to produce and that are unique to the Goods.

B. When Seller receives the payment described above, then all completed Goods, assemblies in process, components and any tooling, and equipment owned by Buyer and furnished to Seller, if any, under this Contract shall be returned to Buyer in accordance with instructions specified by Buyer.

C. If cancellation occurs, then Buyer, if requested by Seller, shall pay to Seller inventory carrying charges at a rate of two percent (2%) per month on the value of such inventory until it is disposed of and paid for by Buyer.

D. If Buyer reschedules deliveries of Goods for a period of more than two weeks, then Buyer, if requested by Seller, shall pay to Seller inventory carrying charges at a rate of two percent (2%) per month until such Goods are shipped.

18. **Disputes.** This Contract shall be governed by and interpreted under the laws of the State of Michigan. The parties will first endeavor to resolve through good faith negotiations any dispute arising under this Contract. However, if a dispute cannot be resolved within a reasonable time through good faith negotiations, then any claim or dispute between them or against any agent, employee, successor or assign of the other, whether related to this Contract or otherwise, and any claim or dispute related to this Contract or the relationship or duties contemplated under this Contract, including the validity of this arbitration clause, shall be resolved by binding arbitration administered by the International Arbitration Forum under the Code of Procedure then in effect. The arbitration proceeding shall take place in Grand Rapids, Michigan. Information may be obtained and claims may be filed at any office of the International Arbitration Forum, www.arbitration-forum.com, or by mail at P.O. Box 50191, Minneapolis, MN 55405 USA. Notwithstanding any other choice of law by the parties contained in this agreement or elsewhere, the parties' agreement to arbitrate shall be governed by the Federal Arbitration Act, (9 U.S.C. Sections 1-16). Any award of the arbitrator(s) may be entered as a judgment in any court having jurisdiction.

19. **Time For Bringing Action.** Any action that Buyer brings against Seller for breach of this Contract or for any other claim that arises out of or relates to the Goods or their design, manufacture, sale or delivery must be brought within one year after the cause of action accrues.
20. **Taxes.** Sales, use, occupation, excise, privilege, personal property, value-added and other taxes upon the production, sale or use of the Goods are not included in the price and such taxes or any costs in connection , wherever levied and whether imposed before or after payment of Seller's invoice, shall be paid by Buyer.
21. **Minimum Purchase Requirements and Materials Costs.** The prices set forth in the Contract were based upon the then-current price of raw materials and contingent upon Buyer's agreement to purchase the total quantities set forth in the Contract. If Buyer fails to purchase at least ninety percent (90%) of the quantities of the Goods specified in the Contract, then the prices of the Goods shall be adjusted retroactively to reflect the impact of lower volume on material pricing, labor efficiencies and other cost and expenses of Seller. Further, to the extent the prices of raw materials paid by Seller increases more than ten (10%) from the price specified in the Contract, Seller may adjust the price of the Goods sufficiently to compensate for such increased costs. Buyer shall pay Seller such additional sums within thirty (30) days after the date of Seller's invoice for payment.
22. **Solvency and Security Interest.** Buyer represents that Buyer is solvent. Seller retains a security interest in the Goods to secure payment of the price and all other indebtedness that Buyer now and in the future owes to Seller.
23. **Insecurity and Adequate Assurance.** If Seller ever believes in good faith that it has grounds for insecurity as to Buyer's performance under the Contract, then Buyer shall provide adequate assurance of due performance within 10 days after Seller demands the assurance, which shall be considered to be a reasonable time. Buyer's failure to do so shall be considered to be a repudiation by Buyer of all then-existing contracts (including the Contract) that provide for Buyer to purchase goods from Seller ("Outstanding Contracts"). "Grounds for insecurity" include, without limitation, (1) Buyer's failure to make a payment to Seller or to perform another obligation under the Contract or an Outstanding Contract, (2) Buyer's bankruptcy or insolvency, (3) a deterioration in Buyer's financial condition after the Contract was entered into and (4) Buyer's failure to provide financial statements and other financial information to Seller promptly upon Seller's request. "Adequate assurance of due performance" includes, without limitation, providing a letter of credit or comparable security for all obligations of Buyer that then exist or that will arise in the future under all Outstanding Contracts.
24. **Waiver.** The failure of either party to enforce any right or remedy provided in the Contract or by law on a particular occasion will not be deemed a waiver of that right or remedy on a subsequent occasion or a waiver of any other right or remedy.
25. **Entire Agreement.** The Contract constitutes the entire agreement between the parties with respect to its subject matter, and supersedes all prior oral or written representations or agreement by the parties with respect to the subject matter of the Contract, including Buyer's request for quotation and Seller's quotation unless specifically incorporated in the Contract. No subsequent terms, conditions, understandings or agreements purporting to modify the terms of the Contract will be binding unless in writing and signed by both parties.
26. **Severability.** A finding that any provision of the Contract is invalid or unenforceable will not render the entire Contract invalid or unenforceable.