

RESELLER AGREEMENT

Attachments: Schedule A1, A2, Schedule B, Schedule C.

This Agreement ("Agreement") is made and effective as of the latter of the signature dates below written (the "Effective Date"), by and between:

Smart Monitors, Inc.,
a Florida, Corporation having its principal place of business located at
3116 West Tharpe Street, Tallahassee, FL 32303
Florida, USA.
(hereinafter called "COMPANY")
And

_____ ,

a _____ ,
(corporation, general or limited partnership, individual proprietorship)

having its principal place of business located at

(hereinafter called "RESELLER").

WITNESSETH:

1. COMPANY hereby grants RESELLER an **exclusive right** to price discounts for COMPANY'S products and RESELLER hereby accepts the price discounts subject to the terms and conditions set forth in this agreement.
2. RESELLER shall faithfully, diligently and to the best of its ability, endeavor to promote and solicit sales of COMPANY'S products to customers, both existing and prospective (not including House Accounts, as defined below), in the territory hereafter described in paragraph 3 below.
3. The geographical territory of RESELLER shall be as follows:
(See Schedule C)
(herein the "Territory")
4. RESELLER shall be a RESELLER of COMPANY's products within the Territory for the sale of COMPANY'S products (See Schedule B).
5. RESELLER shall be entitled to receive a discount upon purchase of COMPANY'S products, through orders placed by RESELLER, for resale, except that RESELLER shall not sell to the following customers located in the Territory:

Customers that have an original equipment manufacturer (OEM) relationship with COMPANY and who may also receive a discount.

_____ (herein "House Accounts")

6. RESELLER will provide customer technical support.

7. It shall be the responsibility of COMPANY to provide products and customer services which are reasonably competitive with those products and services offered by other sources with respect to quality, price and design concept. Further, it shall be the responsibility of COMPANY to adequately support the sale of its products with such trade and consumer advertising, and such other promotional assistance as may be substantially equivalent to the standard in the industry.

8. RESELLER shall keep COMPANY properly advised and informed as to the general conditions that pertain to or affect the sale of its products. RESELLER agrees to comply with such directives as may be issued by COMPANY to carry out its policies in dealing with the customer trade, provided and insofar as such directives are not inconsistent with the terms, conditions and understanding of this Agreement.

9. COMPANY shall keep RESELLER informed of all communications between COMPANY and RESELLER's customers; shall furnish RESELLER with copies of all customer correspondence; and will promptly furnish RESELLER with copies of order acknowledgements. COMPANY, via its website, shall furnish RESELLER with all sales tools and information such as videos, catalogs, price lists, display material and other sales aids to allow RESELLER to fully service the Territory.

This agreement includes paragraphs 1-9, 12-18 and 10a, 10b, 11a, 11b, 11c if checked as included below

Sales of COMPANY'S products and paragraphs 10a and 10b are included.

10a. COMPANY shall grant RESELLER an **exclusive right** to a price discount (**Schedule A1** **Schedule A2**) upon all purchases as indicated in Paragraph 5 above. The term "purchases" shall mean delivered shipments of merchandise against orders accepted by COMPANY at invoice prices, but not including transportation costs, and less any merchandise returns, credits and allowances granted by COMPANY at its discretion. RESELLER must pay shipping and handling cost calculated as a percentage of the price of merchandise shipped. RESELLER shall not be entitled to retain a price discount on any purchase that results in a forced collection or credit loss to COMPANY.

10b. COMPANY shall furnish RESELLER with a detailed price discount statement once each month. The price discount on purchases shall become due and payable on or before the 20th day of the second month following the month in which the invoices covering such purchases shall become due and payable to COMPANY. Past due commissions shall bear interest at 10% per annum, from the due date until paid.

Monitoring services using COMPANY's products or patents and paragraphs 11a, 11b and 11c are included.

11a. RESELLER shall pay to COMPANY a royalty of 10% (or 17.14% if Schedule A2 is selected above) of the total revenues derived from sales, rentals, leases, services and other such income received by RESELLER or RESELLER's own salespersons, employees, agents, resellers, subcontractors, sub-licensees, dealers, distributors, sub-distributors, or other third party, pertaining to software and devices covered under US patent 6897773 or other patents owned by COMPANY. RESELLER may develop software and applications covered under US patent 689773 or other patents owned by COMPANY, in which case a copy of the entire software source code, including but not limited to Smart Phone APPs, together with all identifying and operating passcodes, must be given to COMPANY while RESELLER retains full rights to their use and future development.

11b. RESELLER shall furnish COMPANY with a detailed royalty statement once each month. Royalties shall become due and payable on or before the 20th day of the month following the month in which the invoices covering such royalty-related revenues shall become due and payable to RESELLER. Past due royalties shall bear interest at 10% per annum, from the due date until paid.

11c. RESELLER will mail royalty-related invoice copies indicated in paragraph 11a above to COMPANY on a mutually agreed upon regular basis.

12. The term of this Agreement shall begin on the Effective Date and continue in full force and effect until or unless a notice of cancellation in writing is sent to either party by the other and cancellation is accepted and agreed to by the receiving party, via Certified Mail to the above stated address with a return receipt requested, on the following schedule:

<u>Effective date of termination</u>	<u>Notice Required</u>
Years 1 and 2	30 days
Year 3	60 days
After 3 years	90 days

Upon cancellation or termination, discounts and royalties shall apply during the notice period.

13. Notwithstanding anything herein stated, the happening of any one or more of the following contingencies or events shall result in the immediate termination of RESELLER's **exclusive right** to the price discount in this agreement (paragraphs 1, 10a and 10b) with or without notice, and COMPANY may grant nonexclusive right to others, coincidentally with the happening of such contingencies or events:

(a) The filing by or against either party to this Agreement of a petition of bankruptcy. (b) The discontinuance of the active operation of the business of either party to this Agreement. (c) Beginning six months after this agreement begins, the **cumulative** total of monthly purchases and royalties falls below:

In month 7, \$10,000.00,

In month 8, \$20,040.00,

In month 9, \$30,120.16.

The formula for calculating the required cumulative minimum purchases and royalties for these and all subsequent months is listed in schedule D.

14. RESELLER acknowledges and agrees that RESELLER is not an employee of COMPANY for any purpose whatsoever, but is an independent contractor. COMPANY is interested only in the results obtained by RESELLER, who shall have sole control of the manner and means of performance under this Agreement. COMPANY shall not have the right to require RESELLER to do anything that would jeopardize the relationship of independent contractor between COMPANY and RESELLER. All expenses and disbursements incurred by RESELLER in connection with this Agreement shall be borne wholly and completely by RESELLER. RESELLER does not have, nor shall RESELLER hold itself out as having, any right, power or authority to create any contract or obligation, either express or implied, on behalf of, in the name of, or binding upon COMPANY, unless COMPANY shall consent thereto in writing. Designation by RESELLER as "Sales Agent" or "Sales Agency" shall not expand the limited authority to conduct "Sales" activities granted under this Agreement. RESELLER shall have the right to appoint and shall be solely responsible for RESELLER's own salespersons, employees, agents, resellers and subcontractors who shall be at RESELLER's own risk, expense and supervision and who shall not have any claim against COMPANY for compensation or reimbursement. RESELLER shall not represent products that infringe US patent 6897773 or other patents owned by COMPANY. RESELLER shall not manufacture US patent 6897773 or other patents owned by COMPANY or in any way attempt to manufacture or reengineer COMPANY's products. RESELLER shall keep the COMPANY's business secrets, including but not limited to customer, supplier, logistical, financial, research, and development information, confidential and shall not disclose them to any third party during and after termination of this agreement without the written consent of the COMPANY. On termination of this agreement, RESELLER shall immediately cease to describe itself as an authorized RESELLER of COMPANY products and RESELLER and RESELLER'S own salespersons, employees, agents, subcontractors, sub-licensees, dealers, distributors, sub-distributors and other third parties shall cease selling the products and must no longer rent or lease the product or any competing product to others, and must no longer provide any service whatsoever using the product or any competing product, either directly or through any of RESELLER'S own salespersons, employees, agents,

RESELLERS, or subcontractors. If this agreement is terminated for any reason, then all existing actual or implied agreements between COMPANY and any third party, whether RESELLER's own salespersons, employees, agents, subcontractors, sub-licensees, dealers, distributors, sub-distributors, or other third party, will automatically terminate, without any compensation from COMPANY to any third party. Neither COMPANY nor RESELLER will employ or engage the services of any member of the others staff for two years from the effective date of termination.

15. RESELLER expressly agrees and acknowledges that it is solely responsible for and shall properly account for and pay all unemployment insurance, social security insurance, withholding taxes, or any other taxes or royalties related to RESELLER's services provided hereunder and the compensation it receives therefor.

16a. This paragraph applies only to the **sales** of COMPANY's products. COMPANY shall be solely responsible for the design, development, supply, production and performance of its products when used in accordance with written instructions provided by COMPANY, and the protection of its intellectual property. COMPANY agrees to indemnify and hold RESELLER harmless against and to pay all losses, cost, damages, or expenses which RESELLER may incur on account of infringement of patents, trademarks or trade names resulting from the sale of the COMPANY's products, or arising on account of warranty claims. COMPANY shall cause RESELLER to be an additional insured on all related insurance policies. RESELLER will not state or otherwise make any claims about COMPANY's products other than those published by COMPANY.

16b. This paragraph applies only to monitoring services of the RESELLER. RESELLER shall be solely responsible for the design, development, supply, production and performance of its monitoring services. RESELLER agrees to indemnify and hold COMPANY harmless against and to pay all losses, cost, damages, or expenses that COMPANY may incur arising on account of warranty claims, product liability or defect or failure to perform by the RESELLER's monitoring services. RESELLER shall cause COMPANY to be an additional insured on all related insurance policies.

17. In the event that COMPANY is sold, the reseller will receive an amount = 10% of (selling price net of all debts less an amount of \$ 1,000,000 hereby agreed on at the time the contract was signed) multiplied by (total revenue from RESELLER to COMPANY) divided by (total revenue of COMPANY from all sources).

18. The terms of this Agreement shall be construed and enforced under the laws of the State of Florida. In the event of any dispute under this Agreement, the Parties will attempt to resolve such dispute (i) first by informal negotiation with face-to-face meetings of the Parties' principals as reasonably requested by either Party, (ii) if not resolved, then by mediation pursuant to formal mediation rules, and (iii) if not resolved in such mediation, by arbitration according to the American Arbitration Association Rules.

19. This Agreement constitutes the entire agreement between parties as to the subject matter hereof and supersedes all prior understandings or agreements whether oral or written. This Agreement may be modified only by written instrument signed by the parties hereto.

In Witness Whereof, the parties have set their hands and seals the day and year above first written.

COMPANY:
Smart Monitors, Inc.

Dr. Dennis Ridley

PRESIDENT

Title: _____

Signature: _____

Date: _____

RESELLER:

Dr./Mr./Ms.

Title: _____

Signature: _____

Date: _____

WITNESS:

Dr/Mr/Ms:

Signature: _____

Date: _____

Schedule A1

Gross Yearly Purchases	Discount applies only to those products where "DEALER CODE" is displayed on the website at MyPulseMonitor.com.
1-\$50,000	15%
\$50,001-\$100,000	20%
\$100,001-\$200,000	25%
\$200,001-\$300,000	30%
\$300,001-\$500,000	30%
\$500,001 and above	30%

Schedule A2

The greater of \$135.20 and the sum of 42.42 % of the schedule B price and prepaid royalties based on RESELLER's monthly charge rate for monitoring services specified in this agreement (paragraphs 11a, 11b, 11c) for a period of 12 months, due when the purchase is made.

Schedule B

The "Products" of the COMPANY consists of all the items listed on the COMPANY's web site and all related services. The components may be used as replacement parts, or to expand a single user professional edition heart monitor package into a multi-user physical trainer's station as listed at the COMPANY's web site MyPulseMonitor.com. The dealer price discount applies only to those products where "DEALER CODE" is displayed on the website at MyPulseMonitor.com.

Schedule C

The RESELLER'S territory for the COMPANY's products and services includes and is limited to the geographic regions and customers marked by an X as follows:

Geographic regions:

- All customers.
- The following classes of buyers/resellers.
- The following buyers/resellers and their customers.

Schedule D

Required cumulative minimum purchases and royalties =

$$\sum_{m=0}^M \$10,000(1 + .048/12)^m = \$10,000(1-(1+.048/12)^M)/(-0.048/12) = \$10,000(1-1.004^M)/(-0.004),$$

where M is the number of months that have elapsed [the starting amount of \$10,000 is based on the territory of Florida, United States, year 2009 population of 15 millions and a U.S. per capita Gross National Income of \$40,000, and the annual rate of inflation is 4.8%],

for example, if the cumulative sum up to

month 7 falls below $\$10,000(1-1.004^7)/(-0.004) = 10,000.00$,

month 8 falls below $\$10,000(1-1.004^8)/(-0.004) = 20,040.00$,

month 9 falls below $\$10,000(1-1.004^9)/(-0.004) = 30,120.16$.