

Rinnai

Distribution Online Reseller Policy

The Rinnai Distributorship Agreement provides in § 6.11(d), that “**Distributor shall . . . not sell Rinnai Products through the internet or sell to dealers or contractors who sell Rinnai products through the internet[.]**” As such, Rinnai’s general policy is that sales to online resellers or “E-Tailers” by Distributors are contractually prohibited. Rinnai, however, has unilaterally decided to allow a temporary and limited waiver of this contractual prohibition, according to the following terms and conditions provided in this Policy.

This Policy is not an agreement or an amendment to any agreement, including a Distributorship Agreement, that a Rinnai Distributor may have with Rinnai. Instead, it is a statement of how Rinnai intends to enforce, and temporarily waive, its contractual rights.

Rinnai plans to allow this temporary and limited waiver to exist only until December 31, 2018, unless Rinnai provides written notice to the contrary. Nothing herein shall act as a waiver to any other term or condition of the Distributorship Agreement, which shall remain in full force and effect, and nothing herein shall be deemed to vest any rights to a Rinnai Distributor.

Please understand that this Policy may be modified, extended, suspended, discontinued, or rescinded in whole or in part by notice from Rinnai at any time. No Distributor should rely on the continued existence of Rinnai’s temporary and limited waiver of § 6.11(d), the terms of this Policy, Rinnai’s enforcement of this Policy, or their continued ability to market and sell Rinnai’s products to E-Tailers.

If a Distributor takes advantage of this limited waiver, it must do so only in accordance with the terms of this Policy.

Before making any sales to any E-Tailers, Rinnai Distributors must confirm whether the E-Tailer is a Rinnai Authorized E-Tailer by consulting Rinnai’s current list of Rinnai Authorized E-Tailers located at <http://partners.rinnai.us/etailer>. Rinnai Distributors must check this list frequently and at least before making any sales to an E-Tailer, because this list is subject to change at any time and without notice.

Additionally, upon Rinnai’s request, Rinnai Distributors shall provide to Rinnai a listing of their customers who resell on the Internet. Please also remember that § 6.11(h) of the Distributorship Agreement requires Distributors to “provide monthly transfer reports, inventory reports, point of sale, or other marketing and sales information as requested by Rinnai to Rinnai or its authorized representative; such information is to be held as strictly confidential and for use for Rinnai’s internal information purposes only.”

Rinnai, in its sole discretion, plans to enforce this Policy as follows:

First Violation

Rinnai Distributors shall receive notification by letter of the violation which shall explain the consequences of continued violations.

Second Violation

Rinnai shall provide a written “2nd Violation” notice to the Rinnai Distributor and sales to the Rinnai Distributor shall be suspended for a period of at least thirty (30) days to be determined solely by Rinnai.

Third Violation

Rinnai shall provide a written “3rd Violation” notice to the Rinnai Distributor and sales to the Rinnai Distributor shall be suspended indefinitely until Rinnai provides further notice.

Furthermore, Rinnai reserves all rights to revoke the temporary and limited waiver to the Distributorship Agreement described herein, with respect to any or all Rinnai Distributors, or to take any other action at any time and for any reason, or no reason, with respect to this policy. Rinnai also reserves its rights to insist upon strict performance of the Distributorship Agreement at any time, and Rinnai reserves all rights and remedies for breach of that Agreement arising under the contract, at law, or in equity.