



TRADE EXCHANGE
a BARTER way of doing business

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Membership Terms & Conditions

These Terms and Conditions, combined with the membership application constitute the "Membership Agreement." Together, they are collectively referred to herein as "this Agreement."

1. **NATURE OF THE PARTIES:** Velocity Trade Exchange, LLC ("VTE") is a trading company that sponsors and manages a trade exchange and also acts as a clearinghouse and third-party record keeper of barter transactions among its members. The person or entity designated on the Membership Agreement and the signature page hereof, (hereinafter "Client" or, as the case may be, "member"), represents that it operates an ongoing business venture and desires to become a member of VTE in order to organize and facilitate barter transactions of its goods and services with other VTE members.
2. **GOODS AND SERVICES:** VTE shall use all reasonable efforts to administer trades among members. Client agrees and understands that VTE is a service organization whose purpose is to direct members to each other for trading. VTE shall bear no responsibility for the quality and/or condition of goods and services offered, traded or sold. Client agrees that it shall stand behind its goods and/or services in the same manner it does, and is otherwise obligated by law to do, with any similar business transaction. VTE specifically disclaims any responsibility for the negotiability of goods and services from any source and Client's sole remedy for any claim or action in connection with a transaction shall be against the other VTE member with whom it elected in its sole discretion to conduct such transaction.
3. **NATURE OF TRADE DOLLARS:** Client will offer its products and/or services to other VTE members for "Trade Dollars" posted to Client's account pursuant to these Terms and Conditions. Neither Client nor any VTE member shall consider or treat Trade Dollars as legal tender, securities, or commodities, and cannot redeem them from VTE for cash. The term "Trade Dollars" refers to an accounting entry with an assigned arbitrary value which is used by all affected parties as a practical method of recording the value of every transaction which results in a transfer of goods or services between VTE members. It is understood and agreed that Client may not be considered a creditor of VTE in relation to Client's ability or lack thereof to utilize or spend Trade Dollars in Client's account. Furthermore, Client recognizes and grants to VTE and its officers and directors the authority to regulate and control the amount of outstanding Trade Dollars in the barter network and to borrow and spend Trade Dollars in accordance with the rules, guidelines, and recommendations established by the National Association of Trade Exchanges.
4. **TAXES:**
 - a) The use of Trade Dollars is a taxable event, and each VTE member is solely responsible for declaring and reporting all applicable federal, state and local taxes resulting from trade transactions. It is understood and agreed that Client's yearly sales will be reported to the IRS on Form 1099-B in accordance with federal regulations governing barter transactions.
 - b) Client agrees to indemnify and hold VTE harmless for any action VTE takes to comply with applicable laws and regulations.
 - c) Client agrees to timely inform VTE of any change in status as Client may be required to report on IRS form W-9.
 - d) Subaccounts / trade payments & gifts for employees: Client agrees to hold the responsibility to report the value of all trade dollar payments to employees (including bonuses, incentive pay, scrip transfers, gifts, etc.) to the IRS as part of their regular payroll reporting.
 - e) Subaccounts / trade payments & gifts for non-employees: Client agrees to report the value of all trade dollar payments to independent contractors and other non-employees (including regular payments, bonuses, incentive pay, scrip transfers, gifts, etc.) to the IRS in accordance to 1099 reporting requirements..
5. **TRADING PROCEDURES:** Before completing any transaction as a purchaser, Client shall identify him/herself as a VTE member and shall present a valid VTE ID card. Likewise, when completing any transaction as a seller, Client shall in turn complete the transaction via phone or online at the time of purchase. Sellers also have the option of receiving payment through "Scrip" (see item# 10), which gives them the freedom to process the transaction at a later time. Sellers, at their discretion, can download vouchers and require a signature confirmation as backup documentation at the conclusion of a transaction. Purchasing members must submit questions regarding charges and/or claims regarding discrepancies within 30-days of a given statement in order to have the claim researched by VTE and possibly reversed. Client further understands that VTE, when acting as a buyer or seller, may also conduct transactions directly with VTE members.
6. **RELATIONSHIP WITH OTHER VTE MEMBERS:** Client is expected to consistently provide excellent customer service and to treat Velocity members in the same manner, with the same professionalism and priority, it would any business customer. Client agrees to exercise the same diligence in trade transactions as is reasonably expected in ordinary business transactions for cash.
7. **PRICING:** All goods and/or services shall be bartered at Client's normal retail sales price with the Trade Dollar allowance described in Client's listing. Upon not less than one week's written notice to VTE, Client shall be entitled to select and designate which of its products and services shall be available for purchase by VTE members via Trade Dollars and/or modify

or adjust the amount of trade dollars they will accept for such products and service. Taxes and gratuities are payable by cash only. Failure to comply with the pricing standards may result in suspension of rights or cancellation of membership in VTE for the members involved.

8. **DIRECT TRADE:** Client specifically understands and agrees to conduct all trades with other VTE members through VTE. Direct trades between members to avoid fees otherwise payable to VTE are strictly prohibited, and if consummated are subject to standard cash transaction fees. Such trades may also result in suspension of rights or cancellation of membership in VTE for the members involved.
9. **APPROVAL OF TRANSACTIONS:** VTE at its option may place a temporary freeze on Client's account expenditures when questions arise as to Client's solvency or credit worthiness, or Client's refusal to follow VTE's Terms and Conditions. Should Client fail to make corrections, VTE may, at its discretion, suspend Client's rights or cancel Client's membership in VTE.
10. **USE OF TRADE CERTIFICATES ("Scrip"):** Once Trade Certificates are purchased, they cannot and will not be replaced if lost, stolen or damaged. Trade Certificates should be used as soon as possible after they are purchased, and must be used before their expiration date. In the event the issuing VTE member goes out of business, only those Trade Certificates that have been purchased within 90 days prior to the cessation of that business will be returnable for credit to Client's trade account; however, cash service fees shall not be refunded. VTE will not accept for credit any Trade Certificate that has been held for more than 90 days. All tips, gratuities and sales taxes shall be paid in cash at the point of purchase by the purchasing member.
11. **CREDIT LINES & DEFICIT SPENDING:** It is understood that new VTE members will be granted a credit line based upon VTE's sole discretion. This credit line will remain available to the member as long as their membership remains in good standing. Should a member spend more than their balance and the credit line, there will be a 1.5% finance charge per month until the member's account is returned to a positive balance.
12. **STANDBY:** A VTE member who has built up a large balance of Trade Dollars or has exceeded its preferred VTE trade capacity may request to be put on "Standby," temporarily suspending new sales through VTE to other members. In its newsletter, VTE will advise members of such action and will temporarily suspend the member's directory listing and will assist the member in re-establishing a trade balance acceptable to that member.
13. **CLIENT ACCOUNT CANCELLATION:**
 - A. VTE and/or Client shall have the option to cancel Client's membership in VTE upon 30 days written notice. If a positive balance exists in Client's account and the account is in good standing (no fees are due), VTE will require that the client prepay, within 30 days of notice, the broker fee on the total trade balance remaining (the local percentage elected on said member's application x total trade dollar balance). Further, such balance shall be spent with local members within 60 days of payment receipt. The client's account will be temporarily suspended until the fee payment has been received. If the fee payment is not received within 30-days, the Client's account balance shall be forfeited and placed by VTE in its "Member Debt and Forfeitures Account." Trade dollars not spent at the conclusion of 60-days after payment receipt shall be forfeited and placed by VTE in its "Member Debt and Forfeitures Account." In the event a negative trade balance exists in Client's account, Client shall immediately pay the balance to VTE in cash.
 - B. Client's membership may also be cancelled without a 30 day written notice if, in the sole opinion of VTE, Client has acted in a manner which is detrimental to VTE, or to other members. Cancellation shall be effective upon delivery to Client of a written Notice of Cancellation, which shall be accompanied by a trade account balance statement. Client hereby agrees to pay any negative trade account balance, in cash, to VTE within 30 days of Client's receipt of any such Notice of Cancellation.
 - C. As membership changes occur, VTE shall endeavor to notify Client of the names of new members or members whose membership in VTE has been placed on standby, suspended or cancelled. VTE will not grant Trade Dollar credits for any goods or services acquired from any such member if the trade occurs after notice to Client of a change in a member's VTE membership, all such responsibility, cost and expense being upon Client.
 - D. Except as otherwise set forth hereinabove, in the event Client's membership in VTE is cancelled, all Trade Dollars in Client's account shall be forfeited and placed by VTE in its "Member Debt and Forfeitures Account," unless any debts or fees outstanding are paid by Client immediately. At any time in the future and upon the mutual agreement of Client and VTE, Client may re-establish its account and reclaim the Trade Dollars by paying: (i) all debts and fees outstanding, plus a cash penalty of 1-1/2% per month on the outstanding balance or \$10.00 per month (whichever is greater); (ii) VTE's monthly maintenance fee retroactive to the date at which Client's membership was cancelled, and; (iii) a \$50.00 reactivation fee.
14. **ABANDONED ACCOUNTS:** Should VTE be unable to establish telephone, e-mail or mail contact with Client for a period of 180 days, VTE shall deem Client's account "Abandoned." Client will forfeit all Trade Dollars in its account, and such forfeited amounts shall be transferred to VTE's "Member Debt and Forfeitures Account."

15. **RESOLUTION OF DISPUTES:** Client agrees to indemnify and hold harmless VTE from and against any claim, action, dispute or liability which may arise between members of VTE. If VTE is requested by all members concerned to resolve a dispute in connection with a transaction, VTE's decision shall be final, and Client agrees to be bound thereby. In the event of any claim, action, dispute or liability which may arise between members of VTE, upon timely written notice to VTE, VTE agrees to not issue credits for any subject transaction until all parties concerned have resolved their differences and have notified VTE in writing of any such outcome.
16. **COMMISSION FEES/BROKER FEES:** VTE Commission Fees shall be paid by the Client acting as a seller; VTE Broker Fees shall be paid by the Client acting as a buyer. Such fees shall be dependant upon Client's selected membership level (see application), and are based upon the subtotal (before tax) of each transaction, regardless of the cash/trade splits.
17. **ACCOUNTING FEE:** A monthly Accounting Fee shall be billed to Client's account monthly. The Accounting Fee will depend upon Client's selected membership level (see application).
18. **FEES & BILLING:** All VTE Commission Fees and/or VTE Broker Fees and the monthly Accounting Fee will be billed on a monthly statement and are based upon the Client's membership level selected (see application). Payment of such fees can be made by cash, check or credit card. Payment of amounts owed is due no later than the 30th of each month. Payments received after the 30th of each month will be considered past due and late fees will be charged. In addition, Client's account will be "frozen" if its fees exceed 30 days past due and will remain so until the account is returned to good standing. Failure to pay said fees within 60 days will result in the cancellation of Client's membership. Should Client bring its account up to date (including the assessment of applicable additional charges, as set forth in Paragraph 13 D, above) within 120 days, Client will be permitted to spend Trade Dollars earned with a fee of 10% per month. Failure to pay subsequent monthly fees will result in Client's membership being "frozen" again. Should Client's account be "frozen" more than three times within a calendar year, Client shall permanently forfeit the balance of their account.
19. **RECORDKEEPING AND ERRORS:** Client will receive a monthly statement of account. Client shall be paid in full within 15 days of the invoice date for "Easy Pay" members. "Bill Pay" members shall be paid in full within 25 days of the invoice date.. Client agrees to examine its monthly statement immediately upon receipt, and to advise VTE of any discrepancies, in writing, within 30 days. If Client fails to notify VTE within the 30 day period, Client accepts the accuracy of the statement and agrees to be bound thereby.
20. **INTEREST CHARGES:** A 1.5% monthly fee (APR 18%) in cash will be charged to Client's account for all past due cash fees.
21. **ACCOUNT COLLECTIONS:** It is understood that VTE shall be entitled to turn over for collection any account of Client which does not comply with these Terms and Conditions and that has an outstanding cash balance or negative trade balance. Client will also be charged any applicable attorney fees and court costs.
22. **RETURN CHECK CHARGE:** VTE will charge Client a \$30.00 cash service charge for any check or debit card charge returned to VTE for insufficient funds.
23. **GENERAL:**
 - A. Client shall indemnify and hold harmless VTE from and against any expense, including but not limited to attorney's fees and court costs, incurred as result of or in connection with VTE's relationship with Client, including but not limited to the failure, neglect or refusal by Client to comply with this Agreement.
 - B. This Agreement contains the entire agreement between VTE and Client, provided however that VTE reserves the right to modify or supplement the terms and conditions hereof from time to time upon written notice to Client, and Client agrees to abide by all such modifications and/or supplementations.
 - C. IT IS SPECIFICALLY UNDERSTOOD AND AGREED THAT ANY NOTIFICATION DUE CLIENT BY VTE HEREUNDER MAY BE MADE AND SHALL BE DEEMED SUFFICIENT WHEN MADE BY MAIL, EMAIL, A VTE NEWSLETTER OR VIA VTE'S INTERNET WEBSITE. IN CONNECTION HERewith, THE MANNER OF SUCH NOTIFICATION SHALL BE AT VTE'S SOLE DISCRETION AND CLIENT AGREES TO VISIT AND CHECK THE VTE INTERNET WEBSITE FROM TIME TO TIME IN ORDER TO STAY ABREAST OF NEW INFORMATION, CHANGES TO THIS AGREEMENT AND CHANGES IN MEMBERSHIP.
 - D. This Agreement may not be assigned, transferred or sold by Client without prior consent from VTE and is binding upon the heirs, successors, assigns, executors and administrators of Client. If Client is an LLC, partnership, corporation or other business entity, the person signing below on behalf of Client agrees to personally guarantee all debts incurred hereunder.
 - E. This Agreement was made and entered into in the State of North Carolina and shall be governed and construed in accordance with the laws and regulations thereof. Client and VTE agree that any and all dispute(s) arising out of, pursuant to, or relating to this Agreement shall be resolved by binding arbitration in Guilford County, North Carolina, before one (1) arbitrator pursuant to the rules of the American Arbitration Association for commercial arbitration. The sole function of the arbitrator shall be to interpret and to make an award for the breach of any provision of this Agreement, pursuant to the

Uniform Arbitration Act as adopted in North Carolina as of the time of such arbitration(s) and the arbitrator shall have no authority to alter, amend, modify or change any of the terms of this Agreement. This is a mandatory arbitration clause in accordance with the North Carolina Arbitration Act. Notwithstanding the foregoing, either party hereto may seek and obtain from a court of competent jurisdiction within the State of North Carolina temporary, preliminary and/or permanent equitable relief so as to prevent irreparable harm to the party seeking such equitable relief.

- F. The parties hereto have carefully read and reviewed this Agreement and each term and provision contained herein, and by the execution hereof as shown below agree their execution was informed and voluntary consent thereto. The parties agree that at the time this Agreement is executed, the terms and provisions hereof are commercially reasonable and effectuate the intent and purpose of Client and VTE. Because Client and VTE had the opportunity to be assisted by their counsel in reviewing and agreeing to this Agreement, it shall be deemed to have been drafted by all parties hereto, and no ambiguity shall be resolved against any party by virtue of such party's participation in its drafting.
- G. To the extent there is any conflict between the provisions of the Membership Agreement and those of these Terms and Conditions, the provisions of the Membership Agreement shall take priority.

24. ENFORCEMENT: It is understood that each and every term and provision contained in this Agreement is severable from every other term or provision herein and if any such term or provision shall be deemed invalid, illegal or unenforceable by a court of competent jurisdiction, it shall not affect the validity, legality or enforceability of the remainder of the terms and/or provisions of this Agreement. In the event legal action is taken by VTE to enforce this Agreement or any provision hereof, VTE shall be entitled to recover attorney's fees, costs and simple interest at the rate of eighteen percent (18%) per year.

IN WITNESS WHEREOF, The parties have executed these Terms and Conditions which, combined with the membership application, constitute the Membership Agreement, as of the _____ day of _____, _____.

ACCEPTED AND AGREED,

X _____
("CLIENT")

(Printed Name)

(Title)

VELOCITY TRADE EXCHANGE, LLC:

By: _____
Cathleen Vogel, Manager