



301 South Elm St., Suite 404
Greensboro, NC 27401
Ph: (336) 379-5066 ♦ Fax: (336) 379-0122
www.VTEnc.com

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. **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. Should VTE receive multiple reports from other members that Client is not engaging other members in a professional manner, VTE may suspend or terminate Client's membership.
6. **PRICING AND TRADE ACCEPTANCE PARAMETERS:** All goods and/or services shall be bartered at Client's normal retail sales price with the Trade Dollar acceptance as is described in Client's current online directory listing.
Upon not less than one week's written notice to VTE, Client shall be entitled to modify 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 services. The new rules, once posted, will be in effect for any new transactions / projects begun after the change is made on their online VTE directory listing.

Members, at their discretion, may accept more trade than what is posted on their listing, but may not require more cash to complete a transaction than is reflected in their "Trade Offerings" or "Trade Exclusions" that is stated on their online VTE listing

at the time of engaging in a transaction or project. 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.

7. **DIRECT TRADE:** Client specifically understands and agrees to conduct all trades with other VTE members through VTE. Direct trades between members are strictly prohibited. If consummated, the value of the products / services involved in a direct barter transaction are subject to VTE's standard cash transaction fees to each of the involved parties. Engaging in direct trades may also result in suspension of rights or cancellation of VTE membership for the members involved.
9. **TRADING PROCEDURES:**
- A. Buyers - Before engaging in any transaction as a purchaser, Client is responsible for familiarizing him/herself with the trade acceptance parameters of the member from whom he/she intends to make a purchase. Client shall identify him/herself as a VTE member and shall present a valid VTE ID card prior to placing an order. Prior to placing an order, the Buyer shall also ask for clarification regarding the implications of the Seller's trade acceptance policies on the proposed transaction if he/she has questions as to how the Seller's posted trade acceptance rules might impact the purchase.
 - B. Sellers - Sellers should either collect pre-paid "scrip" certificates from the buyer (see item# 10) or process the transaction at the time of the sale in accordance with the procedures laid out in the VTE User Guide. Transactions should be processed by the seller online, by calling or e-mailing the VTE office, or by faxing a completed voucher to the VTE office. If Seller requests to have VTE process a transaction, the VTE office will e-mail a confirmation to both Buyer and Seller upon the completion of the transaction. Sellers, at their discretion, can download vouchers and require a signature confirmation as backup documentation at the conclusion of a transaction. It is the responsibility of the Seller to collect in any cash portion of the transaction, including any amount that exceeds the Buyer's available trade balance.
 - C. Client understands that VTE may also conduct trade transactions with VTE members.
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. Should a scrip seller discontinue their VTE membership, VTE will discontinue selling scrip certificates for that member, but Client agrees to honor outstanding scrip certificates that have not yet reached their expiration date. All tips, gratuities and sales taxes shall be paid in cash at the point of purchase by the purchasing member.
11. **CASH SPLITS:**
- A. Buyers: Buyers agree to review the trade allowances, cash split requirements and restrictions of each seller before engaging in any transaction and will only engage in transactions for which funds for both the projected trade and cash portions are available for payment. Buyers understand that they will be held responsible by the Seller to pay any cash debts owed in a timely manner. In the event the cash portion owed to other members becomes significantly overdue, VTE reserves the right to suspend a member's account until cash debt(s) to other VTE member(s) are paid in full. Buyers agree to continue paying all monthly VTE fees during any period their account is suspended due to nonpayment to other members.
 - B. Sellers: Sellers who require a cash payment as a part of any VTE transaction agree to hold VTE harmless against collecting the cash debts from buyers. Said sellers accept responsibility for all activities and expenses related to collecting cash payments.
12. **CREDIT LINES & DEFICIT SPENDING:** It is understood that new VTE members may 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.
13. **STANDBY:** A VTE member who has accrued a large balance of Trade Dollars or has temporarily exceeded its preferred VTE trade capacity may request to have their account put on "Standby," temporarily suspending new sales through VTE to other members on trade. While on standby, VTE will temporarily deactivate the member's online directory listing and will assist the Client in re-establishing a trade balance acceptable to that member prior to reposting their listing online. Clients on "standby" status will continue to have access to their account and their available trade dollar balance without interruption. VTE, at its sole discretion, may change the Client's available credit line to zero during any period that his/her account status is on standby.
14. **CLIENT ACCOUNT SUSPENSION / CANCELLATION:**
- A. VTE at its option may place a temporary freeze on Client's account if questions arise as to Client's solvency or credit worthiness, Client's refusal to follow VTE's Terms and Conditions, or if Client has acted in a manner which is detrimental to VTE, or to other members. Should Client fail to make corrections, or if in the opinion of VTE, the Client's actions constitute gross misconduct, VTE may suspend Client's rights or cancel Client's VTE membership. Termination shall be effective immediately upon sending Client of a written Notice of Termination.
 - B. Clients shall have the option to cancel their VTE membership upon 30-days written notice. Upon notice of cancellation, the client's credit line will be changed to a zero balance and the Client will no longer be permitted to spend more trade dollars than that which they have available in their account..

- C. Client will receive his/her final invoice during the billing cycle following termination or cancellation. Client hereby agrees to pay all fees due to VTE in cash within 30-days of Client's receipt of the final invoice. Final invoices for terminated and canceled members will include the following, as applicable:
1. Monthly Accounting Fees - assessed through the 30-day period after the cancellation is received from the Client or the termination notice is sent by VTE. Monthly fees will not be prorated and are due for any partial month during which the member is an active member and/or during the 30-day termination / cancellation period.
 2. Transaction fees incurred during transactions while the account was active.
 3. Pre-paid Broker Fees - If a positive trade dollar balance exists in Client's account, the client will prepay the broker fee on the total trade balance remaining (the local percentage elected on said member's application x total trade dollar balance). The client will be able to spend the available trade dollar balance as described in section D below without incurring additional transaction fees.
 4. Any negative trade balance (to include VTE's credit line and / or amounts the Client overspent beyond their available credit) will be assessed as a cash fee.
- D. If a positive trade dollar balance exists in Client's account at the time of termination or cancellation, the client's account will be temporarily suspended until the final invoice payment has been received. Upon final payment receipt, Client's access to the available balance shall be restored and may be spent with local VTE members within 60-days of account reactivation. If the final fee payment is not received within 30-days of the invoice due date, 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 account reactivation shall be forfeited and placed by VTE in its "Member Debt and Forfeitures Account."
- E. As membership changes occur, VTE shall keep the online member list current and accurate, both in adding new members and in removing inactive members. VTE will not grant Trade Dollar credits for any goods or services acquired from any such member if the trade occurs after member's VTE membership termination or cancellation; all such responsibility, cost and expense being upon Client.
15. **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."
16. **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 and / or former members of VTE. If VTE is requested by all concerned Clients to resolve a dispute in connection with a transaction, VTE's decision shall be final, and Client agrees to be bound thereby.
17. **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 dependent 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.
18. **ACCOUNTING FEE:** A monthly Accounting Fee shall be billed to Client's account. The Accounting Fee will depend upon Client's selected membership level (see application).
19. **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. Payments not received within 30-days of the invoice due date will be considered past due, late fees will be charged and the Client's account will be "frozen" until the account is returned to good standing. Monthly fees will continue to accrue during the time Client's account is frozen. Failure to pay fees within 60-days of the due date will result in the termination of Client's membership. Should Client's account be "frozen" more than three times for nonpayment within a calendar year, Client's membership shall be terminated.
20. **RECORDKEEPING AND ERRORS:** Client will receive a monthly statement listing their account transactions and fees. Client agrees to examine its monthly statement immediately upon receipt, and to advise VTE of any discrepancies, in writing, within 30-days order to have the claim researched by VTE and possibly reversed or adjusted. If Client fails to notify VTE within the 30-day period, Client accepts the accuracy of the statement and agrees to be bound thereby.
21. **INTEREST CHARGES:** A 1.5% monthly fee (APR 18%) in cash will be charged to Client's account for all past due cash fees.
22. **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.
23. **RETURNED CHECK AND REJECTED DEBIT / CREDIT CARD CHARGES:** VTE will charge Client a \$30.00 cash service charge for any check returned to VTE for insufficient funds. Clients on the Easy Pay plan will also be charged a \$30.00 cash service fee if the debit or credit card(s) Client has provided for their invoice fees are rejected more than three times in a calendar year. A \$30.00 charge will apply to any subsequent card rejections through the remainder of that calendar year.
24. **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, 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.

25. 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