

EXCHANGE ENTERPRISES' TRADING POLICIES & PROCEDURES

SELLING

- 1.) Clients will sell goods and services to each other at their prevailing prices for 100% Exchange trade credit. Individual transactions of \$2500 or more may be negotiated for a partial cash payment as agreed between the clients.
- 2.) To receive credit for transactions involving The Exchange Card the seller must:
 - A. Obtain an authorization number from The Exchange office for each transaction at the time of the sale.
 - B. Check the expiration date on the buyer's Exchange Card to make sure it is still valid.
 - C. Obtain buyer's signature on an Exchange sales receipt and mail a copy to The Exchange within 7 days.
 - D. For sales made outside The Exchange's office hours, the seller should obtain from the buyer a major credit card number as back-up, then call The Exchange for an authorization on the next business day.
- 3.) To receive credit for transactions involving Exchange Certificates
 - A. Clearly write the name and Exchange account number on the back where indicated and submit Certificate(s) to The Exchange within 7 days of the transaction.
 - B. Upon receipt at The Exchange office, the total amount of the Certificate(s) will be credited to the seller's account.
 - C. The seller shall charge appropriate sales taxes in cash and record these on The Exchange sales receipt.

BUYING

For buyers using Exchange Cards:

- 1.) Buyers must identify themselves to the seller as Exchange members prior to making purchase arrangements.
- 2.) The buyer must have a current Exchange Card in order to make a purchase. Clients are solely responsible for all charges made on cards issued to their accounts.
- 3.) Purchases by clients must be limited to the amount of Exchange trade dollars available in their accounts, including any line of credit approved by and communicated in writing to the client by The Exchange.

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For buyers using Exchange Certificates

- 4.) Certificates are valid with no expiration date. Note all terms and conditions on Certificates.

For all buyers, in addition to applicable terms above noted:

- 5.) Trade transactions are entered into voluntarily by clients. The Exchange, as a service to its clients, may give referrals but it assumes no responsibility for quality, timely delivery, warranty or for disputes between clients with regard to any product or service. The Exchange is functioning in a brokerage capacity and the client does hereby indemnify and hold the Exchange harmless with respect to any claim or liability whatsoever arising out of any transaction wherein the client is a buyer or seller.
- 6.) Transaction disputes are only between the buyer and the seller and shall be settled by those parties themselves.

The Exchange shall continue to solicit new businesses having products and services to satisfy the needs of all clients. Because of high client demand certain items may be available on a limited basis only. The Exchange is committed to provide only those products or services actually available.

STANDBY

Clients may request that their account be placed on standby (Temporarily not selling) status under the following condition.

- Client's account must have a positive trade balance at least equal to the client's current credit line.

HOLD

The Exchange may place an account on hold (Temporarily not able to buy) status under the following conditions.

- A.) Client is charging cash and/or not following the contractual agreement with The Exchange.
- B.) Client has used up the currently agreed to credit line.
- C.) Client is past due with outstanding fees.

TAXES

Clients are advised that trade transactions are treated as taxable events for federal, state and local tax purposes. Further, The Exchange is required by federal law to obtain the correct taxpayer identification number of the client (who is required by the law to provide such number) and to report all trade sales of the client of the IRS on form 1099-B.

FEES

- 1.) Client's monthly statement will be considered accurate as printed unless The Exchange is notified of any discrepancy by the 15th of the month.
- 2.) All fees will be charged against the client's MasterCard, VISA, Discover, Optima, or American Express card. Transaction fee rates are 6% on sales and 7% on purchases. IN the absence of a valid credit card, transaction fee rates are 7% on sales and 8% on purchases, reflecting the additional cost to The Exchange to manually transact, bill and collect these accounts.
- 3.) Fees are due on the 15th of the month in which statements are received. However, if the client's account has a negative trade balance, then fees are due immediately upon receipt of the statement.
- 4.) The Exchange reserves the right to place a client's account on hold (Temporarily not able to buy) if payment for fees due has not been received by the last day of the month that the statement was received.
- 5.) Any client whose check is returned by the bank The Exchange will be charged \$15.
- 6.) If fees are 60 days past due the client's account may be turned over to a collection agency for payment. In that event, the client agrees to pay any collection costs, attorney's fees or court costs.

CANCELLATION

- 1.) Either party may cancel this Agreement upon 30 days written notice. Immediately upon cancellation all fees outstanding become due and payable.
- 2.) In the event of cancellation there shall be no refund of annual retainer or transaction fees.
- 3.) If, at the time of cancellation, the client's account has a positive trade balance (sales exceed purchases) client may stay active and spend the balance by paying The Exchange in advance the transaction fees on the positive balance.
- 4.) If, at the time of cancellation, the client's account has a negative trade balance (purchases exceed sales) client must balance the account with trade dollars within 30 days and pay The Exchange, in advance, the transaction fees on the negative balance. If, at the end of thirty days, the client's account still has a negative trade balance then client agrees to pay Exchange Enterprises in cash a sum equal to the remaining negative balance.
- 5.) In the event this obligation is referred to an attorney, with or without suit, client agrees to pay all attorney's fees and costs.
- 6.) Trade dollars shall not be considered as legal tender, securities or commodities either The Exchange or its clients and many not be redeemed for cash.

CHANGES

The Exchange may from time to time publish bulletins or directories containing modifications or additions to these Policies and Procedures that are deemed to be in the best interests of its clients and by which the client agrees to abide. Retention and/or use of The Exchange Card constitutes acceptance of this Agreement with all its terms and conditions, as a client of The Exchange