

Trading Rules

The Trading Rules form a part of and are hereby incorporated into the Member Agreement.

The following Trading Rules form part of and are included in the Application and Agreement which has been made with Barter Business Unlimited (hereinafter referred to as "BBU").

A. Scope

1. Nature of the Parties

BBU is a trading company that also acts as a clearinghouse and third-party record keeper of barter transactions among its Members, who are business owners and professionals who contract with BBU to organize and facilitate barter of their goods and services with each other.

Member is a legitimate business that desires to exchange goods and/or services with other Members and wished to subscribe to BBU's record keeping and barter services.

2. Nature of Trade Dollars

A "trade" is a barter purchase or sale of goods and/ or services whereby payment is made in trade dollars posted to Member's account pursuant to these Rules and Regulations.

A trade dollar is an accounting unit use to record the value of trades.

Ownership of trade dollars denoted the right to receive goods or services available within the BBU system.

Trade dollars may be used only in the manner and for the purpose set forth in these Rules.

They will not be considered legal tender, securities, or commodities.

They may not be redeemed for cash, except as approved in these Rules.

BBU disclaims responsibility for the negotiability of trade dollars or for the availability of any particular goods or services from any source.

3. Liability for Trade Dollars

Member acknowledges that trade dollars in the barter system (positive balances) are the liabilities of persons/companies who have spent more than their earnings (negative balances); that there is a creditor/debtor relationship between such persons, and that trade transactions incur the normal business risks associated with any credit transaction.

As a general rule, trade dollars are the liabilities of Members who owe the barter system, and not of BBU, which is solely liable for its own indebtedness.

BBU is authorized to establish a bad debt reserve fund by charging all accounts on a regular basis an amount in trade dollars to be paid into such a fund.

Any positive balances abandoned or surrendered by former members in accordance with the Rules may also be paid into the reserve fund.

B. Credit

1. Trade Dollar Loans

Members grant to BBU the right and power to make trade dollar loans to any Member on terms and conditions consistent with Member's creditworthiness and ability to repay.

The exercise of this power shall be at the sole discretion of BBU management with regard to principal, interest, terms and conditions, lending policy, and other particulars.

BBU reserves the right to require exchange members to complete a formal loan agreement, request financial statements, credit history and collateral prior to loan approval.

BBU is under no obligation to extend credit at any time.

BBU will use its best efforts to ensure timely repayments of principal and interest, appropriate collateralization, and perfection of security interest in all loans.

2. Line of Credit

BBU may establish a line of credit for each Member, which may be adjusted from time to time.

The outstanding balance of the line of credit, as it is utilized, will be treated as a loan under these Rules.

A Member who makes purchases in excess of established line of credit must sell products or services at 100% trade until such excess deficit is cured.

C. Services

1. Brokerage Function

BBU services in a brokerage capacity in organizing and facilitating trades among Members.

Responsibility for the conduct of a trade is exclusively that of the two Members participating in the trade.

BBU will use its best efforts to broker the trade dollars or Members into goods or services, to accurately record trades, and to administer these Rules in accordance with its terms.

However, Member acknowledges that the sole principals in any trade are the buying and selling members involved, that trades are entered into voluntarily, and that BBU is not the agent of any Member, nor is it the guarantor of any trade or trade dollar.

2. Availability of Products or Services

BBU shall use its best efforts to solicit new businesses having products or services to satisfy the needs of all Members.

BBU is committed to provide only those products or services that may actually be available in the exchange system at any given time.

Exchange member hereby acknowledges and understands that a barter exchange is a limited marketplace and BBU cannot fulfill all purchase requests all the time.

BBU is not responsible if a Member cannot find specific products or services to buy from Members.

D. Membership

1. Definition of Member in Good Standing

A Member who conducts trades in accordance with these Rules, is current in any monies owing to BBU, and has a valid, unexpired Member account, is considered a "Member in good standing".

Only Members in good standing are entitled to services of BBU.

E. Fees

1. Payment of Fees

All fees and charges, including initial set-up fees, commissions, and other charges to Members by BBU are in payment for services rendered in processing Member into the exchange system, operating the clearinghouse and brokerage functions, administering these Rules, establishing and maintaining records, and facilitating Members use of the exchange system.

Member agrees to pay BBU the full amount of such fees within 30 days of date of the monthly statement; otherwise BBU shall charge a monthly late fee of \$25.

In the event that the Member is in arrears for any cash fees beyond thirty (30) days, Member agrees to waive all rights to usage of any positive trade credit balance in the account, and grants BBU the right to hold any such balance so long as any cash fees remain outstanding for more than thirty (30) days.

F. Authorization

1. Identification Cards; Lost or Stolen

Buyer must have a valid, signed, unexpired BBU identification card(s) in order to make a purchase.

Member is solely responsible for all charges made on card(s) issued to Member's account.

BBU is not responsible for use of cards by unauthorized persons.

In the case of lost or stolen card, Member will be liable for unauthorized use that occurs after BBU is notified in person, in writing, email or by telephone of the loss, theft, or possible unauthorized use.

Identification cards issued to Members shall remain the property of BBU and must be returned upon demand.

2. Trade Authorization:

All purchases must be approved by BBU prior to sale and have an authorization number issued and recorded by the BBU.

If authorization is not obtained at the time of sale, BBU has no obligation to post the transaction.

BBU reserves the right to refuse to issue an authorization number approving a transaction under any of the following conditions:

- a) If the buyer does not have sufficient trade dollars or line of credit to make such purchase;*
- b) If either party is not a Member in good standing;*
- c) If seller fails to call the Exchange, or use the BBU's automated trade authorization system, for an authorization number for any sale at the time of sale.*

3. Record Keeping and Errors

BBU has the right to reverse a transaction due to non-compliance with these Rules, in which event it shall be the responsibility of the seller to collect from the buyer.

All transactions are subject to audit and verification by BBU and, in case of inaccuracies, BBU may debit or credit Member's account, without notice, as a result of such error.

BBU will issue monthly statements to Members reflecting account activity and monies due and owing to BBU.

Monthly statements are deemed accurate as printed unless Member notifies BBU in writing of any discrepancy within thirty 30 days of statement date.

4. Authorization of Credit Investigation

Member authorizes BBU to make whatever credit investigation deemed appropriate and to exchange any information received in the course of such investigation.

BBU may request reports from credit reporting agencies.

If Member asks whether a credit report was requested, member will be informed, and if BBU has received a credit report, Member will be given the name and address of the agency that supplied the report.

5. Internet, Telephone Sales; Discretionary Sales

Seller will obtain from BBU an authorization number for all internet or telephone sales.

G. Compliance with Laws

1. Laws and Regulations

Member shall abide by applicable Federal, State or local laws or regulations appropriate to any trade, and BBU shall not be responsible for any failure on the part of the Member to comply.

Member agrees not to hold BBU liable for any action BBU takes to comply with applicable laws or regulations.

H. Tax

1. Taxes

Seller shall charge the appropriate sales and excise taxes and collect and record these on the transaction form at the time of sale.

Under no circumstances will BBU be responsible to pay any sales, excise, use or other such tax on behalf of any Member.

Members are advised that transactions involving trade dollars are generally treated as taxable events for Federal, State and local tax purposes.

The declaration and reporting of all applicable local, State and Federal taxes resulting from trade transactions rests solely with the Member.

Further, that BBU is required by law to obtain correct taxpayer identification number of Member (who is required by law to provide such number) and to report all trade sales of Members to IRS on Form 1099-B.

I. Assignment

1. Assignment of Account

A Member's account is not assignable or transferable without BBU express prior written consent.

2. Overpricing

Exchange members are obligated to sell their goods and services on trade at their normal, customary rates that they typically sell their goods and services for in a cash environment.

BBU reserves the right to inquire into complaints of overpricing by a Member.

Violations may result in termination of Member's account and/or immediate adjustment of the transactions involved.

J. Circumvention

1. Direct Trades Between Exchange Members

Direct trades between Members to avoid service fees are prohibited, and if consummated, are subject to a 10 percent cash transaction fee payable upon demand; such trades may also result in suspension or termination.

K. Default

1. Refusal to Honor Valid Purchase Requests

It is acknowledged, understood and agreed by Member that should Member fail to honor and accept purchases from another cardholding member utilizing a valid ID card pursuant to these Rules, except where Member is on standby or reserve status in accordance with of these Rules, Members shall be deemed to be in material breach of this Agreement.

Member acknowledges that if such event occurs, damages will accrue to BBU in the business relationship between BBU and the client whose ID card was not honored, and Member shall be liable for such damages.

2. Freezing of Account

If Member violates any terms of this Agreement now or hereafter in effect, BBU may immediately terminate its account in accordance with these Rules or may freeze all activity in account without notice until such time as BBU, in its sole discretion, reinstates the Member or decides to terminate Member's account.

Member acknowledges that the decision of BBU to freeze and/ or terminate Member's account shall be final and conclusive.

3. Suspension of Trading Privileges

BBU reserves the right, at its sole discretion, to suspend the trading privileges of any Member who is in violation of any Local, State or Federal law, or any Member with outstanding cash fees due BBU which are more than 30 days past due.

The trade privileges of Member shall be reinstated immediately upon payment of such past due fees.

BBU shall have the right, at its sole discretion, of settling past due fees that are over 30 days.

Furthermore, if such cash fees remain outstanding beyond 30 days, BBU shall have the right to terminate the delinquent Member's account, as provided in these Rules.

L. Termination

1. Termination

Either party may terminate this Agreement upon ten (10) days written notice to the other party.

2. Acceleration

Immediately upon termination, all cash and trade dollar service fees and commissions outstanding become due and payable, and:

- a) If Member has a negative trade balance (i.e., purchases exceed sales), Member shall pay the account with trade dollars or acceptable products or services within thirty days of the termination date and, after the thirty day period, immediately pay BBU any remaining negative balance in cash.*
- b) If Member has a positive trade balance (sales exceed purchases), Member may stay active for 3 months and spend the balance until purchases equal sales by paying BBU in advance the cash commissions and service fees on the positive balance.*

3. Conversion to Cash

BBU HAS NO OBLIGATION UNDER ANY CIRCUMSTANCES, INCLUDING TERMINATION OF MEMBER'S TRADING PRIVILEGES, TO CONVERT A POSITIVE TRADE ACCOUNT TO ACTUAL CASH DOLLARS.

4. Cards

BBU identification cards must be cut in half and the pieces returned to BBU immediately upon termination.

In the event of termination, there shall be no refund of annual membership fees, or commissions.

5. Survival

All obligations under this Agreement in connection with any trade draft presented or signed by Member shall survive any such termination.

M. Amendment

1. Amendment of Agreement

BBU may, at its sole discretion, modify, amend, or change the terms of this Agreement from time to time by giving Member thirty (30) days prior written notice.

Any purchase or sale of products or services by Member after the thirty (30) day notice shall constitute acceptance of new provisions.

2. Fee Changes

BBU reserves the right to modify or change the annual membership fees, commissions, and any service fees from time to time.

Member will receive thirty (30) days written notice of any such changes.

N. Warranty & Indemnity

1. Disclaimer of Liability

BBU makes no representation or warranty either express or implied, and disclaims all liability as to the fitness, quality, delivery date, merchantability, prices or any term of any trade transaction.

Member does hereby indemnify and hold BBU harmless with respect to any claim, debt, or liability whatsoever, arising out of any transaction wherein Member is a buyer or seller.

Member acknowledges that any trade transaction in which it participates shall be on a voluntary basis, and that BBU is neither its agent nor the agent of any other Member of the exchange.

O. Dispute Resolution

1. Disputes

Any trade transaction disputes shall be only between the buyer and seller, and shall be settled by those parties themselves.

However, BBU reserves the right to act as an arbitrator to attempt to settle disputes when the BBU deems it is in the best interest of the exchange at large to act in such a capacity.

2. Enforcement

Each and every term and provision contained in this Agreement and Trading Rules and Regulations is severable from every other term and provision therein.

If any such term or provision should be judged invalid, illegal or unenforceable it shall not affect the validity, legality or enforceability of the remainder of any other term or provision.

The remainder shall remain valid, legal, enforceable and in full force and effect.

In the event that legal action must be taken by BBU against a Member to enforce any provision of these Trading Rules and Regulations, BBU shall be entitled to recover its reasonable attorney's fees, costs and interest computed at the rate of 18% per year from the date of default until payment.

Member also agrees to court venue chosen by BBU's attorney.

P. Advertising

1. Advertising

Unless otherwise stipulated between parties to this Agreement, Member authorizes BBU to notify and advertise to other Members the availability of Member's products or services.

2. Tips and Gratuities

All tips or gratuities shall be paid in cash at the time and place of purchase by the buying Member.

Q. Trust Services

1. Special Trade Procedures

The following procedures apply to transactions involving special orders, construction jobs, service work, or long-term leases and other work-in-process transactions.

2. Estimate

Buyer should obtain a written estimate PRIOR TO authorizing work to begin.

3. Deposit

Before starting, if appropriate, seller should obtain a deposit or down payment in trade dollars in the same manner as a cash transaction.

This is done with a BBU invoice and authorization number.

Seller should include in their contract provisions that if buyer does not have sufficient trade dollars in their account when an authorization is requested, the difference must be paid in CASH TO THE SELLER.

4. Authorization

BBU will only issue an authorization for the amount in the account.

In order to “reserve” trade dollars from the buyer until a particular job is completed, or special order item has been received, seller must call BBU for a “Funds-In-Trust” (F.I.T.) authorization number.

The estimated amount of the completed work (less any deposits or down-payment) will then be transferred from the buyer’s account into an escrow account for the benefit of the seller.

AN INVOICE SHOULD NOT BE SENT TO BBU AT THIS TIME.

5. Acceptance

When the job has been completed or the special order item has been delivered, the seller shall complete a BBU invoice for the balance due and obtain the buyer’s signature.

DO NOT CALL FOR ANOTHER AUTHORIZATION NUMBER.

SELLER SHOULD WRITE THE ORIGINAL “F.I.T.” AUTHORIZATION NUMBER ON THE INVOICE.

Seller’s account will be credited by BBU upon receipt of the signed invoice and any required cash service fee.

R. Warranty

1. Products Sold Through BBU - Warranty

On all products owned and sold by BBU, the sole and exclusive warranty made by the seller is that it has title to such products, free and clear from any lien or encumbrance.

2. No Warranty

Other than set forth above, all products are sold, "As Is, where is", and shipping charges shall be paid by the buyer.

3. Agency

With respect to any product or services purchased by buyer from BBU, buyer recognizes that such items are produced and provided by others and not BBU or its affiliates.

4. Disclaimer

BBU makes no warranty either express or implied, by operation of law or otherwise as to the merchantability or fitness for a particular purpose of such products or services, and buyer shall look solely to the manufacturer of such merchandise or provider of such services for any warranty.

S. Security Interest

1. Security Interest

Member grants BBU a security interest in all trade dollars credited and to be credited to Member's account for the amount to all unpaid cash fees.

T. Pricing

1. Surcharges

As an exception to the rule that trades are to be made at prevailing prices (defined as normal or customary cash price), surcharges may be permitted in certain categories such as food, gasoline, appliances, electronics, and products where the gross margin of profit is relatively low, and the supply of such products on trade is low.

BBU will arrange the surcharge with the Member concerned.

Members will be informed of any applicable surcharges.

U. Scope

1. Commitment and Representations

BBU is only responsible for commitments and representations made in writing by a duly authorized officer of BBU, Brokers, agents, or employers of BBU to any obligation or representation whatsoever without such written authorization, signed by an officer of BBU.

2. No Waiver of Right

BBU's failure or delay in exercising any right shall not operate as a waiver thereof, and any single or partial exercise of a right shall not preclude any other or further exercise of any right.

BBU's remedies are cumulative and are not exclusive of any remedies provided by law.

3. Preferential Treatment

Member acknowledges that regulation of purchases, control of credit extension, and allocation of goods or services in short supply are inherent in BBU's managerial responsibilities, shall be exercised at BBU's sole discretion, and do not constitute preferential treatment under these Rules.

V. Winding Down

1. Dissolution

In the event that the BBU barter system terminates or otherwise ceases to do business, all Members in a negative trade position shall pay amounts they owe in cash (one trade dollar being equal to one dollar in cash in U.S. currency) into a fund.

The fund, less expenses, plus inventory on hand will be distributed pro rata to all Members who are in a positive trade dollar position.

Thus, all Members in a positive position will receive cash for their trade dollars to the extent that funds permit.

BBU shall not be liable to any Members for cash or trade dollars beyond the distribution of such funds as aforesaid.

W. Binding

1. Member Acknowledgment and Warranty

Member acknowledges that he has read the currently effective Trading Rules and Regulations, that such Rules and Regulations are made a part of this Agreement with BBU, and that the Rules and Regulations may be changed by BBU from time to time in accordance with the provisions of these Rules.

Member warrants that it provides all information to BBU in good faith and that such information is accurate to the best of its knowledge.

2. Joint and Separate Liability

Upon acceptance of this Agreement and opening of an account, the Member and individual signing for the Member hereby assume joint and separate responsibility for all purchases and fees as outlined in this Agreement, and the individual signing

on behalf of a corporation agrees to guarantee and be personally liable for full performance by said corporation of this Agreement