



MEMBERSHIP APPLICATION

I/We hereby apply for membership in the MIDWEST BUSINESS EXCHANGE, LTD., and further agree to abide by the Rules of Membership governing the same.

Name of Business _____

Business Address _____

City _____ State _____ Zip _____

Phone _____ Contact _____

Fax _____ Home _____ S.S. or Tax I.D. Number _____

Kind of Business _____

Cards Issued to _____

UPON ACCEPTANCE as a member I/We agree to:

- 1) Adhere to all Rules of Membership of the Exchange as specified on the reverse page of this agreement and in the Midwest Business Exchange directory.
- 2) Pay a one-time initial set-up charge of _____ and first annual dues of _____ and a monthly accounting fee of _____. Should I/We elect to renew this membership in subsequent years, I/We agree to pay the prevailing annual dues on or before the anniversary date of this agreement.
- 3) Pay a cash commission of _____ % of the gross value of goods and services purchased through the Exchange.
- 4) Offer our products and/or services to other members of MBE for trade units at our regular prevailing prices and on the same priority given to our cash customers.
- 5) Upon acceptance by MBE the undersigned personally guarantees full performance of all obligations of the business member for which he signs.

This agreement, made and entered into this _____ day of _____, 20_____, becomes effective when signed by an officer of the Exchange and is binding on the heirs, successors, and assigns or administrators of the member.

Showroom and offices at:

508 Harrison Street
Kalamazoo, MI 49007

Signed _____

Applicant

Mailing Address:

P.O. Box 50789
Kalamazoo, MI 49005-0789

Title _____

Acceptance by MBE

Phone: (269) 344-8800

Fax: (269) 344-8522

NATURE OF PARTIES: MBE is a trading company which also acts as a clearing house and third party record keeper of the barter transactions among its members. The members are business owners and professionals who contract with MBE to organize and facilitate barter of their goods and services with other members. Members are legitimate businesses wanting to exchange their goods and/or services with other members and wishing to subscribe to MBE's record keeping and barter services.

BROKERAGE FUNCTION: MBE serves in a brokerage capacity in organizing and facilitating trades among members. Initiative for utilizing the services of MBE in order to derive economic benefit is exclusively that of the Member. Responsibility for the conduct of a trade is exclusively that of the Member. For buyers, MBE indicates (through trade brokers, catalogs, directories, newsletters, etc.) potential sellers who may provide the desired product or service. In the case of vendors or professional services, MBE lists for the potential buyer all such persons capable of providing the desired service. MBE will use its best efforts to broker the trade units of members into goods or services, to accurately record trades, and to administer the Rules of Membership in accordance with their terms. However, the sole principals in any trade are the buying and selling members involved and therefore trades are entered into voluntarily and MBE is not the guarantor of any trade or trade unit.

NATURE OF TRADE UNITS: A "Trade" is a barter purchase or sale of goods and/or services whereby payment is made in trade units posted to the account pursuant to the Rules of Membership. A trade unit is an accounting unit used to record the value of the trades. Ownership of the trade units denotes the right to receive goods or services available within MBE in the amount of those trade units. Trade units may be used only in the manner and for the purposes set forth in the Rules of Membership. They will not be considered legal tender, securities, or commodities. Trade units may not be redeemed for cash. MBE disclaims responsibility for the negotiability of trade units or for the availability of goods or services from any source.

LIABILITY FOR TRADE UNITS: Trade units in the barter system (positive balances) are liabilities of persons who have spent more than their earnings (negative balances). There is a creditor/debtor relationship between such members and therefore trade transactions incur the normal business risks associated with any credit transaction. As a general rule, trade units are the liabilities of members who owe the barter system and not of MBE which is solely responsible for administering the system. Any positive balances abandoned or surrendered by former members in accordance with the Rules of Membership may be used as MBE shall determine.

TRADE UNIT LOANS: MBE may make trade unit loans to any Member on terms and conditions consistent with Member's credit worthiness and ability to repay. Loans may be made in the sole discretion of MBE management with regard to principal, interest, terms and conditions, lending policy, and other particulars. A Member wishing to apply for a loan may be required to submit a loan application, financial statement, credit agreement, promissory note or collateral prior to approval. MBE is under no obligation to extend credit at any time. The proper exercise of the lending power by MBE results in benefits to the members at large and therefore all interest, fees, charges and other proceeds for such loans are the sole and exclusive property of MBE. Any member with an existing trade account deficit is required to accept all requests to trade for goods and services normally traded by that member. Upon refusal to trade, MBE may issue a written request for the member to resume trade within 30 days. If trading is not resumed, the trade deficit becomes immediately due and payable in cash dollars.

AVAILABILITY OF PRODUCTS OR SERVICES: MBE uses its best efforts to solicit new businesses having products or services to satisfy the needs of the membership. MBE is committed to providing only those products or services actually available in the exchange system. MBE is not responsible if a member cannot find specific products or services to buy from other members.

PAYMENT OF FEES: All fees and charges, including initial set-up fees, service charges, and other charges to members by MBE are in payment for services rendered in processing member into the exchange system, operating the clearing house and brokerage functions, administering the Rules of Membership, maintaining records, and facilitating members' use of the exchange system. In the event that Member is in arrears for any cash fees beyond 30 days, MBE may suspend the member's right to use any positive trade balance in his account or take such further action as is permitted under the Rules of Membership.

TRADE AUTHORIZATION: All purchases in excess of \$50.00 per transaction must be approved by MBE prior to sale and have an authorization number issued and recorded on the transmittal form. If authorization is not obtained at the time of the sale, MBE has no obligation to record the transaction. MBE is not responsible to honor authorizations granted due to any misrepresentations made by a member buyer or seller. MBE reserves the right to refuse to issue an authorization number approving a transaction under any of the following conditions:

- If the buying member does not have sufficient trade units or line of credit to make such a purchase;
- If either party is not a member in good standing.

Authorizations remain in effect for a period of ten (10) days from the date the authorization number is issued. In the event a transaction involves special order merchandise or contracted services which will not allow the transaction to be completed within ten (10) days, the member obtaining the authorization must notify MBE of the approximate date of completion of the transaction at the time the authorization is issued and the authorization will remain in effect for ten (10) days after completion of the transaction.

RECORD KEEPING AND ERRORS: A selling member must submit to MBE a copy of the transmittal form within seven (7) days of each sale.

MBE is not responsible for posting transactions reported on transmittal forms more than seven (7) days after the date of sale. Transmittal forms received without the buying member's signature may be returned to the selling member and MBE may refuse to honor such transactions. MBE has the right to reverse a transaction due to noncompliance with the Rules of Membership and in that event, it shall be the responsibility of the selling member to collect from the buying member. All transactions are subject to final audit and verification by MBE and, in the case of inaccuracies, MBE may debit or credit the Member's account without notice. MBE will issue monthly statements to Members reflecting account activity and amounts due and owing MBE. Monthly statements are deemed accurate as printed unless the Member notifies MBE in writing of any discrepancy within ten (10) days of the statement date.

LAW AND REGULATIONS: Members shall abide by all applicable federal, state and local laws or regulations pertaining to any transaction and MBE shall not be responsible for any failure on the part of a member to so comply. MBE will be held harmless by the member for any action MBE takes to comply with applicable laws or regulations.

TAXES: Members are advised that transactions involving trade units are generally treated as taxable events for federal, state and local tax purposes. The declaration and reporting of all applicable federal, state and local taxes resulting from trade transactions rests solely with the Member. MBE is required by federal law to obtain the correct tax payer identification and treat each transaction in accordance with applicable federal law. MBE shall not be liable to any Member for actions taken by MBE in compliance with federal, state or local tax laws.

OVERPRICING: MBE reserves the right to inquire into complaints of overpricing by Members and to take such actions, which, in MBE's sole discretion, are necessary to insure fair dealing. Overpricing violations may result in termination of Member's account and/or immediate adjustments to the transactions involved.

DIRECT TRADES: Direct trades between members to avoid service fees are prohibited and if consummated are subject to ten (10) percent cash service charge to both parties payable on demand. Such direct trades may also result in suspension of member's privileges.

BREACH OF AGREEMENT: The failure of a member to honor or accept purchases from other card holding members pursuant to and in accordance with the Rules of Membership is a material breach of the rules. MBE may immediately terminate the account of an offending member or may freeze all activity in that member's account, without notice until such time as MBE, in its sole discretion, determines to reinstate the member or terminate membership.

DISCLAIMER OF LIABILITY: MBE makes no representation or warranty, either express or implied, regarding the fitness, quality, delivery date, merchantability, price or any term of a trade transaction. Such warranties are solely that of the selling member and/or the manufacturer and the selling member shall hold MBE harmless with respect to any claim arising from any transaction.

DISPUTES: Trade transaction disputes are only between the buying and selling members and must be resolved by the members themselves.

ADVERTISING: For MBE and the barter system to be successful there must be advertising within the Exchange of the availability of goods and services by the members. Unless otherwise stipulated by the Member, MBE will advertise to other members in the general membership the availability of any members' products and services.

TIPS AND GRATUITIES: As with sales taxes, all tips and gratuities must be paid in cash at the point of purchase by the purchasing member.

PRODUCTS SOLD BY MBE: All products owned and sold by MBE are subject to the sole and exclusive warranty made by the manufacturer.

SECURITY INTEREST: MBE has a security interest in all trade units credited to a member's account for the amount of all unpaid cash fees. In the event of a member's bankruptcy, MBE shall have the option in lieu of filing as a creditor to treat the trade unit balance as an amount equal to the amount of cash fees owing to MBE and forfeiting those trade units to MBE.

PREFERENTIAL TREATMENT: MBE warrants that it will not engage in preferential treatment of owners, employees, their families and associates or any other person as it discharges its management responsibilities. Regulation of purchases, control of credit extension, and allocation of goods and services in short supply are inherent in MBE's managerial responsibilities and are exercised in MBE's sole discretion. Such managerial responsibilities do not constitute preferential treatment.

MBE SCRIP: MBE may make scrip available for purchase with trade units, subject to service fees in the Rules of Membership. MBE scrip may be used for the purchase of goods and services from selected members. Each unit of MBE scrip may be used for one transaction only. The selling member after accepting MBE scrip in exchange for goods and services shall return the MBE scrip to MBE within seven (7) days of the date of the transaction. Upon receipt of unexpired MBE scrip, MBE will credit the scrip to the selling member's account. Reuse of MBE scrip by the selling member in order to avoid service fees constitutes a direct trade and is prohibited by the Rules of Membership.

OTHER EXCHANGES: MBE is a member of an association of bartering exchanges and because of this membership MBE can frequently arrange barter transactions for members with members of the other exchanges. Service charges for such transactions will be determined by MBE on a transaction by transaction basis.