

**KITCHEN AND BATH ALLIANCE**  
**MEMBER AGREEMENT**  
**COVER PAGE AND SIGNATURE PAGE**

Member's Name: \_\_\_\_\_  
DBA: \_\_\_\_\_

Type of Entity:      Individual    Corporation    Partnership    Limited Liability Company  
                       Other \_\_\_\_\_ (specify)

Primary Facility Location:     Address: \_\_\_\_\_  
  Phone: \_\_\_\_\_                                    FAX: \_\_\_\_\_  
    Office              Showroom              Warehouse

Additional Facility Location:     Address: \_\_\_\_\_  
  Phone: \_\_\_\_\_                                    FAX: \_\_\_\_\_  
    Office              Showroom              Warehouse

Additional Facility Location:     Address: \_\_\_\_\_  
  Phone: \_\_\_\_\_                                    FAX: \_\_\_\_\_  
    Office              Showroom              Warehouse

Additional Facility Location:     Address: \_\_\_\_\_  
  Phone: \_\_\_\_\_                                    FAX: \_\_\_\_\_  
    Office              Showroom              Warehouse

**(Please use additional sheets, if Necessary, to list all locations)**

Notice Addresses:

To Company:             Cabinet and Countertop Cooperative, Inc.  
   dba Kitchen and Bath Alliance  
   811 Livingston Court, Suite A  
   Marietta, Georgia 30067  
   Attn: Randy McNatt  
   Fax No. 770-424-1988

Notices to Member:    To the address appearing above as the Member's Facility Location.

Member hereby enters into the attached Member Agreement.

Member \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date \_\_\_\_\_

Company and Member agree as follows:

I. **DEFINITIONS** For purposes of this Agreement:

A. **The Company**, referred to herein, shall mean Cabinet and Countertop Cooperative, Inc., dba Kitchen and Bath Alliance. FEI Group (“FEI”) is the manager of the cooperative.

B. **Products** means all types of cabinetry, countertops, plumbing, lighting, appliances, ventilation, hardware, bath vanities, closets, and all related items, whether or not bought by or through the Company, which are purchased by Member for offer, display and/or sale in Member's Facility.

C. **Company Information** means all information of Company and FEI that would be a trade secret as defined in the Official Code of Georgia Annotated Section 16-8-13(2007).

D. **Marks** means the names, if any, developed by FEI and licensed to Company for use by its members and all modifications and enhancements thereto.

E. **Facility** means each business location operated by Member and identified on the Cover Page.

II: **MEMBERSHIP AND BENEFITS**

A. **Membership**. Upon Member signing this Agreement, Member shall pay Company \$100 for one share of stock in Company.

B. **Benefits Furnished by Company**. Company intends to do some or all of the following: (a) negotiate agreements with suppliers of Products including negotiating discounts, allowances, special services and/or rebates for the benefit of members from such suppliers; (b) develop private label Product; (c) provide marketing programs, training programs and management programs; (d) provide a license to use the Marks; and (e) permit Member to participate in

other benefits developed from time to time by Company for its members.

C. **Patronage Dividends**. As a Member of the Company, Member is entitled to receive patronage dividends based upon both the overall quantity or value of the total business done through the Company and the quantity or value of business Member does through the Company during the Company's fiscal year in accordance with Company's standard procedures for paying patronage dividends to Company's members. Patronage dividends are distributed once annually, based on the Company's fiscal year. The total amount of patronage dividends paid to its members is based upon the share of rebates which the Company receives as a result of qualified programmed member rebateable purchases of Product through the Company. Attached, as Exhibit A, is a schedule used to determine the amount of rebates which the Company is to pay out to members as patronage dividends (which is based upon qualified purchases through the Company). Each year, the Board of Directors of the Company reviews Exhibit A to determine the specific portion of the total amount of qualified rebates received during the fiscal year which will be paid out as patronage dividends. The Company reserves the right to offer payment terms that includes collection of member obligations through the withholding of patronage dividends. Member hereby recognizes and authorizes such action.

D. **License of Marks**.

1. So long as this Agreement remains in effect, Company grants Member a limited, non-exclusive, non-transferable license to use the Marks, as created, in connection with Member's business at Member's Facility. Member shall have no right to use the Marks, in any manner, on the World Wide Web or Internet or in any email address or domain name without the prior written consent of Company.

2. Member acknowledges that the Marks and all rights therein and goodwill pertaining thereto belong exclusively to FEI. Member acknowledges that its use of any Mark will inure solely to FEI's benefit and Member will not at any time acquire any right in the Marks by virtue of its use of any

Mark. Member will not at any time attack the title or any of FEI's rights in and to the Marks or attack the validity of the license granted herein.

3. Member agrees to display the Marks only in a form and manner prescribed by Company and consistent with Company's standards, rules and procedures as now in effect and as may be modified from time to time.

4. Company makes no representations or warranties as to the validity of the Marks and in fact expressly states that no Marks have been registered to date to be used by the members. Notwithstanding the foregoing, Company has an agreement with FEI pursuant to which FEI shall use its best efforts to (i) develop an acceptable Mark to the members and register such Mark, although without any assurances that it will be successful in so registering the Mark and (ii) defend any claim of infringement, again without any assurances that it will be successful in such defense.

E. **Membership Fees.**

1. In consideration for Company providing Member with the benefits described herein, Member shall pay Company a marketing fee of \$2,000, payable with \$700 due upon execution of this Agreement and the remaining \$1,300 will be payable through revenue streams, such as member patronage dividends. Additionally, the Company offers a \$300 discount off the membership fee if the Member fills out and returns a completed "Rebate Audit" form within 60 days of receipt. Member acknowledges that Company develops programs specifically for members after consultation with certain of the members. There is no assurance that the programs offered will be successful or of particular interest to Member, but such failure shall not entitle Member to any refund of the Marketing Fee.

2. Commencing with the 1st day of the calendar month after Member joins Company, and so long as this Agreement remains in effect, Member shall pay Company a Monthly Dues of

\$75.00. Notwithstanding the foregoing, Company reserves the right from time to time to increase the Monthly Dues taking into account cost of living adjustments, differences in programs and benefits being provided and the costs of providing such programs and benefits and such other factors that the Company may reasonably believe should be taken into account and Member shall be obligated to pay such increased Monthly Dues.

III: **PROPRIETARY RIGHTS**

A. **Company's Proprietary Rights.** Member acknowledges and agrees that the Company Information, and the Marks, if any, are the sole and exclusive property of Company or FEI in perpetuity.

B. **Confidentiality and Non-Disclosure.** Member acknowledges and agrees that all Company Information shall remain confidential and shall not be disclosed, used or made use of in any manner whatsoever, directly and/or indirectly, except pursuant to the express terms of this Agreement. Member shall cause all of its officers, directors, partners, agents, employees and related companies to comply with the provisions of this Section III.B. Member's covenant not to disclose nor use Company Information shall survive the termination of this Agreement, if any, regardless of the reason or cause of such termination. Member acknowledges and agrees that it has acquired no right, title or interest whatsoever in the Company Information, except for the terminable license to use the express rights set forth herein and on the express conditions described herein. Member shall not take any action nor omit to take any action which would directly and/or indirectly interfere or invalidate Company's and/or FEI's ownership of or interest in any or all of the Company Information. Member shall not allow the quality, workmanship, content or any other facet or element of the Company Information to be changed or modified in any way. Upon request of Company, Member agrees from time to time to execute any and all documents, in such forms as are provided by Company, to update the protection of and acknowledgment of the Company's and/or FEI's

sole and exclusive ownership of all of the Company Information and Marks (if any).

#### IV: **STOCK OF COMPANY**

A. **Non-registered Stock.** MEMBER ACKNOWLEDGES AND UNDERSTANDS THAT THE SHARE REPRESENTED BY MEMBER'S STOCK CERTIFICATE HAS NOT BEEN REGISTERED OR QUALIFIED UNDER THE FEDERAL SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE, AND THE SHARE REPRESENTED BY MEMBER'S STOCK CERTIFICATE AND THE RIGHT TO TRANSFER SAID SHARE IS SUBJECT TO RESTRICTIONS ON TRANSFER CONTAINED IN THE BY-LAWS OF COMPANY AND THIS AGREEMENT AND IS NOT TRANSFERABLE EXCEPT AS PROVIDED IN SAID BY-LAWS AND THIS AGREEMENT. MEMBER FURTHER AGREES AND ACKNOWLEDGES THAT MEMBER'S SHARE OF STOCK CANNOT APPRECIATE IN VALUE.

B. **Transfer Restrictions.** Except as set forth in the By-laws, no Member shall make a gift of all or any portion of the common stock of the Company owned by Member, nor shall Member sell, transfer, hypothecate or otherwise dispose of all or any portion of said common stock in the absence of the prior written consent of the Company which may be arbitrarily withheld and subject to such conditions as the Company may impose.

C. **Restrictive Legends.** Legends reflecting the provisions of ARTICLE IVA above shall be placed upon the certificate of common stock being acquired by Member:

#### V: **PARTICIPATION OF MEMBER**

A. **Member's Duties.** Member agrees to endeavor to use commercially reasonable efforts to

actively promote and support the Company and the sale and distribution of the Products purchased by or through Company. Furthermore, Member shall:

1. promote, publicize, advertise and conduct the operation of Member's Facility in compliance with all laws and in a first-class and quality manner and according to the highest standards of integrity in the decorative plumbing & hardware, and kitchen & bath industries;

2. abide by and be bound by the Company's Articles of Incorporation, By-Laws, and policies, as such Articles of Incorporation, By-Laws, and policies are now in force and as they may be hereafter amended or adopted;

3. promptly inform the Company of any additional or change in Facility;

4. attend each Company convention (but no more than two in any one calendar year) and meeting as designated by Company during the term of this Agreement.

B. **Minimum Purchase Requirement.** It is critically important to the success of the group that all members endeavor to support the Company's partner suppliers. Therefore, Member shall use all commercially reasonable efforts to source purchase requirements through suppliers who provide incentives or rebates to Company members ("Approved Suppliers"). An agreed upon minimum purchase requirement may be hereafter amended or adopted.

C. **Consent to Company Receiving Purchase Information.** Member consents to Company receiving, electronically or otherwise, from those manufacturers and suppliers with whom Company negotiates agreements/arrangements for Products on behalf of members, copies of all of Member's purchase information from such manufacturers and suppliers, including both purchases of Products through the Company as well as purchases of Products not through the Company. This consent shall be self executing and Company may show any such manufacturer/supplier this specific provision

in order to gain access to Member's purchase information from any such manufacturer/supplier.

VI: **TERM/TERMINATION**

A. **Term.** Subject to earlier termination as provided herein, the Term of this Agreement shall commence on the date this Agreement is signed by Company and shall run for three (3) years. This Agreement shall automatically renew itself and be extended one year at a time at the end of any expiring term unless at least sixty days prior to the end of the then expiring term either party gives the other party written notice of such party's election to terminate this agreement.

B. **Early Termination by Either Party.** Only during the first year of this Agreement, from the date of execution herein, either party may terminate this Agreement for any reason upon sixty (60) days written notice.

C. **Termination by Company With Notice.** Member's rights under this Agreement shall be subject to termination by Company as a result of the occurrence of any of the following:

1. The failure by Member to materially comply with any or all of the terms and provisions of this Agreement, the Company's Articles of Incorporation, By-Laws, and policies;
2. The failure by Member to pay any obligation payable to Company as and when due, time being a material term and of the essence;
3. Company, in its reasonable business judgment, determines that any conduct of Member is detrimental to the prestige and/or reputation of any of the Marks, Company or FEI;
4. Member being in default in the payment to any of its suppliers, or Member being in default in the repayment of a loan to any bank or other commercial lender.

D. **Termination by Member With Notice.** Member shall have the right to terminate this Agreement as a result of the occurrence the failure by Company to materially comply with any or all of the terms and provisions of this Agreement, Company's Articles of Incorporation, By-Laws, and policies applicable to Company.

E. **Notice and Cure.** Prior to terminating Member's membership for failure to comply with this Agreement, the Company's Articles of Incorporation, By-Laws, and/or policies, Member shall be furnished written notice of the existing breach and/or default. If Member fails to cure any default within thirty (30) days after notice being given, Member's membership in Company shall, at the option of Company, thereupon terminate. Prior to Member terminating this Agreement for Company's failure to comply with this Agreement, the Company's Articles of Incorporation, By-Laws, and/or policies, Member shall furnish written notice to Company of the existing breach and/or default. If Company fails to cure any default within thirty (30) days after notice being given, Member may terminate this Agreement.

F. **Duty of Member Following Termination.** Immediately after the termination of Member's rights under this Agreement, Member shall immediately sell and deliver to Company Member's share of stock of Company for \$100 pursuant to ARTICLE XII of the By-Laws. The obligations of Member under this Agreement, the Company's Articles of Incorporation, By-Laws, and policies shall survive the termination of Member's Membership and continue to be legally binding obligations upon Member until fully and completely performed.

VII: **LIMITATIONS ON COMPANY'S LIABILITY; DISCLAIMER OF LIABILITY; INDEMNITY**

A. **Company Not Liable for Delays.** The Company shall not be liable for any delay in the delivery or shipment of Products, or in the performance of any of Company's obligations

hereunder, or for any damages suffered by the Member by reason of any such delay(s).

**B. Company's Disclaimer of Warranties and Liabilities.**

**COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS REGARDING THE PRODUCTS IT NEGOTIATES FOR MEMBER TO BUY. THE ONLY WARRANTY WITH RESPECT TO SUCH PRODUCTS IS THAT OF THE PRODUCTS' MANUFACTURER(S), IF ANY. COMPANY IS NOT THE SELLER OF THE PRODUCTS AND THEREFORE AS TO COMPANY, THE PRODUCTS ARE SOLD IN "AS IS" AND PRESENT CONDITION, AND WITHOUT WARRANTY OF ANY KIND. FURTHERMORE, COMPANY HEREBY DISCLAIMS ANY AND ALL WARRANTIES, EXPRESS AND/OR IMPLIED BY LAW OR OTHERWISE, REGARDING THE CONDITION, WORKMANSHIP, MERCHANTABILITY AND FITNESS OF THE PRODUCTS FOR ANY PARTICULAR USE OR PURPOSE. UNDER NO CIRCUMSTANCES SHALL COMPANY AND/OR ITS OFFICERS, DIRECTORS AND EMPLOYEES BE RESPONSIBLE AND/OR LIABLE FOR ANY AND ALL DAMAGES, CONSEQUENTIAL DAMAGES, LOSS OF PROFITS, LOSSES, EXPENSES, INTEREST, DEBTS, DUES, TAXES, FINES, INJURIES, LIABILITIES, ASSESSMENTS, COSTS, EVENTS, CLAIMS, ACTIONS, LAWSUITS, ATTORNEYS' FEES, OR ANY OTHER LOSS OR DAMAGE ARISING DIRECTLY AND/OR INDIRECTLY FROM THE PRODUCTS AND/OR THE USE OF THE PRODUCTS.**

**C. Member's Indemnity.** Member hereby releases, and agrees to indemnify and hold Company, FEI and their respective directors, members, shareholders, officers, employees, and agents harmless from and against any and all loss, cost, damages and/or expenses (including, but not limited to, court costs and attorneys' fees) incurred

by Company, its directors, members, shareholders, officers, employees or agents regardless of whether or not legal proceedings are commenced, as a result of (i) any action or inaction of Member or any other person resulting from or in connection with the operation of Member's business; (ii) any termination of Member's rights under this Agreement due to Member's failure to comply with, observe and perform any of the terms and provisions of this Agreement, the Company's Articles of Incorporation, By-Laws, and policies. Notwithstanding the foregoing, Member's indemnification obligations shall not apply to the extent any such claim or expense is directly caused by Company's gross negligence or wilful misconduct.

**VIII: NOTICES**

A. Any and all notices required or desired pursuant to this Agreement shall be in writing and shall be personally delivered or sent by either United States Mail, registered or certified, return receipt requested, postage fully prepaid or by facsimile or electronic transmission with confirmation and addressed as set forth on the Cover Page.

**IX: REMEDIES**

A. **Remedies.** Member acknowledges that failure by it to comply with, observe, and perform some of Member's obligations and covenants contained in this Agreement will cause permanent and irreparable harm to Company for which no adequate remedy at law is available. Therefore, if Member fails to comply with any such covenants and obligations, this Agreement may be enforced by specific performance and/or injunctive relief upon application to any court having jurisdiction over such matter. The remedies of specific performance and/or injunctive relief shall be cumulative and in addition to any other legal or equitable remedies Company may have.

B. **Attorneys' Fees.** The non-prevailing party in any action interpreting or enforcing the terms of this Agreement shall be responsible for paying to the prevailing party any costs, expenses

and/or reasonable attorneys' fees incurred by the prevailing party in such action.

X: **MISCELLANEOUS**

A. **Status of Parties.** The relationship created by this Agreement shall not be construed as an agency, partnership, joint venture, franchise or employment contract. Member is solely a member in a cooperative and a purchaser of goods from or through Company. Member maintains, owns and operates Member's Facility. Member warrants and represents that Member has the business experience and expertise required to operate Member's Facility, and that Member has had the opportunity to retain legal counsel to review and explain this Agreement to Member.

B. **Governing Law; Venue.** This Agreement shall be governed in its construction and validity by the internal laws of the State of Georgia without regard to the principle of conflicts of law. This Agreement shall not be effective until signed by an officer of Company.

C. **No Assignment By Member.** The rights, obligations, benefits and burdens of Member under this Agreement are personal to Member, and are nonassignable and nontransferable other than pursuant to Article IV Section B.

D. **Invalid Provisions; Severability.** If any provision of this Agreement is held to be illegal, invalid or unenforceable, such provision shall be fully severable, and the remainder of this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never been a part of this Agreement.

E. **Entire Agreement.** This Agreement, together with the Company's Articles of Incorporation, By-Laws, and policies embodies the entire agreement and understanding between the parties relating to the subject matter hereof, supersedes all prior agreements, and understandings

between the parties. This Agreement may be amended only by an instrument in writing executed by the parties hereof and FEI.

F. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, successors and permitted assigns, if any.

G. **Authorization to Sign.** The person signing on the Cover Page on behalf of Member hereby represents, warrants and covenants that Member has full authority to enter into and fulfill all of the terms and conditions hereof and when signed, this Agreement shall be a binding obligation of Member, enforceable in accordance with its terms. The Member further represents, warrant and covenants that (i) Member is seeking to join Company as a Member on its own volition; (ii) Member is not a party to any agreement which would prevent Member from entering into this Agreement and fully performing all of its obligations created hereunder;

**IN WITNESS WHEREOF**, Member has executed this Agreement on the date specified on the Cover Page. Company executes this Agreement on the date specified below.

CABINET AND COUNTERTOP  
COOPERATIVE, INC., DBA  
KITCHEN AND BATH ALLIANCE  
(COMPANY)

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
(MEMBER)

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **EXHIBIT A**

<b>Purchases Through Cabinet &amp; Countertop Cooperative, Inc.:</b>	<b>Cabinet &amp; Countertop Cooperative, Inc.'s share of Rebates* paid with respect to Purchases through the Company.</b>
On first \$100,000,000 of Purchases	60% of Rebates
On next Purchases between \$100,000,001 and \$200,000,000	65% of Rebates
On next Purchases between \$200,000,001 and \$250,000,000	70% of Rebates
On next Purchases between \$250,000,001 and \$300,000,000	75% of Rebates
On next Purchases between \$300,000,001 and \$350,000,000	80% of Rebates
On next Purchases between \$350,000,001 and \$400,000,000	85% of Rebates
On next Purchases between \$400,000,001 and \$450,000,000	90% of Rebates
On next Purchases between \$450,000,001 and \$500,000,000	95% of Rebates
If total purchases are over \$500,000,001	75% of Rebates back to first Dollar of Purchases (in lieu of the percentage of rebates through the levels of rebates set forth above)**

\*The monies paid by suppliers to Cabinet & Countertop Cooperative, Inc. with respect to each Product Purchase by Members that are designated for distribution as patronage dividends. "Rebates" do not include any "bonus" or "incentive" payments that are not paid with respect to any Member's particular purchases but may be paid as the result of the total purchases of all members. All rebates paid and all purchases are determined based upon the Company's fiscal year and the schedule set forth above applies to each fiscal year that the management contract remains in effect. Purchases refers to all purchases of Product for which the Company receives a rebate, as rebates are defined above.

\*\*Notwithstanding the foregoing, in the event that purchases exceed \$500,000,000, then 75% of all rebates on purchases in excess of \$500,000,000 such that the Members of the Company receive 75% of all rebates paid to the Company back to dollar one



INITIALS: \_\_\_\_\_ Member  
          \_\_\_\_\_ Company