

FE COOPERATIVE, INC.
NETWORK MEMBERSHIP AGREEMENT
FOR MULTIFAMILY CONTRACT FLOORING COMPANIES

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: FE Cooperative, Inc.
 811 Livingston Court, Suite 200
 Marietta, Georgia 30067
 Attn: Randy McNatt, CFO
 Fax No. 770-424-1988

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

Member hereby enters into the attached Member Agreement.

Member _____

By: _____
Title: _____
Date _____

The premises of this Member Agreement (“Agreement”) are as follows:

- (i) FE Cooperative, Inc. (“Company”) is a floor covering cooperative formed by FloorExpo, Inc. (“FloorExpo”);
- (ii) As a cooperative, Company is to be owned by its members;
- (iii) FloorExpo has granted Company a license of certain trade names and trademarks, and pursuant to such license, Company has the authority to license to Member the Marks (as hereinafter defined) upon the terms and conditions set forth herein;
- (iv) Member is currently operating a multi-family contract flooring business and desires to become a member of Company to acquire the “Products” (as hereinafter defined) through or from Company and to acquire such other benefits as may be afforded by Company to its multi-family contract flooring members.

In consideration of the foregoing premises, each of which shall be deemed incorporated in this Agreement, and the terms, provisions, covenants and conditions hereinafter set forth, Company and Member agree as follows:

1. DEFINITIONS. For purposes of this Agreement:

a. Products means all types of floor covering, including but not limited to carpet, 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 (ies).

b. Company Information means the concepts, ideas, know-how and structure of Company and FloorExpo, including, but not limited to, marketing methods and concepts, advertising materials (regardless of the communication medium used to create such advertising materials), internal bulletins, correspondence, internal price information, computer software and hardware developed by or in conjunction with Company or FloorExpo, price information, discount information, microfilm, purchasing methods and programs, supply sources, packaging methods and operations, confidential information, books, records, plans, designs, flow charts, drawings, copyrights, techniques, Marks, financial information, sales aids, purchase orders, microfilm and any other materials relating to the idea, design, concept, management and operation of Company and/or FloorExpo or the Products and any and all modifications, improvements, additions and changes thereto.

c. Marks means the names developed by FloorExpo and licensed to Company for use by its Members and all modifications and enhancements thereto. Marks will also include all additional patents, copyrights, trade names, service marks, logos, insignia, collective service marks, and collective trademarks which are designated by Company, if any, in the future to constitute a Mark under this Agreement.

d. Facility means each floor covering business location operated by Member which utilizes in whole or in part any of the Marks or which sells Products purchased through the Company.

2. MEMBERSHIP AND BENEFITS

a. Membership. Upon Member signing this Agreement, Member shall pay Company \$100. Each member of the Cooperative is entitled to own one share of stock. With the payment of \$100, Member purchases one share of stock in the Company. Upon termination of this Agreement, Member shall immediately sell and deliver to Company Member’s one share of stock in the Company for \$100 pursuant to ARTICLE XI of the By-Laws and in accordance with Section 6.d. herein.

b. Benefits Furnished by Company. Company shall use Company’s best efforts to: (a) negotiate agreements with suppliers of

Products which may include negotiating discounts, allowances, special services and/or rebates for the benefit of Members from such suppliers; (b) provide marketing programs, training programs and management programs as developed from time to time by the Company for multi-family contract flooring members; (c) provide a license to use some of the Marks upon the terms and conditions set forth in this Agreement; (d) pay Member a patronage dividend as more fully described below; and (e) permit Member to participate in any other benefits developed from time to time by Company for its multi-family contract flooring members. Member understands, acknowledges and agrees that Company provides similar benefits to its residential contract flooring members but that the actual Marks licensed to Member and the actual programs and benefits that are provided to Member may be different than those provided to the residential contract flooring members of Company.

c. Patronage Dividends. As a Member of Company, which operates as a cooperative, Member is entitled to receive patronage dividends based upon the quantity or value of the Company's business which is done with or for Member during the Company's fiscal year in accordance with Company's standard procedures for paying patronage dividends to Company's members, as determined by the Board of Directors of the Company. The total amount of the patronage dividends paid to its members is based upon the share of rebates which Company receives as the result of qualified programmed member rebateable purchases of Products 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 rebateable purchases through the Company's network of approved suppliers). Notwithstanding the foregoing, the membership of the Company may from time to time authorize "loads" to the pricing of Products which the suppliers agree to administer and pay to FloorExpo. Member acknowledges "loads" are distinctly different than rebates, as described above, and shall not be considered for the purpose of calculating patronage dividends or

used in the determination of volume tiers in Exhibit A. 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.

(i) So long as this Agreement remains in effect and subject to Member's continued compliance with all of its provisions, Company, through its license from FloorExpo, grants Member a limited, non-exclusive, non-transferable license to use certain Marks, as developed and made available, in connection with Member's multi-family contract floor covering business at Member's Facility(ies) as identified on the Cover Page. However, noncompliance with the terms of use of the Marks may result, at the discretion of the Company, revocation of Member's license.

(ii) The license granted herein to use the Marks shall not extend to use on the World Wide Web or Internet or in any email address or domain name without the prior written consent of both the Company and FloorExpo.

(iii) Member recognizes that any goodwill or any other rights pertaining to the Marks belongs exclusively to FloorExpo. Member acknowledges that its use of any Mark will inure solely to FloorExpo'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 FloorExpo's rights in and to the Marks or attack the validity of the license granted herein.

(iv) Member agrees to display the Marks which are licensed to Member 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.

(v) Member will allow representatives of the Company and/or FloorExpo to review Member's use of the Marks, which could include a review of Member's Facility(ies). Member hereby agrees to submit for approval by the Company and/or FloorExpo drafts of all materials which will include Member's use and

promotion of the Marks prior to production and distribution of said materials.

(vi) So long as Member is a member in good standing of the Company, if Company ever develops other Marks for use in connection with Company's operations, Company may elect, but shall not be obligated to, to grant Member a nonexclusive license to use such Marks. If Company does grant such license, any mark so licensed shall be governed by and be subject to this Agreement.

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

(viii) Member acknowledges that FloorExpo may, from time to time, license different trademarks including without limitation, the marks "FloorDynamics" and/or "Home Solutions" and/or "Floor Expo" and/or "Multi-Family Solutions" to other parties engaged in the flooring industry and which may compete with Member's business.

e. Membership Fees.

(i) In consideration for Company providing Member with the benefits described herein, Member shall pay Company a marketing fee of \$12,900, as follows; \$2,900 payable upon execution of this Agreement and the balance paid through the withholding of the first \$10,000 of patronage dividends earned by the Member through the Company's incentive programs. If, after the first 20 months of this Agreement, Member has not earn \$10,000 in patronage dividends, the Company may bill the Member and Member shall promptly pay the remaining balance of the marketing fee. Member acknowledges that Company is agreeing to

cause the development of benefits specifically for multi-family contract flooring members and intends to use reasonable efforts to do so There is no assurance that the benefits offered will be successful or of particular interest to any given member, but such failure shall not entitle Member to any refund of the marketing fee.

(ii) In partial consideration for the license of the Marks described herein, commencing with the 1st full month after Member joins Company and so long as this Agreement remains in effect, Member shall pay FloorExpo directly a monthly dues of \$299.

(iii) Member's payment obligations, accrued but unpaid at the termination date, shall survive the termination of this Agreement. Company shall invoice Member for any amounts which remain unpaid after applying the Member's patronage dividends and Member shall pay the balance due promptly upon receipt of invoice therefor.

3. PROPRIETARY RIGHTS

a. Company's Proprietary Rights. Member acknowledges and agrees that the Company Information, and the Marks, are the sole and exclusive property of Company or FloorExpo in perpetuity and any use thereof by Member shall inure to the benefit of Company.

b. Confidentiality and Non-Disclosure. Member acknowledges and agrees that all Company Information and all financial information regarding Company and/or FloorExpo and their respective operations constitute know-how and/or trade secrets and are and 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 3.b. Member's covenant not to disclose nor use Company Information or financial information as set forth in this Section 3.b. shall survive the termination of this Agreement, if any, regardless of the reason or cause of such termination. Member agrees not to contest nor dispute the proprietary interest of Company and/or FloorExpo in any or all of the Company

Information or financial information. Member acknowledges and agrees that it has acquired no right, title or interest whatsoever in any or all of the Company Information or financial information, except for the terminable license to use the Marks set forth herein and on the express conditions described herein. Member shall not take any action (nor omit to take any action to protect the Company's and/or FloorExpo's rights) which would directly and/or indirectly interfere or invalidate Company's and/or FloorExpo's ownership of or interest in any or all of the Company Information or financial information. Member shall not allow the quality, workmanship, content or any other facet or element of any or all of the Company Information or financial 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 FloorExpo's sole and exclusive ownership of all of the Company Information, Marks (if any), and financial information.

4. STOCK OF COMPANY

a. Non-registered Stock. MEMBER ACKNOWLEDGES AND UNDERSTANDS THAT (i) 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 (ii) 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. 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 then only if such share of common stock is transferred to another member of Company and is either registered or qualified with the Securities and Exchange Commission and/or any applicable state securities agency in such form as the Company's legal counsel may require or Company is furnished with an opinion of Member's legal counsel in form satisfactory to the Company that such registration or qualification is not required. Notwithstanding the foregoing, Member may transfer the common stock of the Company owned by Member so long as in conjunction with a transfer of Member's Facilities and so long as such transfer is either to a family member who otherwise satisfies Company's criteria for being a shareholder of Company or is a transfer which represents Bona Fide Estate Planning and (i) in any event is not to a competitor or to a transferee currently involved in any material litigation, dispute or other legal proceeding which could (1) materially adversely affect the transferee's ability to conduct Member's business, (2) adversely affect the transferee's business reputation; or (3) adversely affect the Company, and (ii) the transferee agrees in writing to be bound by this Agreement.

c. Restrictive Legends. For purposes of properly carrying out the terms and provisions of this Agreement, the following legend shall be placed upon the certificate of common stock being acquired by Member:

(i) THE SHARE REPRESENTED BY THIS CERTIFICATE AND THE RIGHT TO TRANSFER SAID SHARE IS SUBJECT TO RESTRICTIONS ON TRANSFER CONTAINED IN THE BY-LAWS OF COMPANY AND A CERTAIN MEMBER AGREEMENT BETWEEN MEMBER AND FE COOPERATIVE, INC., A COPY OF WHICH IS ON FILE AT THE OFFICES OF THE COMPANY, AND AVAILABLE FOR INSPECTION BY THE MEMBER UPON WRITTEN REQUEST, AND THE SHARE REPRESENTED BY THIS CERTIFICATE IS NOT TRANSFERABLE EXCEPT AS

PROVIDED IN SAID BY-LAWS AND SAID AGREEMENT.

(ii) THE SHARE REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED OR QUALIFIED AS A SECURITY UNDER THE FEDERAL SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE.

5. PARTICIPATION OF MEMBER

a. Member's Duties. Member agrees to actively promote and support the sale and distribution of the Products purchased by or through Company. Furthermore, Member will use all commercially reasonable efforts to:

(i) promote, publicize, advertise and conduct the operation of Member's business in compliance with all laws and in a first-class and quality manner and according to the highest standards of integrity in the floor covering and advertising industries;

(ii) comply with the Company's requirement that each Member purchase a certain percentage of its Products from or through Company in accordance with Section 5.d. below;

(iii) 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;

(iv) promptly inform the Company of any additional or change in locations, owned and/or operated by Member; and

(v) promote the unity and strength of the network with the attendance of key management personnel at the annual FloorExpo National Conference or Convention. In addition, member shall endeavor to participate in the regional trade shows in which FloorExpo is an exhibitor.

(vi) The MultiFamily Solutions Network seeks to establish a national buying presence with our national carpet suppliers. This effort is spearheaded by the Company in conjunction with the MFS Advisory Board using the *MultiFamily Solutions* brand.

To that end, Member shall:

- Participate in the national and regional account effort within Member's local market area(s).
- Quote products from MFS core offerings and/or from MFS approved suppliers for the national and regional account opportunities.
- Support the Service Excellence, Installation Integrity, Product Integrity, and Service Integrity commitments that are at the core of our group.

b. Payment for Orders; Late Payment Charge.

Member shall be responsible for the payment of all orders for Products placed by Member. Company shall be entitled to a late payment charge of the lesser of one and one-half percent (1.5%) per month and the maximum interest rate allowed by law for all late payments of any obligation or invoice payable to Company. Except as otherwise contemplated by this Agreement and only with the prior, express written consent of the Company shall Member's accrued patronage dividends be used to offset payment of any obligations or invoices payable to Company.

c. Company's Right to Retain Dividends if Member is Delinquent.

If Member is late in paying Member's obligations to Company under this agreement and/or obligations to FloorExpo under any other agreement between FloorExpo and Member, Company shall have the right to retain an amount of Member's patronage dividends and apply such retained dividends to pay the past due obligations of Member. The rights granted Company pursuant to the immediately preceding sentence may be exercised as often as necessary.

d. Minimum Purchase Requirement.

It is critically important to the success of the group that all members endeavor to support the Company's partnered suppliers. Therefore, Member shall comply with the following minimum purchase requirements. The provisions of this Section 5.d. are subject to change that may hereafter be reflected by any subsequent amendments to the Company's By-Laws, and Member shall comply with such

minimum purchase requirements as they may be amended from time to time, even if such minimum purchase requirements exceed those provided below in this Section 5.d The Member's initial minimum purchase requirements are as follows:

(i) During the first 12 months after the date hereof, Member shall use all commercially reasonable efforts to source purchase requirements through suppliers who provide incentives or rebates to Company members ("Approved Suppliers") and to achieve the minimum annual volume of the greater of (i) \$500,000, or (ii) 10% of the Member's total purchases volume.

(ii) Beginning on the first anniversary of this Agreement, Member shall use all commercially reasonable efforts to source purchase requirements through Approved Suppliers and to achieve the minimum annual volume (measured in twelve month increments commencing on an anniversary date of the date of this Agreement) of the greater of (i) \$1,000,000 or (ii) 18% of the Member's total purchased volume.

Upon request, Member shall submit to Company a written report setting forth (by calendar month) the total dollar amount of Product purchases, broken down by product type, made by Member and detailed by supplier.

e. Consent to Company Receiving Purchase Information. In order for the Company to pay patronage dividends to the Member, the Company must receive purchases and rebate information from suppliers. As such, Member hereby 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. This Section 5.e. shall serve as Member's written permission for any such manufacturer/supplier to release to Company, electronically or otherwise, all of such manufacturer's/supplier's records regarding Member's purchases of Products, 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.

f. Compliance Review. Member shall allow representatives of Company to visit Member's Facility(ies) and review appropriate financial records and information for the sole purpose of ascertaining or determining Member's compliance with the minimum purchase requirements set forth above in Section 5.d. of this Agreement. The Company may only request to review this information one time within a calendar year period. All costs and expenses of such examination shall be borne exclusively by Company unless such action establishes Member's failure, in the Company's reasonable discretion, to comply with Section 5.d, in which event Member shall bear all of the costs of such review.

g. Group Affiliation & Non-Solicitation. During the term of this Agreement and for a period of six (6) months thereafter, Member will not join or associate with any other cooperative or other similar network group, organization, or entity serving contractors in the residential flooring industry unless otherwise approved, in writing, by the Company. Member agrees that, during the Term, and for a period of two (2) years after the termination of this Agreement, Member will not, directly or indirectly, on its own behalf or on behalf of or in conjunction with any person or legal entity, solicit, recruit or divert any person who is an officer, manager, employee or member of the Company and/or FloorExpo to leave their employment, or to terminate or otherwise interfere with their membership relationship with such entities, contractual or otherwise, without first obtaining the prior written consent of such entity.

6. 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 continue for three (3) years. This Agreement shall automatically renew for additional one year periods unless

either party gives the other party written notice, at least sixty days prior to the end of the then current term of such party's election not to renew this Agreement.

b. 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:

(i) The failure by Member to materially comply with any or all of the terms and provisions of this Agreement and/or the Bylaws, including, but not limited to, failure to satisfy the minimum purchase requirements of Section 5.d. above;

(ii) The failure by Member to pay any obligation payable to Company or FloorExpo as and when due, time being a material term hereof and of the essence;

(iii) 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 FloorExpo;

(iv) 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; or

(v) Company, in its reasonable business judgment, determines that membership by multi-family contract flooring members is inconsistent with the needs and desires of the residential contract flooring members or otherwise jeopardizes the status of the cooperative and Company causes the establishment of a new cooperative on terms substantially the same as set forth herein for the multi-family contract flooring members and Member is given the opportunity to join such new cooperative.

c. Notice and Cure. A Member whose membership is subject to termination for failure to comply with the Member Agreement and/or the Bylaws shall be furnished, by United States First Class Mail, personal delivery, UPS overnight delivery, or facsimile written notice of the existing breach and/or default. Such notice shall conclusively be deemed to have been received by such Member on the third (5th)

business day following the day upon which it is deposited in the mail, or on the date received by personal delivery, UPS overnight delivery, facsimile (as evidenced by the legend or other time-date notation). If a Member fails to cure any default (to the satisfaction of the Company) within thirty (30) days after notice being given, this Agreement and such Member's membership in Company shall, at the option of Company, thereupon terminate.

d. Duty of Member Following Termination.

Immediately after the termination of Member's rights under this Agreement, Member shall (a) remove all Marks, signs and emblems of Company from Member's Facility(ies), and all other places where the same is situated; (b) cease using any and all of the Marks licensed hereunder; and (c) deliver at Member's sole cost and expense to Company or its agents all Company Information and all samples, sales aids, advertising literature, displays, catalogues, bulletins, price information, discount information, purchase orders, microfilm and other similar information or materials supplied to Member by Company, together with any other matter bearing any of the Marks. After termination of Member's rights under this Agreement, Company and its agents may at any time, upon twenty four hours prior notice, enter Member's Facility (ies) or elsewhere to take possession and remove the items described in this Section 6.d. and any and all items and materials furnished by Company to Member, and Company shall not be guilty of trespass or any other tort in connection therewith. Upon termination of Member's rights under this Agreement for any reason, 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 and the By-Laws shall survive the termination of Member's membership and continue to be legally binding obligations upon Member until fully and completely performed. Upon termination of Member's rights under this Agreement, the Company shall pay Member all of Member's accrued, but unpaid patronage dividends subject to the Company's right to offset such amount of accrued but unpaid patronage dividends against any outstanding

obligations of Member to Company and subject to the Company's established patronage dividend payment timing and procedures. Notwithstanding the foregoing, if the termination of Member's rights under this Agreement is pursuant to section 6.5.v. above and Member has elected to join the new cooperative, Member shall not be required under this Agreement to comply with the provisions of subparts (a) through (c) of this section 6.d., but the rights and obligations related to all such Marks and materials will be governed by the provisions of the new cooperative.

7. 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 PROVIDES TO MEMBERS TO BE BOUGHT. 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, FloorExpo 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 and/or the By-Laws; and (iii) any breach of any representation, warranty or covenant made in this Agreement by Member or any person acting on behalf of Member. 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 willful misconduct.

8. NOTICES

Any and all notices required or desired pursuant to this Agreement shall be in writing and shall be personally delivered, sent by either United States Mail, registered or certified, return receipt requested, postage fully prepaid, by UPS overnight delivery, or by facsimile or electronic transmission with confirmation and addressed as set forth on the Cover Page. If Member is not at the address specified for Member on the Cover Page, Company shall be entitled to rely upon the last known business address for Member appearing in Company's books and records.

Any party hereto shall have the right from time to time to change the person, entity or address designated for notices by giving notice of any such change in the manner provided for herein at least ten (10) days prior to the effective date of the change of person, entity or address. Except as otherwise set forth herein, all notices shall be deemed delivered when personally delivered, facsimile transmission is confirmed, , deposited in the United States Mail, with postage fully prepaid, or on the date received by UPS overnight delivery, as the case may be. Notices may be given by a party's attorney on behalf of such party. Notwithstanding anything to the contrary in this Section 8.a., notice shall be deemed given if it is received by the party to whom it is addressed, even if such notice is not sent to the address for such party required by this Section.

9. ASSIGNMENT

a. No Assignment By Member. The rights, obligations, benefits and burdens of Member under this Agreement are personal to Member, and are non-assignable and nontransferable. Any such assignment by Member shall automatically be null and void. Notwithstanding the foregoing, Member does retain the limited transfer rights set forth in Article IV Section B of the Company's By-laws.

b. Assignment By Company. The rights, obligations and benefits of Company under this Agreement are assignable in whole or in part. In fact, Member acknowledges that as part of the licensing agreement pursuant to which Company has acquired rights in the Marks, Company has also entered into a management agreement with FloorExpo to provide many, if not all, of the services to be performed by Company hereunder.

10. REMEDIES

a. Remedies. Member acknowledges that failure by it to comply with, observe, and perform 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.

Notwithstanding anything to the contrary herein, if Member fails to comply with any such covenants and obligations, then 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.

11. MISCELLANEOUS

a. Status of Parties.

(i) Member is an independently owned and operated company, distinctly separate from the Company and FloorExpo. Member warrants and represents that Member has the business experience and expertise required to operate Member's Facility(ies) in a profitable manner, in compliance with all laws, and in a first-class and quality manner. Member warrants and represents that Member has had the opportunity to retain legal counsel to review and explain this Agreement to Member. Member acknowledges that Member understands that this Agreement is legally binding. Member further warrants and represents that Member will not be dependent upon or rely upon the expertise of Company to avoid making business mistakes that Member otherwise might make. The relationship created by this Agreement shall not be construed as an agency, partnership, joint venture, franchise or employment contract. Member and Member's agents or employees shall have no authority to, and shall make no attempt, to act on Company's behalf or in the name of Company. Member and Member's agents or employees shall not use the membership list of the Company for the purposes of transacting any personal or business activities not expressly authorized by the terms and conditions of this Agreement without the prior written approval of the Company, which approval may be withheld in the Company's sole discretion. Member further acknowledges that

one of the primary functions of Company is to act on behalf of its members in negotiating contracts with manufacturers and suppliers of Products and that when Company engages in such activities, Company will be acting as Member's agent. Member has entered into this Agreement in large part due to Company's and FloorExpo's expertise and buying leverage in negotiating deals with manufacturers and suppliers of Products. Member acknowledges that Member receives a direct benefit from Company's and FloorExpo's expertise and experience in the floor covering industry and through the relationships Company and FloorExpo have developed with manufacturers/suppliers in the floor covering industry.

(ii) Member recognizes and agrees that, subject to Member's minimum purchase requirement, Member is generally free to purchase Products from any source. Currently, the Company's involvement in Product pricing and procurement is limited. Over time, this may change subject to market conditions and industry forces. Currently, in most cases, the Company will only negotiate national patronage dividend incentive programs with suppliers on behalf of its membership, whereby the Member remains free to negotiate the Product billing price at the local level. In some cases, the Company has negotiated national patronage dividend incentive programs in conjunction with a "not to exceed" Product billing price, whereby the Member still remains free to negotiate the Product billing price at the local level. However, in the event that the Company negotiates a national price on Product(s) manufactured for the benefit of and exclusive use by the membership, the Member cannot negotiate, re-negotiate, or otherwise change the established Product pricing structure. However, the Member is not contractually required to purchase and sell such exclusively manufactured Products.

(iii) Member hereby agrees not to directly or indirectly circumvent Approved Supplier programs, such as "buying around" the system by establishing secondary accounts or companies. Member may purchase products under an incentive program from non-approved or non-affiliated suppliers so long as these purchases are not in conflict with programs in

place with other Approved Suppliers. For example, purchases of carpet cushion from an Approved Supplier must be sourced through the Company's program rather than the unaffiliated manufacturer program.

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 Member has signed this Agreement and complied with all other applicable requirements, the Agreement is returned to Company in Georgia and signed by an officer of Company.

c. 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.

d. Entire Agreement. This Agreement, including Exhibit A attached hereto (each of which is incorporated in this Agreement by reference) embodies the entire agreement and understanding between the parties relating to the subject matter hereof, supersedes all prior agreements, and understandings between the parties, and may be amended only by an instrument in writing executed by the parties hereof and FloorExpo.

e. 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.

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.

FE COOPERATIVE, INC. (COMPANY)

By: _____

Title: _____

Date: _____

EXHIBIT A

Purchases Through FE Cooperative, Inc.	FE Cooperative, Inc.'s share of Rebates* paid with respect to Purchases through FE Cooperative, Inc.
On first \$150,000,000 of Purchases	50% of Rebates
On next Purchases between \$150,000,001 and \$250,000,000	55% of Rebates
On next Purchases between \$250,000,001 and \$350,000,000	60% of Rebates
On next Purchases between \$350,000,001 and \$450,000,000	65% of Rebates
On next Purchases between \$450,000,001 and \$550,000,000	70% of Rebates
On next Purchases between \$550,000,001 and \$650,000,000	75% of Rebates
On next Purchases between \$650,000,001 and \$750,000,000	80% of Rebates
On next Purchases between \$750,000,001 and \$850,000,000	85% of Rebates
On next Purchases between \$850,000,001 and \$950,000,000	90% of Rebates
On next Purchases between \$950,000,001 and \$1,000,000,000	95% of Rebates
If total purchases are over \$1,000,000,000	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 FE Cooperative, Inc. with respect to each Product Purchase by Members that are designated for distribution as patronage dividends. "Rebates" does 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. Notwithstanding the foregoing, purchases does not include any amounts paid to suppliers pursuant to authorized "loads."

Initials: Member: _____
 Company: _____

Exhibit B – Marks



Initials: Member _____

Company _____