

MERCHANTS' VILLAGE POLICIES

This document contains important information about the expectations Vendors should have of Merchants' Village, as well as operational guidelines expected of Vendors. This document can be printed from <http://merchantsvillage.com/policies.pdf>. To reserve a booth, please read, sign and return this printout to Merchants' Village, along with your signed copy of the lease document at http://merchantsvillage.com/merchants_village_license_agreement.pdf ("Market Vendor Occupancy License Agreement"), together with your deposit. Please be sure to initial each individual page, then date and sign the signature lines of both documents. If you have any questions, we can be reached at 570-891-1972. Before opening at 1201 Oak St., our mailing address is:

Merchants' Village, LLC
193 High St.
Newtown, PA 18940

Vendors pay an agreed upon fee for the occupancy of a given amount of square footage (a "booth" space), for a given amount of time, in the building at 1201 Oak St., Pittston PA 18640. Payment is due in advance for the license period. If a vendor occupies the space beyond the time allowed by the agreement, without paying for the space, Merchants' Village reserves the right to hold inventory and/or funds from sales by the given booth, to offset rent due.

Vendors may not sell any inventory or services which are illegal, disallowed by local, state or national zoning codes, or deemed inappropriate by Merchants' Village management.

Booth space is normally rented month-to-month at a cost of ~\$2.33 per square foot, per month. The default booth size is 10'x15', but smaller sizes can be arranged at proportional rates. Special incentive rates may be negotiated for larger spaces and/or for extended lease agreements.

Choice of location in the retail space is generally granted on a first come, first serve basis, within areas outlined by Merchants' Village. Merchants Village reserves the right to assign vendor location based on inventory type, or for any other reason, at our sole discretion.

Merchants' Village owns a limited amount of retail display hardware such as shelving, clothing racks, display cases, etc. We make no guarantees about the availability or condition of this hardware. Much of the hardware can be borrowed on a first come, first serve basis. Some of that hardware can be purchased or rented. Allocation and use of the hardware is determined solely at the discretion of Merchants' Village. Vendors may choose to use their own retail display hardware, but it must first be approved by Merchants' Village before installation. Plans must be submitted for any new construction, and must be approved by the zoning officer (most smaller booth vendors will not need to do any new construction - booth spaces are typically separated by free standing shelving and display hardware).

Vendors may choose to operate their own checkout registers and handle point of sale activities within their own booth space. Printed receipts must be provided to customers for any point of sale activities that occur within individual booths (this is to help with security operations at the front of the store). Vendors may occupy their booth space and manage sales operations only during Merchants' Village hours of operation.

Merchants' Village provides an optional point of sale service, for vendors who choose to use it. The front checkout registers are to be operated by employees of

Merchants' Village only. Merchants' Village point of sale services provide the option for vendors to make sales, without needing to be present at the time of purchase (i.e., you do NOT need to man your booth to sell items). In order to use the Merchants' Village point of sale system, vendors must affix Merchants' Village bar code labels to every individual inventory item. Items without Merchants' Village bar codes can NOT be purchased at the front checkout registers. In many cases, bar code labels can be printed immediately, but please allow up to 3 days for bar code label printing. Merchants' Village will print bar codes for vendors on standard 1" x 2 5/8" Avery type shipping labels. Labels are printed in batches of 30, which are provided at a cost of \$.30 per sheet (1 cent per label), or you can provide your own label paper and toner at your own cost. If you choose to provide your own printing supplies, it must be approved to work in the Merchants' Village printer hardware (available at any office products store, most brand name and generic label paper should work without problems, but please check with us first, before purchasing quantities). The bar code system prints your booth number, item description and item price on the label, in binary bar code format and human readable text form. Item descriptions can be chosen from any of several thousand generic descriptions. Item numbers within each individual booth may alternately be mapped to each vendors' own unique internal item codes (i.e., "item 1" = whatever description you assign to that number). The checkout system at the front of the store keeps track of all sales, and vendors receive payment for items sold, on a bi-weekly basis (once every two weeks). Merchants' Village point of sale system can accept payment for items by cash or credit card only (no personal checks), and remittance is made to vendors only after funds have cleared the Merchants' Village bank account. All merchant service fees and bank fees (i.e., percentages charged by the credit card processing company, return fees, and any other fees, etc.) are charged back to individual vendors in the form of deductions from bi-weekly payments. Fees incurred by individual vendors, in special situations and by special arrangement, may also be attached to required booth rental payments. The most common of these fees is the credit card processing fee charged by the Merchant Service company - vendors should expect to pay a regular fee of approximately 2% of total sales to the credit card processing company (that percentage is different for every credit card, and will vary slightly for each pay period). In short, we do provide checkout services, but will not be held responsible for fees generated by third parties, expenses related to returns, etc. All such fees will be passed along to the vendors whose activities generated them.

We will not be held responsible for any returned items. Return transactions are the sole responsibility of each individual vendor. Signs to this effect are placed prominently throughout the Merchants' Village retail space, and shoppers are required to agree to this at checkout. For vendors who choose not to be at their booth during business hours, contact information will be provided when requested by shoppers. It is the responsibility of each individual vendor to provide a current phone number and business mailing address, to be kept on file at all times by Merchants' Village customer service, for the purposes of item return, warranty service and other customer requested transactions.

Sales reports can be generated to list items sold by any booth, from any given start day/time to any given end day/time, by the Merchants' Village point of sale system. Sales reports will only be printed for booth owners or their chosen representatives - a username and password is required to acquire a sales report for any booth. Unless a special circumstance is approved by management, sales report printouts will be limited to no more than 2 per day, per booth.

Sales tax and income tax payments are the responsibility of each individual vendor. The individual vendor hereby agrees to indemnify and save Merchants' Village harmless from any and all sales or other tax liability imposed by any governmental entity arising from the operation of vendor's business. Sales taxes are collected for items which pass through Merchants' Village point of sale system (we do have an

option for tax exempt sales). Merchants' Village sales reports display the amount of sales tax due to the state for any given report period. Federal, state, and local income taxes must also be prepared for all earnings. All vendors are subject to the PA mercantile tax. Pittston township also charges a \$50 per year fee for vendors to operate. Please let us know if you have questions about how any of this works. Merchants' Village will provide records as needed, but it's each vendor's individual responsibility to handle their own accounting and tax preparation activities, and to comply with all local, state, and federal laws.

Merchants' Village offers certain security features such as camera monitoring and recording, a front door tag alarm system, security staff, etc. but these services come with absolutely no guaranty expressed or implied. Merchants' Village is NOT responsible for vendor items which are lost, stolen, or damaged (see the section about insurance below). Merchants' Village security services are provided as a potential deterrent, and to potentially aid in improving security to the limit which Merchants' Village considers reasonably able to maintain.

Anti-shoplifting security tags may be purchased to help improve security. Merchants' Village will sell them to vendors at our cost. Disposable paper tags typically cost several cents per label. Reusable hard tags may be purchased for clothing and other large items. Reusable tags must be marked as belonging to the specific vendor who owns them, so that they can be properly returned after each checkout activity. There is no requirement for vendors to use security tags on any item(s), and tags may be purchased from any other source. If you choose to purchase tags elsewhere, please check first that your tags will work with our existing front door monitoring system.

ALL VENDORS MUST SHOW PROOF OF CURRENT LIABILITY/PROPERTY INSURANCE, WITH MERCHANTS' VILLAGE, LLC NAMED AS ADDITIONALLY INSURED, before moving in, and throughout occupancy of any booth space. If you have liability insurance for an existing business, this may not cost any additional fee. It may only require a call to your insurance agent. Our insurance provider (Steve Kramer, <http://www.kramerinsurancecenter.com>) has prepared inexpensive packages for new vendors. That insurance office can be reached at 800-247-6394. A \$1 million liability policy starts as low as \$25 per month. Liability insurance protects vendors from being held financially responsible if a customer claims to have been hurt by their product(s). Property insurance protects vendors from financial loss in case of fire and other damage. We've done everything possible to make this requirement as quick to deal with and inexpensive as possible (our provider can set up a policy in just a few minutes), but vendors are free to use their own chosen provider. Please let us know if you need help with this, or if you have any questions!

Utility expenses for lighting, heating and cooling, and other daily operations/maintenance activities are included in the base rent payed by vendors for occupancy at Merchants' Village. A limited number of booths do have private electrical outlets available. Electrical fees for private use are charged based on actual metered usage (outlets are monitored individually), at the rate payed by Merchants' Village to the utility company (i.e., Merchants' Village does not mark up utility fees for special electrical use, we simply pass along the actual expenses). A short separate signed agreement is required for special electrical use.

A variety of additional expenses are included in the Merchants' Village rental fees. Costs associated with receipt printing and bagging at point of sale, normal use of the bathrooms and common areas, garbage and snow removal, exterior landscaping, and other common area maintenance, etc. are all covered. For special needs such as unusual water use, Internet connectivity, etc., please let us know what you need, and we'll do everything reasonably possible to help work out an

agreeable solution. All special needs must comply with zoning codes and must be approved by Merchants' Village management. If you have questions about what's legal and/or allowed, please ask first!

Booth spaces, as well as the aisles surrounding them, must be kept clean by individual vendors. All booths must contain appropriately sized garbage containers, and garbage must be removed on a regular basis. Merchants' Village retains the right to clean and/or organize any booth space which is not properly maintained by its vendor. Cleaning is required not only for cosmetic reasons, but also for safety and security. Merchants' Village retains the right to break the lease and force the removal of any vendor who does not properly maintain their own booth space, at the sole discretion of Merchants' Village.

Merchants' Village reserves the right to limit the variety and quantity of certain specific types of items sold by vendors. In general, vendors will be free to choose what is sold in their space, but Merchants' Village reserves the right to disallow inventory which is different from the vendor's list of items described in the lease agreement. Our general policy is to allow competition in the marketplace, as might be expected at any mall or other retail shopping area (i.e., malls typically contain a variety of clothing retailers, jewelers, cell phone providers, food vendors, etc.), but we reserve the right to limit vendors from copying the exact inventory of other booths.

According to zoning requirements, minimum clearance width for walkways is 36" (minimum width for doors is 32"). Raised platforms have some special requirements - please let us know if you have any questions about the intended layout of your booth.

There are government restrictions regarding the sale of alcohol, fireworks, flammable, caustic and explosive liquids and chemicals, firearms, ammunition, anything overseen by ATF, etc. All prepared food sales which require cooking, cleaning of dishes and utensils, etc. in a vendor space, are governed by the Department of Agriculture. All food cooked in anything other than in a microwave requires a special approved setup (triple bay sinks for dish washing, grease separators, proper ventilation, etc.). Please let us know if you are selling any items which may potentially be subject to government restrictions. We'll do everything we can to help ease the process of complying with government requirements.

Dust control is required for wood work (approved saw dust collection mechanisms are required by law).

Tents cannot be used inside if they interfere at all with the sprinkler system coverage.

Vendors may provide a concise description of their business and inventory list, to be published in the directory at the front of the retail location and online. This is not required, but is in the best interest of each vendor so that customers can find their items more quickly and easily. Merchants' Village reserves the right to limit the length and content of the description and inventory lists submitted by vendors.

Merchants' Village may choose to advertise on television, in the newspaper, online, with outdoor signage, and in other mediums, at it's own discretion, but it makes no guarantees to advertise any specific vendor, or to attract any given amount of walk-through traffic or retail exposure.

Merchants' Village will not accept shipments on behalf of vendors. All inventory and items intended for use in individual vendor booths must be shipped to each

vendor's own separate personal/business address. Merchants' Village will return to sender any items intended for delivery to individual vendors.

Smoking is allowed only in designated areas of the Merchants' Village property.

Loading and unloading of inventory and equipment may occur only in designated areas. Merchants' Village must be informed prior to loading and unloading of inventory and equipment.

Vendors must park in assigned vendor parking areas.

Vendors must refrain from any activities deemed inappropriate by Merchants' Village management. Loud noise and other activities that offend or interfere with the operations of surrounding vendors are not permitted.

Vendors operate their own business at their own financial risk. All expenses associated with starting and operating any business at Merchants' Village are the sole responsibility of each vendor. Merchants' Village is not liable for losses accrued by any vendor as a result of vendors' own business related activities. We recommend seeking the advise of an accountant, an attorney, and other qualified business professionals, before starting any business venture, and before investing any funds. Merchants' Village and it's representatives are not qualified to offer any advise regarding vendor business plans.

In general, our hope is to provide the best possible retail space, with many practical conveniences and benefits over traditional retail locations, with retail exposure and walk-through traffic only typically available for much higher startup and maintenance costs. We're here to help maintain a positive experience for vendors, shoppers, and everyone involved. It's our intention to respond reasonably to every request, and in this large and unique retail environment, that means responding to and making decisions which balance the needs of many varied vendors. Please ask any questions you have and tell us everything possible about your business, before signing the lease agreement. If you have problems at any point with your space, its surroundings, customer difficulties, etc., please communicate with Merchants' Village management as quickly and clearly as possible, and we'll do our best to help resolve any difficulties that arise.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the ____ day of

_____, _____.

MERCHANTS' VILLAGE, LLC

By: _____

Date

Date

[NAME OF LICENSEE]