

**LEASE AGREEMENT FOR THE RENTAL OF VIGNETTE SPACE LOCATED AT
THE SHOPPES AT FARMERS
661 W. KING ST., BOONE, NC 28607
(828) 264-8801**

brandon@shoppesatfarmers.com

TERMS AND CONDITIONS

LESSOR APPROVAL OF VIGNETTES/PRODUCTS

Lessor shall have the absolute sole discretion in approving or disapproving all products and displays within the demised premises. Lessee shall seek the approval of Lessor prior to displaying for sale any product lines or changing any approved product lines and/or appearance of vignette. Likewise, participation at wholesale markets should involve thoroughly double-checking with sales representatives to be sure product lines are not duplicated in the Shoppes at Farmers. Lessor shall use best efforts to avoid having vignettes of similar type or kind. No product other than that approved by the Lessor shall be displayed or offered for sale from any vignette.

EXCLUSIVITY

Lessee understands and agrees that all sales made from the demised premises shall be paid for through the central point of sale operated by the Lessor and that Lessor is entitled to a sales commission on all sales.

INVENTORY

If utilized properly, current POS software will keep an accurate inventory. In most cases, Lessee will be expected to create their price tags through their web portal for in house printing. Lessee shall refurbish and refresh displays and products within vignettes on a regular basis. It shall be an Event of Default under the terms of this Lease if Lessee shall allow vignette to fall into disarray or fail to keep vignette fully stocked with approved goods.

POINT OF SALE INFORMATION

- (a) Each item sold must be sold from an authorized point of sale operated by Lessor.
- (b) From each sale, Lessor is entitled to retain 11% commission on all purchases.
- (c) 2% credit card fee will be deducted from all credit card purchases
- (d) \$5 consignor web access/ price label administration fee will be automatically collected monthly
- (e) All payments to Lessee are on a two week delayed schedule.
- (f) The net proceeds will be direct deposited into the Lessee's bank account on or around the 1st and 15th day of each month.

LATE PENALTY

Rents not received by Lessor within six (6) days (7th day of each month) of the due date shall incur a late penalty that shall be delivered to the Lessor with the then due monthly installment of rent, without further demand thereof. The late fee shall be \$15 or 5% of rent, whichever is greater. Any rent not delivered to Lessor more than twenty (20) days after due date may be deemed an incident of default. In the event that the amount owed is not submitted by the next vendor payment date, the full amount including late fees will be subtracted from the Lessee's next gross sales payment.

LESSOR'S REMEDIES UPON DEFAULT

Upon an Event of Default, Lessor shall be entitled to seek all remedies in law and in equity; including, but not limited to: terminate the Lease and accelerate all payments due for the remainder of the Lease, eject all persons and product from the premises. In the event Lessee is in default in the payments of rents, Lessor may retain Lessee's property as collateral.

ADVERTISING

Lessor is entitled to collect an advertising fee in the amount of 6% of rent per month, due with rent, to be used for the purpose of advertising the entire establishment. Lessor shall have absolute sole discretion in use of monies.

SUBLETTING

No subleasing or assignment except upon the express prior permission of Lessor, Lessee shall not have the right the sublease any portion of the demised premises.

TERMINATION

Lessor will allow for early termination of the lease as soon as the leased space can be rented to another party. Upon termination of this lease, Lessee shall leave the premises in good condition as same existed on the initial date of this lease, excepting normal wear and tear. Lessee shall be responsible for patching nail holes and the cost of repainting the vignette. In the alternative, Lessee shall pay to Lessor a fee of \$150.00 for restoring vignette at the termination. All wall fixtures must be removed at the end of the contract or early termination date. Any fixtures or displays left behind by Lessee will become the sole property of the Lessor if not removed from the premises within 30 days of ending the contract.

LIMITATION OF LIABILITY

Lessor is not liable to the Lessee for loss of merchandise or loss of income or for injuries to persons or property arising out of the tenancy provided in this Lease. This includes losses due to theft, fire, flood or any other natural or unnatural causes. For coverage, Lessee might consider a contents insurance policy. Lessee hereby holds harmless and indemnifies Lessor against all claims and causes of action arising out of the Leasehold and business activities of the Lessee conducted on the premises. Lessor has in place a remote security/fire system, as well as, security tag system for merchandise.

RENTAL ABATEMENT

In the event of of circumstances that require the establishment to be closed including but not limited to government orders, natural, and unnatural causes for a period of more than 3 consecutive days, Lessee will be granted a discount to base rent of no less than 70% for the closed period.

LIMITATION OF USE OF PREMISES

During the term of this Lease, the Premises shall be used and occupied by Lessee solely for the display and offering for sale of authorized goods pre-approved by Lessor. Lessee shall not use the Premises or any portion thereof for any illegal or unlawful purpose and will not cause or permit a nuisance to be created or maintained therein. Except as herein provided, Lessee shall not allow persons to occupy the demised premises or to conduct from the premises off-site sales.

EVENTS OF DEFAULT

Events of default are defined as follows.

If Lessee shall fail to:

- (a) timely pay any payment required here under; or
- (b) continuously maintain sufficient merchandise, goods or services at the Premises for purchase or sale at a profit; or
- (c) perform any obligation required under this Lease; or
- (d) comply with the Rules and Regulations of the Lessor as same now exist or may come into effect in the future; or
- (e) deliver rent to Lessor more than twenty (20) days after due date.

AUTOMATIC RENEWAL

At the end of the 6 month period, the lease will renew automatically under the same terms unless otherwise indicated by the Lessor. Lessor will give 30 days notice to any changes in the lease agreement if applicable. Lessee should provide at least 45 days notice if not planning on renewing lease.

HOUSE POLICY

Lessee understands and agrees that Lessor's House Policy as to returns, vendor discounts, and other issues shall govern the operation of Farmer's Hardware and Supply Company, Inc. dba The Shoppes at Farmers.

Initials of Tenant as Lessee: _____

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