

M. I. HUMMEL® AUTHORIZED RETAILER CONTRACT

(Limited Product Line)

This Agreement is entered into this _____, between.

M.I. Hummel Company
3705 Quakerbridge Road
Suite 105
Mercerville, NJ 08619
Fax No. (609) 890-4094
("MIH")

and

Tel. No. _____
Fax No. _____
E-mail _____
Web Site: _____
("Retailer")

1. Definitions. As used in this Agreement, the following words have the following meanings:

(a) "M. I. Hummel Products" means those M. I. Hummel® products sold by MIH (the exclusive United States distributor of M.I. Hummel® products), which are based upon or inspired by the artwork of Sister M. I. (Berta) Hummel.

(b) "Hummel Products" means the M. I. Hummel Products listed on the attached Exhibit A, which may be amended, from time to time, by mutual consent of the parties.

(c) "Retailer's Location" means the store or those stores of Retailer which have been approved by MIH for sale at retail of the Hummel Products.

2. Appointment. In consideration of Retailer's agreement to the terms and conditions of this Agreement, MIH hereby appoints Retailer as a nonexclusive retail dealer authorized to sell at retail to the public:

3. Retailer's Obligations for Hummel Products. Retailer accepts the appointment as stated above and agrees that Hummel Products are valuable collectibles and will not take any action to diminish the value or reputation of Hummel Products. Retailer further agrees:

(a) To carry and display prominently a representative selection of Hummel Products.

(b) To stock an inventory of Hummel Products sufficient to satisfy the normal demand for Hummel Products.

(c) To use best efforts to promote and to sell Hummel Products at retail to the public.

- (d) To advertise the sale of Hummel Products with material provided by MIH and by material prepared by Retailer emphasizing Hummel Products as valued collectibles.
- (e) To maintain a sales staff trained in the history and production of Hummel Products and in the various programs initiated by MIH.
- (f) To sell Hummel Products only (i) at Retailer's Location and (iii) through Retailer's site on the Internet (but not by auctions) and only on terms and policies consistent with in-store sales.
- (g) To purchase Hummel Products only from MIH, the exclusive United States distributor of Hummel Products.
- (h) To keep Retailer's Location open to walk-in traffic at least eight hours each day and at least five days each week.
- (i) To participate in the automatic shipment programs on new introductions of Hummel Products, by purchasing at least one piece of each item in the program.
- (j) Not to take any action which diminishes or may diminish the value or reputation of Hummel Products.

4. Payment Terms. Retailer may apply to MIH for credit terms, and, if such application is made, Retailer authorizes MIH to make such credit investigations of Retailer as MIH deems necessary or desirable. MIH may, in *its sole *discretion, approve credit (in any amount determined by MIH), or disapprove credit, for Retailer. If credit is approved by MIH, Retailer will pay all MIH invoices on the basis of net 30 days or such other terms as MIH determines from time to time. Credit, once approved, **may be withdrawn at any time by MIH in MIH's sole discretion.** If credit is not approved, all shipments of Hummel Products will be on the basis of cash in advance. A 1 1/2% monthly charge will be added to all overdue payments [this is an annual rate of 18%.

5. Orders. All orders for Hummel Products: (a) are subject to approval by MIH; (b) will not be binding on MIH until approved, in writing, by an officer of MIH; and (c) are subject to MIH's general terms and conditions of sale in effect at the time of acceptance by MIH.

6. Limited Warranty. MIH warrants that Hummel Products will conform to the description on the package, that MIH will convey good title to Hummel Products free from any security interest unknown to Retailer, and that Hummel Products will be free from defects in material or workmanship when shipped to Retailer. MIH MAKE NO WARRANTIES, EXPRESS OR IMPLIED (INCLUDING, WITHOUT LIMITATION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, OR AGAINST INFRINGEMENT OF ANY PATENT OR COPYRIGHT), EXCEPT AS EXPRESSLY PROVIDED HEREIN. MIH are not responsible for the acts or defaults of Retailer or any of Retailer's employees or representatives.

7. Limitation of Remedies. If Hummel Products supplied do not conform to the limited warranty set out above, MIH will, at its option, (a) replace Hummel Products which are defective or (b) refund so much of the purchase price as Retailer has paid for the defective Hummel Products, provided that written notice of the defect and its nature is given to MIH as soon as practical after discovery of the defect, but in no event later than 30 days from the date of shipment by MIH.

8. Limitation of Liability. The remedy of replacement or refund of the purchase price is Retailer's sole and exclusive remedy and will satisfy all of MIH's liabilities, whether based on contract, negligence, tort, product liability, strict liability, or otherwise. IN NO EVENT WILL MIH OR WGP BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, NOR WILL THEIR LIABILITY IN CONNECTION WITH ANY PRODUCTS OR SERVICE SOLD EXCEED THE SALES PRICE OF SUCH PRODUCTS OR SERVICE.

9. Risk of Loss. Title and risk of loss or damage to Hummel Products will pass from MIH to Retailer upon the earlier of (a) delivery to Retailer or (b) delivery by MIH to a common carrier for shipment to Retailer.

10. Deliveries. Delivery of Hummel Products by MIH are subject to strikes and threats of strikes, insurrection, governmental laws and regulations, fires, factory shutdowns, embargoes, war, riots, delays in transportation, calamities, and delays beyond the reasonable control of MIH, and any delays resulting from such cause will extend the delivery dates for Hummel Products.

11. Taxes; Transportation Charges. The price does not include sales, use, excise, or other taxes or transportation charges. Retailer will pay such taxes and transportation charges directly or reimburse MIH for any such taxes and transportation charges which MIH is required to pay.

12. Term and Termination. This Agreement will commence on the date first set forth above and will continue until terminated as follows:

(a) If Retailer fails to make any payment to MIH within- 10 days of the date the payment is due or if Retailer is in default of this Agreement, MIH may terminate this Agreement immediately by giving written notice to Retailer.

(b) Either party may terminate this Agreement, with or without cause, by giving the other party written notice of termination, and this Agreement will terminate 30 days after such notice is given.

During the period of time stated in (b), above, Retailer may continue to sell Hummel Products, but MIH will not be obligated to ship additional Hummel Products during the 30-day period.

13. Effect of Termination. Upon termination of this Agreement:

(a) MIH has the option to purchase Retailer's marketable Hummel Products for the price paid MIH for the Products, such option to be exercised, if at all, within 30 days following the date of termination. Any Hummel Products not purchased by MIH may be sold by Retailer, provided that such sale is completed within three months following the date of termination.

(b) All rights and all obligations of the parties will terminate except: (i) Retailer's right to receive and MIH's obligation to provide either replacement or refund with respect to any defective Hummel Products supplied by MIH as MIH's limited liability and Retailer's limited remedy; (ii) Retailer's right to sell Hummel Products not repurchased by MIH; (iii) Retailer's obligation to pay for Hummel Products; and (iv) Retailer's obligations under paragraphs 3(j) and 3(k) - all as provided in this Agreement.

15. Binding Effect. This Agreement is not binding on MIH until signed by an officer of MIH and returned to Retailer.

16. Miscellaneous.

(a) No right or interest arising out of this Agreement may be assigned by Retailer without the prior written consent of MIH. No waiver or modification of any of the terms contained herein will bind MIH unless in writing and signed by MIH.

(b) The validity, construction, and interpretation of this Agreement and the rights and duties of the parties hereto will be governed by the laws of New Jersey, without reference to choice of law rules. Retailer agrees that the state courts in New Jersey will have exclusive jurisdiction involving any dispute in connection with this Agreement. BOTH PARTIES AGREE THAT, IN ANY LITIGATION, TRIAL BY JURY IS HEREBY WAIVED AND THAT THE LOSING PARTY WILL PAY THE OTHER PARTY'S REASONABLE ATTORNEY FEES.

(c) Any legal action against MIH for a default of its obligations under this Agreement must be commenced within one year from the date the default occurred or be forever barred.

(d) MIH is not bound by any representations, promises, or inducements of any kind unless set forth herein. MIH expressly objects to any different or additional terms or conditions proposed in any forms submitted by Retailer.

(e) All notices required or allowed to be given under this Agreement shall be given to the party at the address first set forth above or to such other address as either party may instruct the other party in* writing.

(f) THE PROVISIONS OF THIS AGREEMENT WILL PREVAIL OVER ANY INCONSISTENT, ADDITIONAL, OR DIFFERENT TERMS IN ANY PURCHASE ORDER OR OTHER WRITING SUBMITTED OR USED BY RETAILER.

(g) The undersigned is Retailer represents that he/she has authority to sign for Retailer.

M.I. Hummel Company

By: _____

Title: _____

[Store Name]

By- _____

Title: _____

Federal ID Number or
Social Security Number (for sole proprietorships)

Website: _____

E-Mail: _____