

2. **CAIRN DEALER MARKETING PROGRAM RIGHTS & PRIVILEGES:** Upon execution of this agreement by both CAIRN and DEALER, DEALER will be considered an “Official CAIRN LINE III DEALER” and as such will be entitled to all the services, rights, and privileges associated with the “CAIRN LINE III DEALER Marketing Program,” the services of such program including but not limited to the following:

- *The CAIRN Studio Artwork Registration Program.
- *CAIRN Collector Society Program.
- *CAIRN Internet Registration Program.
- *CAIRN Seminars and Special Collector Club Presentation Programs.
- *CAIRN Studio Computerized Dealer Information Services.

If DEALER wishes to mail the CAIRN’S *Artist & Collectors Newsletter* to all of the DEALER’S registered collectors, DEALER’S representative will supply newsletters and mailing labels to DEALER for a fee. If DEALER wishes to use its own mailing list, DEALER should obtain pre-approval from the representative. All DEALERS should provide representative with proof of mailing (i.e., mailing receipt).

3. **DESCRIPTION:** The DEALER shall purchase from CAIRN such CAIRN Line III Goods as shall from time to time be necessary to adequately stock its retail store(s). All orders by DEALER shall be submitted on CAIRN’S prepared Purchase Order Form and such orders shall be deemed accepted when agreed to in writing by CAIRN or when shipped by CAIRN. DEALER agrees, however, to purchase sufficient CAIRN Line III Goods from CAIRN from the “current” list of CAIRN Line III Goods as shall from time to time be furnished to DEALER by CAIRN in order for DEALER to have at all times an adequate and sufficient inventory for display and sale of the SKU’s set forth in the “current” list of CAIRN Line III Goods.
4. **PRICE:** The price of the CAIRN Line III Goods sold hereunder shall be set forth in CAIRN’S published wholesale price list in effect at the time of shipment.
5. **LINE OF CREDIT:** All CAIRN Line III Goods purchased shall be promptly paid by DEALER according to the following payment terms: 100% due within thirty (30) days from the date of invoice. DEALER understands that CAIRN may delay any further shipment of CAIRN Line III Goods to DEALER in the event DEALER is late in the payment of any previous invoice until invoice is paid in full.
6. **DELIVERY:** All CAIRN Line III Goods shall be shipped F.O.B. Mooresville, North Carolina, with Bills of Lading addressed to DEALER. Any taxes or other governmental charges, assessments, or fees imposed upon the sale of the CAIRN Line III Goods shall be paid by the DEALER and failure of DEALER to do so shall constitute a breach of this entire Agreement.
7. **REGISTRATION OF CAIRN ARTWORKS:** DEALER specifically understands that DEALER can only register CAIRN LINE III artworks which are purchased directly from the DEALER and which were shipped to the DEALER by CAIRN. DEALER is not allowed to register the purchase of CAIRN artworks which are not purchased from the DEALER’S inventory of “CAIRN Line III Goods”; such goods being defined as artworks sold to DEALER by CAIRN and subsequently shipped to DEALER by CAIRN.
8. **COLLECTION OF ACCOUNTS:** In the event of any default in payment for any CAIRN Line III Goods shipped from CAIRN to DEALER, CAIRN shall be entitled to recover from DEALER and/or GUARANTORS reasonable attorneys’ fees incurred in the collection of same together with all other reasonable expenses including court costs.
9. **MERCHANDISE NON-TRANSFERABLE TO OTHER RETAILERS:** DEALER agrees that all CAIRN LINE III merchandise shipped to DEALER by CAIRN will be sold by DEALER at retail and only at the retail location specified by DEALER at the time of order and set forth on the CAIRN order form or to which CAIRN ships goods or to which CAIRN specifically agrees to ship goods. It is further understood that said merchandise is not to be sold to any other retail store or transferred to any other retail location for resale.
10. **ASSIGNMENT AND DELEGATION:** This Agreement is not assignable nor is the performance of the duties delegable without the express written consent of CAIRN.
11. **CAIRN’S AGENTS:** The DEALER acknowledges that it has been advised that no agent, employee, or representative of CAIRN has any authority to bind CAIRN to any affirmation, promise, representation, or warranty concerning any of the CAIRN Line III Goods. Unless such affirmation, promise, representation, or warranty is specifically set forth in this Agreement, it does not form a basis of this bargain and shall not be enforceable against CAIRN. Sales Representatives and/or Artists have no authority to bind CAIRN except as otherwise provided in this Agreement and CAIRN shall not be liable for any damages sustained by DEALER as a result of any action or conduct undertaken by its Sales Representative and/or Artists other than as specifically authorized by this Agreement or expressly approved in writing by CAIRN.

12. CAIRN TRADENAMES AND TRADEMARKS:

(a) CAIRN hereby permits DEALER to use its "CAIRN" trade name, trademark, and its CAIRN logos shown on any and all CAIRN Publications in connection with its retail stores and in advertising its business during the term of this Agreement. CAIRN reserves the right to disapprove and prohibit the use of its trade names and trademarks by DEALER in any manner which CAIRN in its sole discretion believes is inappropriate or tends to injure the reputation and goodwill attached to the trade names or trademarks. In the event CAIRN prohibits any use of its trade names or trademarks by DEALER, then DEALER shall discontinue such use as soon as reasonably possible; however, in all situations DEALER shall discontinue such use within thirty (30) days after notice is sent by CAIRN that such use is prohibited.

(b) DEALER agrees that the CAIRN trade names and trademarks shown on any and all CAIRN Publications are the exclusive property of CAIRN, that any use thereof by DEALER is permissive and with the consent of CAIRN, and that CAIRN has the exclusive right to control their use and to take all appropriate measures for their protection

13. TERMINATION:

(a) Either party shall have the right to terminate this Agreement without cause on thirty (30) days written notice to the other party. In the event that either party gives notice of termination of this Agreement, DEALER shall discontinue, within thirty (30) days from the date of such notice, the use of the trade names and trademarks shown on any and all CAIRN Publications and any other name, term, or mark which would infringe upon CAIRN'S rights or which would indicate any connection between DEALER and CAIRN.

(b) In addition to CAIRN'S right to terminate under 13(a) CAIRN shall have the right to terminate this Agreement for "Cause" immediately upon giving written notice to DEALER. "Cause" shall include but is not limited to the following:

- (I) DEALER'S continued use of the CAIRN trade names or trademarks more than thirty (30) days after notice is sent by CAIRN that such use is prohibited.
- (II) DEALER'S breach of any term of this Agreement including DEALER'S failure to make timely payment for CAIRN Line III Goods as otherwise set forth herein.
- (III) The commencement of insolvency or bankruptcy proceedings by or against the DEALER, the appointment of a trustee or receiver for the DEALER, a general assignment by the DEALER for the benefit of creditors, or the entry by the DEALER into any composition, trust, mortgage or other arrangement with creditors.

(c) In the event CAIRN terminates this Agreement for Cause, DEALER shall immediately discontinue the use of trade names and trademarks shown on any and all CAIRN Publications and any other name, term, or mark which would infringe upon CAIRN'S rights in those trade names or trademarks or which would indicate any connection between DEALER and CAIRN.

(d) In the event DEALER decides to voluntarily close their business, has their DEALER terminated or terminates their DEALER, declares bankruptcy or insolvency, and/or discontinues selling any or all of the Artworks in the CAIRN Line III, DEALER agrees to grant CAIRN or CAIRN'S appointed Sales Agent the exclusive first right of refusal to buy back any or all of the CAIRN merchandise at the individual wholesale price(s) previously invoiced to DEALER by CAIRN for each Artwork shipped by CAIRN to DEALER.

(e) As security for the performance by DEALER of its payment obligations under this Agreement, DEALER hereby grants to CAIRN a continuing security interest in CAIRN Line III Goods inventoried by the DEALER. (DEALER will, upon written request of CAIRN, execute and deliver such UCC statements as CAIRN may from time to time reasonably request to establish and maintain a valid perfected security interest in CAIRN Line III Goods inventoried by DEALER or to enable CAIRN to exercise and enforce its right and remedies hereunder, although DEALER acknowledges that CAIRN'S security interest is not dependent upon such request.) Upon the occurrence of a default under this Agreement by DEALER, CAIRN shall have all the rights and remedies of a secured party under the Uniform Commercial Code as enacted in the State of North Carolina and under any other applicable law, including the right to take possession of the CAIRN Line III Goods inventoried by the DEALER.

14. REMEDIES: The parties hereto recognize that the trade names and trademarks shown on any and all CAIRN Publications are of vital importance to the business of CAIRN and they acknowledge that any unauthorized use of same will cause irreparable injury to CAIRN which could not be totally compensated by money damages. Therefore, they agree that CAIRN is entitled to injunctive relief in addition to any other rights or remedies available to CAIRN, including without limitation, the recovery of money damages from DEALER if DEALER breaches any covenant herein with respect to such trade names or trademarks. DEALER agrees to pay all of CAIRN'S expenses of litigation including reasonable attorney's fees and court costs in the event CAIRN is required to take legal action to enforce this Agreement.

15. **WAIVER:** DEALER acknowledges that this agreement is not intended by the parties as a franchise and that no representations have been made to DEALER with respect to the earnings or profitability of its retail store(s).
16. **NOTICES:** All notices given or required to be given by either party shall be by Certified or Registered Mail, Return Receipt Requested, and shall be addressed as follows to CAIRN:
 CAIRN Studio, LTD
 PO Box 400
 121 North Main Street
 Davidson, North Carolina 28036
 To
DEALER: _____
 or to such other address as either party shall designate to the other in writing.
17. **GOVERNING LAW:** This Agreement shall be construed, interpreted, and enforced in accordance with the laws of the State of North Carolina. All legal actions involving the interpretation, enforcement of or damages arising out of or relating to this Agreement shall be commenced and maintained by either CAIRN or DEALER only in the Superior Court of Mecklenburg County, North Carolina. In the event DEALER commences any civil action against CAIRN in any jurisdiction other than North Carolina, CAIRN shall be entitled to receive from DEALER all of its expenses of litigation, including reasonable attorneys' fees and court costs relating to the dismissal or transfer of that action to the Superior Court of Mecklenburg County, North Carolina.
18. **ENTIRE AGREEMENT:** This Agreement constitutes the entire Agreement between the parties hereto and supersedes any and all prior and contemporaneous negotiations, understandings, agreements, inducements, and conditions of any nature with respect to the subject matter hereof including all contracts similar to this Agreement previously executed by these parties. No amendment, waiver or discharge of any provision of this Agreement shall be effective against the other party unless it shall have been consented to in writing, and no indulgence or waiver by either party shall be construed as a waiver of any subsequent breach or available remedy.
19. **INVALIDITY:** If any provision of this Agreement shall be determined invalid or unenforceable all other provisions shall remain in full force and effect.

IN WITNESS WHEREOF, each party has caused this Agreement to be signed by the appropriate, duly authorized

 personnel
 on the day and year first written above.

CAIRN STUDIO, LTD

CAIRN REPRESENTATIVE SIGNATURE

CAIRN DEALER SIGNATURE

CAIRN OFFICER SIGNATURE

DATED

_____/_____/_____