



MEMBERSHIP AGREEMENT





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PAINTED TREE *overview*

Painted Tree Boutiques offers a vibrant retail experience specializing in gifts, home decor, boutique clothing, and much more - all while empowering thousands of entrepreneurs to live out their dreams. This Membership Agreement by and between Painted Tree Marketplace, LLC "Painted Tree" and licensee "Shop Owner" sets forth the entire understanding of all parties regarding the use and occupancy of licensed allocated space as further provided below.

At Painted Tree, we believe in the power of community. We believe our collective efforts will create an inspiring and thriving marketplace where shoppers find a unique blend of quality goods and experiences. As a Shop Owner, you are an integral part of the Painted Tree family; and this Agreement is designed to outline the terms of our collaboration, though they may be adjusted at any time to support the best interest of the store.

WHAT TO SELL

Painted Tree Shop Owners offer a wide variety of styles including modern, farmhouse, transitional, and more. Successful Shop Owners often offer different types, sizes, and price points of items, including:

- Gifts
- Home decor
- Clothing, accessories, and shoes
- Furniture
- Candles, fragrances, and soaps
- Children's clothing and toys
- Pet products and accessories
- Handmade, curated items, and art
- Patio, garden, and outdoor furniture
- Packaged, non-perishable foods in approved markets

WHAT NOT TO SELL

Painted Tree reserves the right to turn down items. The following items are examples of possible prohibited items:

- Used items including purses, bags, clothing, shoes, toys, and games
- Counterfeit items
- Mattresses
- Electronic devices
- Magazines
- CDs, DVDs, and tapes
- Sexually explicit items
- Weapons and other items that endorse or incite violence
- Items that conflict with Painted Tree's brand standards, including items sourced from mass-merchandising platforms designed for low-cost resale (e.g., Temu, Shein, Wish, etc.).



PHYSICAL SPACES

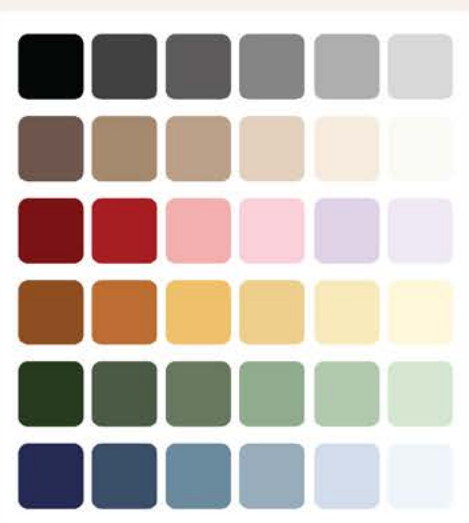
SPACE ALTERATIONS

Painted Tree provides the space and walls, and Shop Owners can add their personal touch within the allocated space. While personalization is encouraged, Shop Owners must follow certain guidelines to ensure a cohesive and compliant environment. Painted Tree reserves the right to modify, adjust, or remove items and fixtures that pose a safety risk to others or do not conform with our standards.

Shop Owners are allowed to extend their space up to the Painted Tree aisle logo. If a Shop Owner extends beyond their allotted space, this may result in a financial penalty. If a Shop Owner would like to extend their structure beyond the walls, 50% of the area between the walls and the logo must remain open to keep the aisle clear. The structure should not impair the visual width of the aisle. Failure to adhere to this guideline may result in financial penalties.

Painted Tree has pre-approved paint colors, shown below. If Shop Owners would like to use a different paint color, they will need to submit a case for approval. Failure to follow this process may result in a financial penalty. Please note, Painted Tree's trim and bookshelves may not be painted, and any floor space structures or displays cannot exceed a height of six feet. For a walled space, installed structures must remain at least three feet below the ceiling or any materials attached to the ceiling.

DISPLAYS



APPROVED PAINT COLORS

Shop Owners are encouraged to use creativity in how they display their items including adding signage, displaying business cards, or incorporating a theme to their space. These personal touches can help shoppers connect both in person and online.

Painted Tree asks Shop Owners to refrain from using uncovered pegboard, metallic grids, tables with folding legs, or cardboard/plastic boxes to display items. These guidelines are designed to create an upscale boutique atmosphere, where each shop's unique style and products shine in an inviting and cohesive way. Failure to comply with these guidelines may result in financial penalties.

PHYSICAL SPACES

FLOORING

Shop Owners are responsible for ensuring their space remains free of debris and trip hazards. Floors should not be painted. Rugs must have a non-slip rug pad or mat underneath to prevent any slipping. If Shop Owners choose to install flooring, it should be a “floating floor,” meaning it is not glued or pasted down. The use of sticky tiles, glue, or any adhesive material is prohibited. All flooring must be removed at the end of the Shop Owner’s Agreement term. Failure to do so may result in a significant financial penalty. Additionally, Shop Owners must ensure that no cords are run underneath any flooring, as doing so could create a safety risk.

POWER, LIGHTING, & COMPLIANCE

Spaces with walls typically have access to at least one electrical outlet. Shop Owners may plug in one power strip per outlet, but all devices should be plugged directly into the power strip. Daisy chaining power strips or using multiple extension cords is not allowed for safety reasons. In most locations, electricity may be turned off after business hours. Fire extinguishers and other safety equipment must remain in their designated area.



RETAIL OPERATIONS

BUSINESS HOURS & CLOSURES

Our locations are generally open daily. Exceptions include Easter, Thanksgiving, Christmas, inclement weather closures, or any event that may cause major disruption or safety concerns. Some holidays such as Christmas Eve may follow an abbreviated schedule.

RETURNS & EXCHANGES

Shoppers can return unused and non-damaged items within 48 hours of the original purchase to the Painted Tree location where the item was purchased. Exchanges within the same space can be made within 14 days of the original purchase to the Painted Tree location where the item was purchased. Painted Tree will re-tag and restock the item. Painted Tree does not allow returns on consumable items.

MISSING & DAMAGED ITEMS

Painted Tree is not responsible for missing or damaged items beyond our control, such as roof leaks or inclement weather. If an item is missing or has been misplaced, please notify the Painted Tree staff, who will search for the item. If an item is damaged by a shopper, Painted Tree may ask the shopper to pay 50% of the ticketed price. If an item is damaged by an employee, Painted Tree will pay 50% of the ticketed price.

POINT OF SALE SYSTEM

Painted Tree uses point-of-sale software that tracks and posts each sale in real time. Shop Owners will be given a system ID that links to their online account, where they can view items sold, account balances, and manage inventory. This system also allows Shop Owners to host sales in their space by simply submitting a request. Once notified, Painted Tree staff will provide proper signage. All data generated, collected, or maintained through the operation of the Painted Tree Marketplace, including but not limited to point-of-sale transaction data, shopper purchase information, demographic data, Shop Owner sales reports, inventory data, and related analytics ("Operational Data"), shall be and remain the sole and exclusive property of Painted Tree. Shop Owners are granted a limited, revocable right to access their individual sales and inventory data solely for purposes of managing their space at Painted Tree.

RETAIL OPERATIONS

LOSS PREVENTION

To help mitigate the inherent risks posed by retail shrinkage, Painted Tree offers Shop Owners the use of complimentary security hardware. Locations are equipped with a security gate at the front door and security tags for Shop Owners.

Like many major retailers, Painted Tree utilizes cameras in common areas throughout the store. Shop Owners interested in additional security measures are encouraged to purchase cameras for their space. Loss prevention policies may change over time in order to maintain effectiveness.

LOCAL & STATE REGULATIONS

Painted Tree will collect and pay consumer sales tax from shoppers for all sales at Painted Tree. Shop Owners are responsible for all other taxes, licenses, and permits related to their business, including Cottage Laws for consumables and personal property taxes.

For those who do have an entity and are required to file monthly sales tax reports, report \$0 in sales for the portion of goods sold at Painted Tree. Shop Owners requesting verification that Painted Tree pays the sales tax should submit a customer service case.

Painted Tree may be legally obligated to share Shop Owner information with local or state government authorities upon request. Additionally, if Painted Tree receives any charges or invoices related to a Shop Owner's business, those costs will be forwarded directly to the Shop Owner. Painted Tree may use Operational Data for any lawful business purpose, including but not limited to: (i) analyzing sales performance, (ii) developing marketing strategies, (iii) benchmarking across locations, (iv) reporting to governmental authorities, and (v) creating and commercializing aggregated or anonymized datasets. Painted Tree shall have no obligation to provide Shop Owners with any data other than their own individual sales reports. Painted Tree's ownership and rights in Operational Data shall survive termination or expiration of this Agreement, and Painted Tree may continue to use and retain such data indefinitely.

MARKETING

MARKETING STRATEGY

Painted Tree's marketing strategy focuses on building brand awareness while emphasizing the importance of supporting small businesses and local entrepreneurs. The goal is to effectively communicate the Painted Tree experience across various platforms to reach current shoppers, future shoppers, and potential Shop Owners. Painted Tree's dedicated, experienced marketing team works hard to grow Painted Tree into a household name in the following ways:

- In-store events
- Social media marketing including Facebook, Instagram, Pinterest, and TikTok
- Press releases
- Email marketing
- Seasonal commercials
- Search engine visibility

For new locations, Painted Tree also utilizes more traditional mediums such as:

- Print advertising and mailers
- Local television features
- Physical signage such as banners

LOCAL MARKETING INITIATIVE

To further strengthen our brand awareness and encourage shopping local, each store manager receives a yearly budget to promote their store within the community. This could include ads in yearbooks, local magazines, radio, and more. If you have any ideas for hyper-local promotions, please share them with your store manager for consideration.

Home Office will continue advertising each location, and this local marketing initiative is designed to complement those campaigns and drive even more visibility in your community.



MARKETING

EVERYONE PLAYS A PART

Painted Tree has found its most successful Shop Owners are often those who learn how to market themselves. Since the marketing team focuses its efforts on promoting the Painted Tree name and mission, Shop Owners can direct their efforts into marketing their own space.

With thousands of passionate Shop Owners spreading the word to their friends and family, Painted Tree can collectively reach more people with the most effective strategy - a recommendation from someone you trust. The more Shop Owners can do to spread the word in public and on social media, the better everyone will be!

MEDIA RELEASE

Shop Owners grant permission to Painted Tree Boutiques to use their name, business, likeness, merchandise, images, videos, and other media formats, in all its publications, including but not limited to website entries, social media posts, marketing materials, and advertising.

TRADEMARK POLICY

Shop Owners acknowledge the Painted Tree name, logo, and trademarks are protected intellectual property. To maintain brand consistency and integrity, Shop Owners may use the Painted Tree logo as it relates to promoting their business consistent with Painted Tree's brand guide. Shop Owners not using the Painted Tree logo consistent with the brand guide may be asked to remove the name and logo. Unauthorized use may result in legal action to protect Painted Tree's brand.

NON-DISPARAGEMENT CLAUSE

Shop Owners agree to refrain from making any statements, whether online or otherwise, that could disparage or negatively affect the reputation of Painted Tree. The intention of this clause is to promote a positive business partnership and foster an environment of mutual respect. Any concerns or disputes shall be addressed directly and privately with Painted Tree to seek resolution. Breach of this clause may result in termination of the Agreement and potential legal action.

FOLLOW US ON SOCIAL MEDIA

 Painted Tree Boutiques  @paintedtreeboutiques
 @paintedtreeboutiques  @paintedtreeboutiques

ACCOUNT MANAGEMENT

SHOP OWNER RESPONSIBILITIES

The sole, non-exclusive, and limited rights provided to Shop Owners pursuant to this Agreement is a license to use the allocated space. This non-exclusive license with the Shop Owner acknowledges no other interest in Painted Tree's building other than as a Shop Owner. The non-exclusive license will automatically renew at the end of the term unless terminated by the Shop Owner as outlined under "Moving Out." Painted Tree may increase the monthly fee by giving notice to the Shop Owner. If the Shop Owner does not want to pay the higher fee, they may continue to use the space at the current rate (without the increase) until the end of the current term. After that, the Shop Owner must vacate the space and this Agreement will end. Ending the Agreement does not remove any obligations that are still owed or any terms that remain in effect after termination.

Shop Owners can share rentable space with a maximum of two other Shop Owners. This excludes bookshelves and floor spaces, also known as kiosks. Shared spaces do not qualify for VIP discounts. Shop Owners cannot assign or sublicense their allocated space, except with the prior written consent of Painted Tree, to be granted or withheld in the sole discretion of Painted Tree.

Shop Owners agree they are responsible for obtaining their own business insurance. This includes liability insurance that lists Painted Tree as an additional insured and insurance that covers their own property and merchandise. Painted Tree will not be responsible for any damage to the Shop Owner's space, inventory, displays, shrinkage, or for any injuries or accidents that occur within the Shop Owner's space.



ACCOUNT MANAGEMENT

SHOP OWNER RESPONSIBILITIES

Shop Owner agrees to protect Painted Tree from any legal or financial responsibility, including covering legal costs. This duty remains even after the Agreement ends. The Shop Owner's insurance is used first, and Painted Tree's insurance is only a backup.

Each Shop Owner must pay a security deposit when renting a space. This deposit is half of the monthly fee listed for a 12-month plan. If you move out and meet the conditions in the 'Moving Out' section, we will return your deposit.

For an open location, the monthly fee begins seven days after the space has been purchased. For new locations, the monthly fee begins on Opening Day. Thereafter, the monthly fee is due on the 1st of each month. Painted Tree will deduct the monthly fee and commission from the sales of the previous month. The remaining payment will be ready by the seventh business day of the month via standard payment method.

If the Shop Owner owes a balance, Painted Tree will attempt to charge the account on file. If the payment method is declined, the Shop Owner will receive an invoice by email and will have seven days to pay it. If payment is not made within ten days, a 10% late fee will be added, and point-of-sale access will be restricted. In addition, Painted Tree reserves all other rights, including, without limitation, the right to terminate the non-exclusive license to use the allocated space. Any property left behind will be disposed of at the Shop Owner's expense and Painted Tree shall have a lien on all property of Shop Owners within the allocated space to secure performance of Shop Owners.



ACCOUNT MANAGEMENT

MOVING OUT

At the end of each term, Shop Owners can end their Agreement by providing at least 30 days written notice to terminations@paintedtree.com. Store staff should be notified when the space has been emptied. A walk-through with an employee will be conducted to ensure the space is left in satisfactory condition.

The security deposit is refundable assuming the following requirements have been met:

- At least 30 days' notice was given to terminations@paintedtree.com
- No items were left in the space at the end of the term Agreement
- Space was left in condition as outlined in the Membership Agreement
- Account balance was reconciled

TERMINATION

If the building is deemed unoccupiable for more than 60 days, this Agreement may be terminated by Shop Owner or Painted Tree and, if terminated, Painted Tree will refund any rent paid in advance. In addition to all other rights provided within this Agreement or by applicable law, Painted Tree reserves the right to terminate this Agreement upon five days' notice to Shop Owners following any default in obligations pursuant to this Agreement. Termination of the Agreement does not change the financial obligations, and any remaining balance becomes immediately due and payable.

Thank you for being part of the Painted Tree family!





get in touch

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