

This Consignment Agreement (this "Agreement") is made effective as of _____ between Discontinued Brand Name Yarn (DBNY), a division of Cherry Tree Hill Yarn, Inc., incorporated in Vermont and _____, in _____ (city, state).

In this Agreement, the party who is granting the right to sell the merchandise will be referred to as "Consignee" and the party who is receiving the right to sell the merchandise will be referred to as "DBNY."

The parties agree as follows:

I. RIGHT TO SELL. The consignee owns merchandise as listed in the Inventory document. In accordance with this Agreement, the Consignee grants DBNY an exclusive right to sell the merchandise under the terms of this Agreement. DBNY agrees to devote its best efforts to the sale of the merchandise. All sale prices and terms of sale shall be determined by DBNY and will be commercially reasonable. DBNY will attempt to promote the sale as accurately as possible, i.e. if it is a liquidation sale it will be advertised as a liquidation sale, if it is an overstock sale it will be advertised as such. To achieve and maintain a "personal" tone with customers, DBNY may identify the Consignee (name of shop) and why the stock is being liquidated. Some merchandise shall be sold in "Grab Bags" and will not be listed or sold as individual items.

II. The Consignee agree to leave the consignment items with DBNY for _____ months from the receipt of consignment items.

III. PROCEEDS OF SALES. Proceeds from the sale of the merchandise will be divided, 50% of gross after discounts to the Consignee, 50% minus all other website/marketing/shipping costs to DBNY. DBNY is responsible for shipping to customers, promotional and marketing costs. An updated written report (spreadsheet) of the items sold will be made available to the Consignee after the first and fifteenth day of each month. Payments shall be made bi-weekly.

IV. RECORDS. DBNY shall keep accurate records regarding the quantities of the yarn that are sold. The Consignee shall have the right to inspect such records (spreadsheets) within 48 hours (2 business days) notice to DBNY after the start of the sale.

V. TITLE TO MERCHANDISE. Consigned merchandise shall remain the property of the Consignee until sold. Responsibility for insuring the consigned merchandise is still up to the consignee. DBNY shall confirm the merchandise inventory upon arrival. Cost of palletizing and shipping products to DBNY will be split 50-50 between Consignee and DBNY.

VI. UNSOLD ITEMS. Unsold items at the end of the consignment period shall be evaluated by DBNY and the Consignee. If a new consignment agreement is not signed, the Consignee is responsible for any delivery costs incurred from returning or disposing of the unsold items. It is the responsibility of DBNY to return unsold goods in the same condition in which they were received on consignment. Any consignment items abandoned 30 days after the termination of this agreement shall become the property of DBNY to dispose of at its discretion.

VII. PAYROLL TAXES. DBNY shall be exclusively liable for, and shall indemnify the Consignee against such liability for, all employee payroll taxes and insurance arising out of wages payable to persons employed by DBNY in connection with the performance of this Agreement

VIII. ARBITRATION. All disputes under this Agreement that cannot be resolved by the parties shall be submitted to arbitration under the rules and

regulations of the American Arbitration Association. Either party may invoke this paragraph after providing 30 days written notice to the other party. All costs of arbitration shall be divided equally between the parties. Any award may be enforced by a court of law.

IX. TRANSFER OF RIGHTS. This Agreement shall be binding on any successor of the parties. Neither party shall have the right to assign its interests in this Agreement unless the prior written consent of the other party is obtained.

X. TERMINATION. This Agreement may be terminated by either party by providing 5 days written notice to the other party.

XI. ENTIRE AGREEMENT. This Agreement contains the entire agreement of the parties with respect to the subject matter of this Agreement and there are no promises or conditions in any other agreement, whether oral or written. This Agreement supersedes any prior written or oral agreements between the parties with respect to the subject matter of this agreement.

XII. AMENDMENT. This Agreement may be modified or amended, if the amendment is made in writing and is signed by both parties.

XIII. SEVERABILITY. If any provisions of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provisions of this Agreement is invalid or unenforceable, but that by limiting such provision, it would become valid or enforceable, then such a provision shall be deemed to be written, construed, and enforced as so limited.

XIV. WAIVER OF CONTRACTUAL RIGHT. The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver of limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

XV. APPLICABLE LAW. This Agreement shall be governed by the laws of the State of Vermont.

Consignee:

By: _____

Name: _____

Address 1: _____

Address 2: _____

City, State, ZIP: _____

Email: _____ Phone: _____

DBNY:

By: _____

Cheryl Potter, DBNY Officer

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