

# VOBILE AGREEMENT

This AGREEMENT is between Vobile, Inc., its successors and assigns (“Vobile”, “we” or “us”), and \_\_\_\_\_ (“Retailer” or “you”). All pre-recorded video programming, whether or not available from Vobile through its program suppliers and whether on DVD, videocassettes or other media is referred to as “Unit(s)”. Vobile distributes Units to Retailers pursuant to a lease arrangement named Pay-Per-Transaction (“PPT” or the “PPT® System”). Units leased from us via the PPT System are referred to as “PPT Units”. Retailer operates one or more establishments (“Store(s)”) which rent Units to the public. All Stores owned, operated, managed or controlled by you now and in the future shall be subject to and shall comply with the terms of this Agreement. In consideration of the mutual promises and agreements contained herein, Retailer and Vobile agree as follows:

## 1. THE PPT SYSTEM

1.1. Vobile has established a system for retailers such as you to report Unit rental and sales information to us. This system is referred to as the “Reporting System”. Upon becoming a participant in the PPT System, we will provide you with information about PPT Units. You agree to comply with the Reporting System and meet our standards, including the following:

1.1.1. Use the computer hardware and point-of-sale (“POS”) system software we have approved.

1.1.2. Prior to ordering PPT Units, successfully complete our tests of your computer system and communication ability.

1.1.3. Install and continuously maintain, on your computer system, our proprietary software, “RPM”, (the Vobile Profit Maker, or the internet versions: IRPM or VRE). The RPM belongs to Vobile but during the term of this Agreement we grant you a non-transferable, non-exclusive limited use license to use it solely for the purpose of ordering Units from and reporting information to us. In this Agreement we refer to your computer system, POS software and the RPM as your “POS System”.

1.1.4. Implement all changes we make in the Reporting System.

1.1.5. Process, through your POS System, at the time of each transaction and report to us, daily, all rentals (including zero dollar rentals and extended viewing late fees) and sales of all Units. It is imperative that you report to us accurate, verifiable data with regard to the rentals and sales of Units. Incorrect or inaccurate reporting by you to us will cause substantial damage to us and is a material breach of this Agreement.

1.1.6. Remove shrink wrap and security labels to prepare for rental, and enter PPT Units into your POS System before they are rented or sold and make them available for rent to customers on the studio designated street date.

1.1.7. Not establish an electronic link with another person or company from which you obtain Units. (You may provide information on Units to others on magnetic tape, print-outs and/or diskettes.)

1.1.8. Not make any modifications or changes to your POS System that would, in our reasonable judgment, impair, alter or interfere with the reporting of rental and sale transactions to us.

1.2. If you fail to provide us with the required reporting described in this Section 1, we may cancel existing orders, refuse to accept new orders and/or pursue other legal remedies.

1.3. You agree to immediately notify Vobile in the event your store changes ownership. Change in ownership includes the formation or dissolution of a corporation, partnership or LLC.

## 2. THE PPT UNITS

2.1. You agree to pay all amounts owed to us when due. You will also pay any sales, use, property or other taxes of any kind due with respect to PPT Units, excluding Vobile’s income taxes.

2.2. You will keep the PPT Units at the Store to which the PPT Units were originally ordered and shipped, and prominently display them on the studio designated street date. You will use your best efforts to rent these Units as often as possible and will not rent PPT Units in a single transaction for longer than seven days or such lesser time as established by Vobile or the program supplier. You will not rent units to other video retailers.

2.3. You agree not to sell any of the PPT Units prior to the date specified among the lease terms of a particular PPT title, known as the “Sell Through Date.” You may not purchase a PPT Unit and use it as rental inventory, remove the title from rental availability, except as provided herein, or take any other steps to deprive us of all available revenue under the established lease terms for the particular title. Once “sell-through” is permitted for a particular title, you may remove Units no longer required for rental use for subsequent sale in another location by recording

the same as a sale at the time of removal, at the expected sale revenue from the original store and making the required remittance to us.

2.4. If a PPT Unit is “defective” and you return it, freight prepaid, we will ship you a new PPT Unit, if available, or issue you a credit for the Order Processing Fee. Defective means the problem with the PPT Unit was not caused by you or your customer and that it was returned to us within thirty (30) days of shipment. We will not owe you anything for any other problems caused by defective PPT Unit. During a title’s lease term, you will display and make available for rental at each of your ordering Stores at least one PPT Unit of that title or more if designated by the supplier. Units discovered missing in the ordinary course of business (prior to discovery by audit) are to be recorded and paid for when discovered as if they had been sold to the public. You agree to maintain property damage or loss insurance on all PPT Units while they are in your possession in an amounts equal to at least \$18.00 dollars per Unit and \$35.00 per Game Unit. At the end of a title’s lease term, you shall return all PPT Units, which you have not sold as permitted in this Agreement or have already returned to us, or if permitted, you decided to keep. All returned PPT Units must be in good condition, normal wear and tear accepted, and in their original packaging.

### **3. ORDERING UNITS**

3.1. You are not required to lease any Units from us. Likewise, we are not promising to lease a Unit to you even if we offer it to other retailers.

In addition, the companies from which we obtain Units (“Program Suppliers”) may for any reason decide not to allow us to make a particular title(s) available to you. PPT Units will be shipped at our cost to a Vobile approved address. Vobile, in its sole discretion, shall have the right to reduce or increase the number of units ordered by a retailer. We will use our best efforts to assure the PPT Units arrive on or before their street date. If your order, or any portion of it, cannot be shipped, you or we may cancel the unfilled order (or the portion remaining unfilled) upon notice and without any further obligation to each other. If you lease Units from us and obtain Units of the same title from any other source, then all rentals and sales of previously viewed Units of that title will be treated as if the Units were leased from us and you will owe the applicable fees, including revenue sharing.

### **4. PPT FEES**

4.1. When we offer you a title through the PPT System, we will inform you of the lease terms that apply to that title, such as the length of the lease, applicable fees, sell through date, etc. Upon placing the order, all of such terms will be deemed accepted by you. Generally, the lease terms include the following fees:

4.1.1. An “Order Processing Fee” consisting of an initial payment which may include sales, use, excise or other taxes.

4.1.2. A “Transaction Fee” which consists of a percentage of revenue collected for each rental (or extended viewing/late fee) of a PPT Unit, which may include a minimum charge regardless of whether any revenue is generated.

4.1.3. A “Sell-Through Fee” for each PPT Unit sold by you. When ordering PPT Units, we will inform you through the PPT System if you will be allowed to sell any copies of PPT Units and the date upon which you can begin to sell them.

4.1.4. A “Buy-Out Fee” which will be charged if you are allowed to keep a PPT Unit and decide not to return it at the end of the lease term.

4.1.5. A “Guarantee Lease Fee Payment” may be established by Vobile, which is a minimum lease fee payment (inclusive of some or all PPT fees) on a rental picture by picture basis. The shortfall, if any, will be billed once the unit has reached the end of its lease period, unless accelerated pursuant to Section 7.

4.2. In addition, you will pay a monthly “Access/User Fee” (currently \$33 per Store) and a monthly “Processing Fee” (currently \$6 per Store). These fees are subject to change upon notice.

### **5. AUDITS**

5.1. We and the Program Suppliers have the right to use “mystery shopping services” and, without letting you know ahead of time, conduct on-site audits of your business operations and records during normal business hours.

5.2 In addition, and not in lieu of any other damages to which we may be entitled, consequential or otherwise, you agree to pay us for each PPT Unit that is missing at the time of audit (regardless of the reason) from Store inventory and not properly accounted for through the PPT System (“Missing Units” and “Missing Game Units”) \$18.00 per Missing Unit or \$35.00 per Missing Game Unit. We both acknowledge and agree that it would be impractical and extremely difficult to accurately estimate the damages Vobile would suffer as a result of Missing Units and Missing Game Units and that the amounts contained in this paragraph as liquidated damages for Missing Units are a

reasonable estimate of the damages suffered. Your payment of the amount stated in this paragraph is intended to be full, agreed to, damages to Vobile only for Missing Units and Missing Game Units. These fees are in addition to all other fees, whether previously paid or outstanding, incurred by Retailer in connection with the rental of such Units and any other fees provided for under the Current PPT Agreement or Output Agreements.

5.3 If one or more mystery shopping reports determine that transaction revenue is being incorrectly reported or not reported to Vobile, including rental fees, extending viewing/late fees, sell through fees, we will have the right to invoice Retailer for an amount that reasonably estimates our losses, which Retailer shall immediately pay. Retailer agrees that Vobile shall not be obligated to disclose the identity of our mystery shoppers.

5.4 You agree to keep certain records and to make certain information regarding your video business available to us. The information collected and processed by us, belongs to us and our program suppliers and may be used for ordering and audit purposes. It may also be used or sold by us as long as the information is used in the aggregate with information from other retailers such that you are not identified.

## **6. TERM OF AGREEMENT**

6.1. The term of this Agreement shall commence after you sign it and on the earlier of the date Vobile signs it or first ships PPT Units to you. The Agreement shall continue until terminated by either of us in accordance with this Section 6.1. Upon receiving written notice of termination, this Agreement will terminate after (i) all of your obligations under this Agreement are satisfied, and (ii) ninety (90) days after the last day of the last lease term of the PPT Units ordered by you. Vobile may at its option, and in its sole discretion, terminate this agreement, by giving written notice of termination to the Retailer, in which event all obligations of Vobile and all rights of Retailer shall terminate.

6.2. Upon termination of a title's lease period, you shall cause to be delivered to us within fifteen (15) days, all PPT Units not validly purchased or otherwise properly disposed of as provided herein. The returned PPT Units shall be in good condition (normal wear and tear accepted) and shipped in their original packaging. You shall ship the PPT Units with all shipping and postage prepaid.

## **7. DEFAULT**

7.1. You will be in default (or breach) of your obligations under this Agreement if any of the following occur:

7.1.1. You fail to pay when due any amounts owed under this Agreement.

7.1.2. You close your store(s) for rental or do not conduct business for seven (7) or more consecutive days.

7.1.3. You fail to comply with any of your obligations under this Agreement or any other Agreement between us.

7.2. If you default, we shall be entitled to take one or more of the following steps in addition to all other remedies available at law or equity (including consequential damages):

7.2.1. Terminate our Agreement with you. If we terminate this Agreement you will pay all amounts owed to us and return at your expense all PPT Units in your possession within fifteen (15) days.

7.2.2. Suspend your rights under this Agreement, require you to pay all amounts you owe us within fifteen (15) days and/or require you to return at your expense all PPT Units in your possession within fifteen (15) days.

7.2.3. All PPT Units returned to us will be in good condition (normal wear and tear accepted) and shipped in their original packaging. If you do not return PPT Units or the PPT Units are not returned in good condition, then you will be required to pay us \$18.00 per PPT Unit and \$35.00 per PPT Game Unit.

7.2.4. If your default consists of failure to report rental or sale transactions, you will be required to pay Vobile \$18.00 per PPT Unit and \$35.00 per PPT Game Unit.

## **8. MISCELLANEOUS**

8.1. You agree not to assign, by operation of law or otherwise, or transfer this Agreement and any of your obligations under this Agreement without our prior written consent (an "Improper Transfer"), which shall not be unreasonably withheld. In this Agreement the merger or consolidation of Retailer with or into any other entity, the sale by you of all or substantially all your property or assets, or any change in control of Retailer (which shall mean any transfer by a sole proprietor, or of a majority voting interest in the stock of Retailer, if Retailer is a corporation, or in the partnership interest or membership interest of Retailer, if Retailer is a partnership or limited liability company), shall constitute an assignment of rights in violation of this paragraph. If you assign your rights in this Agreement without our prior written consent, you agree, with respect to all PPT Units not previously returned or otherwise validly disposed of, to pay us \$18.00 per PPT Unit and \$35 per PPT Game Unit. We both acknowledge and agree that it would be impractical and extremely difficult to accurately estimate the damages Vobile would

suffer as a result of an Improper Transfer and that the amounts contained in this paragraph as damages for an Improper Transfer are a reasonable estimate of the damages suffered.

8.2. Vobile has established and will continue to establish, from time to time, minimum acceptable monthly rental revenues for Retailers. You have represented to Vobile and Vobile has relied on those representations that you meet the minimum monthly revenue requirements necessary to participate in the PPT program. In the event that the Retailer does not meet, or at any time is not meeting, Vobile's established minimum monthly revenue requirements, Vobile shall have the right, in its sole discretion, to terminate the Agreement pursuant to Section 7.

8.3. Any consent, approval or notice that one of us gives to the other will be in writing. The writing will be deemed delivered 5 days after it is sent by first class mail, or one day after being e-mailed or faxed, to the authorized address or fax number. If you have not designated an email or fax number for notices, your authorized address will be the most current correspondence address on file with us. Our authorized address is One Airport Center, 7700 NE Ambassador Place, Portland, Oregon 97220, attention: Legal Department. Telephone calls with us may be recorded. Our telephone number is 800-929-5656. Our fax number is 800-656-7705.

8.4. If a court decides that some part of this Agreement cannot be enforced then that part of the Agreement will be treated as if it were severed from the rest of this Agreement and the rights and obligations of each of us will be determined as if the Agreement did not contain the severed part. This is an integrated Agreement. This Agreement may be modified from time to time by authorized Vobile materials and contains all the agreements between us regarding the PPT System.

8.5. If any fees or costs are incurred to enforce this Agreement, or if any suit or action is brought to enforce any provision of this Agreement, or for damages for the breach of any of the terms of this Agreement, the prevailing party shall be entitled, at trial and on appeal, if any, to reasonable attorney fees and costs as awarded by the court. This Agreement is and shall be deemed accepted in Oregon and interpreted and enforced in accordance with the laws of the State of Oregon applicable to contracts to be made and to be performed entirely within this state. The parties hereto agree that any suit, dispute, or action brought pursuant to this Agreement shall be brought exclusively in the Circuit Court of the County of Multnomah, State of Oregon, or the Federal Court for the District of Oregon.

8.6. We and you intend that this Agreement shall constitute a true lease of Units between you as lessee and us as lessor. Ownership and legal title to the Units shall not transfer or otherwise pass from Vobile to you during or following the lease term unless you have properly accounted for the purchase of the Units in accordance with the terms hereof and have paid Vobile all fees due including the applicable sell-through or end-of-term buyout fee. You have a fiduciary duty to us to hold and remit all fees and charges to us and to report to Vobile in accordance with the terms of this Agreement. You agree to hold in trust for us our share of the rental and sales proceeds you receive.

8.7. VOBILE MAKES NO WARRANTY WITH RESPECT TO THE PPT UNITS, EXPRESS OR IMPLIED, AND VOBILE EXPRESSLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE AND ANY LIABILITY FOR CONSEQUENTIAL DAMAGES ARISING OUT OF USE OR INABILITY TO USE THE PPT UNITS.

## RETAILER SIGNATURE

By \_\_\_\_\_

Date \_\_\_\_\_

### CHECK ONE OF THE FOLLOWING:

- I am the sole owner of my video business and it is not a partnership or corporation.
- My video business is a partnership and I am the general partner.  
The partnership name is \_\_\_\_\_.
- My video business is a limited liability company and I am the managing member.  
The limited liability company's name is \_\_\_\_\_.

- My video business is a corporation and I am an officer of the corporation.  
The name of the corporation is \_\_\_\_\_, the state of  
incorporation is \_\_\_\_\_,  
and the date of incorporation is \_\_\_\_\_.  
My title is \_\_\_\_\_.

IF YOU SIGNED THE PARTNERSHIP, THE LIMITED LIABILITY COMPANY OR THE CORPORATE SIGNATURE  
BLOCK,  
YOU MUST COMPLETE THE GUARANTEE BELOW.

**GUARANTEE**

The undersigned individual(s), in order to induce Vobile to enter into with Retailer the above Agreement as set forth above or as otherwise agreed by Vobile and the Retailer, do jointly and severally unconditionally and irrevocably guarantee to Vobile, its successors and assigns, full and complete payment and performance by Retailer of all of the provisions, conditions, covenants, and agreements contained in the Agreement, as set forth above or as otherwise agreed between Vobile and the Retailer, do jointly and severally agree to the terms of the Agreement, in its present form or as may be modified between Vobile and the Retailer, including the terms set forth in paragraphs 8.5, and do waive all notice of default by Retailer, notice of the acceptance of this guarantee by Vobile and consent to any extension of time which may be given by Vobile to Retailer of time for payment or performance of any of Retailer's obligations hereunder or as otherwise agreed between Vobile and the Retailer without regard to whether guarantor is aware of any such modification or change and without regard to whether any such modification, change or other agreement increases the exposure or liability to the guarantor.

By \_\_\_\_\_

Date \_\_\_\_\_

By \_\_\_\_\_

Date \_\_\_\_\_

VOBILE SIGNATURE (Do not complete)

Agreement accepted by: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

# Vobile Credit Application

## BUSINESS INFORMATION

Name of Store(s) \_\_\_\_\_

Date store opened under present ownership \_\_\_\_\_

Store Street Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip code \_\_\_\_\_

Telephone No. \_\_\_\_\_

No. of stores owned, controlled or operated \_\_\_\_\_

Shipping address if different than store location:

Name \_\_\_\_\_

Street Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip Code \_\_\_\_\_

Correspondence address if different than store location:

Street Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip Code \_\_\_\_\_

Telephone No. \_\_\_\_\_

Fax No. \_\_\_\_\_

E-Mail Address \_\_\_\_\_

I prefer correspondence by: Phone\_\_\_\_, Fax\_\_\_\_, E-mail\_\_\_\_

## LANDLORD/MORTGAGOR OF BUSINESS LOCATION

Name \_\_\_\_\_

Street Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip Code \_\_\_\_\_

Telephone No. \_\_\_\_\_

Contact Name \_\_\_\_\_

## TRADE REFERENCES Video distributor

Name \_\_\_\_\_

Account No. \_\_\_\_\_

**PRINCIPAL OWNER INFORMATION**

Name \_\_\_\_\_  
Home Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Home Telephone No. \_\_\_\_\_  
Social Security No. \_\_\_\_\_ Date of Birth \_\_\_\_\_

**GUARANTOR** if different than Principal Owner

Name \_\_\_\_\_  
Home Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Home Telephone No. \_\_\_\_\_  
Social Security No. \_\_\_\_\_ Date of Birth \_\_\_\_\_

**SECTION A**

**Please answer all of the following questions. Attach additional pages if necessary.**

**1. Have you or your business had any judgments or suits against you, have you ever been investigated for or convicted of videocassette piracy, or have you ever been adjudged bankrupt or submitted a proposal in a bankruptcy or insolvency matter?**

\_\_\_ Yes \_\_\_ No

If yes, give details:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Were you ever a Vobile or Rentrak customer? \_\_\_ Yes \_\_\_ No

If yes, list business name and address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. List all owners, partners, members or officers of business:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## SECTION B

PLEASE READ THE STATEMENT BELOW AND SIGN BELOW.

I understand that the information contained in this application is material information which will be relied upon by Vobile in entering into the Vobile Agreement.

You authorize us to check your credit history, as well as your trade and bank references for customary credit information. You agree we may release information regarding your credit experience with us.

You authorize any of the individuals or companies listed to provide us information regarding your credit history.

This statement has been carefully read by the undersigned (both the printed and written matter), and is, to my knowledge, in all respects complete, accurate and truthful.

Name of Individual or Firm:

\_\_\_\_\_

By: \_\_\_\_\_

(Signature)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## COMPUTER INFORMATION

Do you presently have a point-of-sale computer system?

Yes  No

If so, what type? \_\_\_\_\_

\_\_\_\_\_

P.O.S. computer network:  Yes  No

Do you have Internet access?  Yes  No