

## Token-Asset Exchange Terms of Service

The following Token-Asset Exchange Terms of Service Agreement (hereinafter “AGREEMENT” or “TERMS OF SERVICE”), effective upon the date of acceptance (the “EFFECTIVE DATE”), pertains to those individuals or entities (the “CUSTOMER”) seeking to engage with [TOKENIZER] (the “TOKENIZER”) for the purposes of exchanging digital and physical goods.

The terms as set forth in the AGREEMENT will govern the rights, duties, and relationship between TOKENIZER and CUSTOMER. Therefore, CUSTOMER should take some time to read the Agreement carefully. The purpose of the engagement is for the TOKENIZER and CUSTOMER to exchange digital and physical goods. The CUSTOMER must agree to these terms prior to engaging in any transaction with TOKENIZER.

[BUSINESS NAME] (the 'TOKENIZER')

OF THE FIRST PART

- AND -

CUSTOMER

OF THE SECOND PART

TERMS OF SERVICE Between [Tokenizer] and CUSTOMER

### References

1. The following list is to be used as a reference for key information within this AGREEMENT.
  1. **ASSET:** 9.5 Graded
  2. **TOKEN REGISTRY ADDRESS:** 0x000000000
  3. **LIABILITY LIMIT:** \$20k
  4. **ARBITRATION JURISDICTION:** New Jersey
  5. **REDEMPTION FEE:** \$10
  6. **TOKENIZER STATE:** New Jersey
  7. **ACCEPTABLE PAYMENT METHODS:** Cash
  8. **REDEMPTION LENGTH:** 30 days
  9. **SUNSET LENGTH:** 90 days

10. **ASSET DELIVERY METHOD:** CUSTOMER will schedule an in-person meeting with TOKENIZER at a Police Station of TOKENIZER's choosing.

11. **ASSET IMAGES:**



12. **TOKENIZER EMAIL ADDRESS:** [patstokenization@gmail.com](mailto:patstokenization@gmail.com)

### **Definitions**

2. The following list defines terms used throughout the Agreement.
  1. **TOKEN REGISTRY:** The smart contract deployed on the Ethereum network that tracks and facilitates transfer of TOKEN. The address of TOKEN REGISTRY is TOKEN REGISTRY ADDRESS.
  2. **TOKENIZER:** TOKENIZER has title and control of ASSET and will hold title and control of ASSET until REDEMPTION.
  3. **CUSTOMER:** CUSTOMER is the party opposite of TOKENIZER in this AGREEMENT.
  4. **TOKEN OWNER:** The individual or entity that has sole title and control over TOKEN.
  5. **TOKEN:** The Ethereum token generated by TOKENIZER unique to this AGREEMENT.
  6. **REDEMPTION:** The process by which TOKEN is destroyed and ASSET is delivered to the CUSTOMER. The full process for executing a REDEMPTION is stated in the REDEMPTION section. The REDEMPTION process will result in the title and control of ASSET transferring to CUSTOMER.

7. **REDEMPTION PERIOD:** A period of time, lasting REDEMPTION LENGTH, beginning from the moment a REDEMPTION CODE HASH has been SUBMITTED to TOKEN REGISTRY and confirmed by the Ethereum network.
8. **VALID REDEMPTION CODE:** A string of English words generated during REDEMPTION as explained in the section titled Redemption Code.
9. **REDEMPTION CODE HASH:** A number generated during REDEMPTION as explained in the section titled Redemption Code Hash.
10. **SUNSET:** The process by which TOKENIZER may terminate this AGREEMENT. The full process for executing a SUNSET is explained in the section titled Sunset.
11. **SUNSET PERIOD:** A period of time, lasting SUNSET LENGTH, beginning from the moment a SUNSET notification has been successfully confirmed by the Ethereum network.
12. **KYCI:** CUSTOMER's Know Your Customer information, based on the requirements of applicable laws, including, but not limited to, the laws of TOKENIZER STATE and United States federal government. KYCI may include, but is not limited to, name, date of birth, address, government issued photo identification, and proof of address. Know Your Customer requirements are subject to change based on laws and/or regulations, and these changes may take place with or without notice to the CUSTOMER. The information must be verifiable by TOKENIZER.
13. **FAIR MARKET VALUE:** The best approximation of the value of ASSET as determined by an expert in the market of ASSET. If no such expert exists, TOKENIZER and CUSTOMER will work with an arbitrator to determine a FAIR MARKET VALUE that is acceptable to both parties.
14. **SUBMIT/SUBMITTED:** The act of broadcasting a transaction to the Ethereum network and having it confirmed by a miner on the chain with greatest cumulative difficulty.
15. **EFFECTIVE DATE:** The date upon which both parties have agreed to the AGREEMENT. The parties need not concurrently express assent to AGREEMENT; in such cases, the EFFECTIVE DATE will be the date the last party assented to the AGREEMENT.

### **Redemption**

3. Prior to exercising his or her right to execute REDEMPTION, CUSTOMER must agree to this AGREEMENT.

4. Prior to REDEMPTION, TOKENIZER may require CUSTOMER to provide KYCI to TOKENIZER.
5. CUSTOMER must generate a VALID REDEMPTION CODE for his or her TOKEN.
6. Once the CUSTOMER has generated a VALID REDEMPTION CODE, CUSTOMER must SUBMIT the derived REDEMPTION CODE HASH to the TOKEN REGISTRY.
7. Customer understands that when they SUBMIT a REDEMPTION CODE HASH to the TOKEN REGISTRY, TOKEN will be destroyed, even if it was not derived from a VALID REDEMPTION CODE.
8. CUSTOMER must pay REDEMPTION FEE using an ACCEPTABLE PAYMENT METHOD.
9. CUSTOMER must provide the VALID REDEMPTION CODE to the TOKENIZER within the REDEMPTION PERIOD.
10. If TOKENIZER verifies the CUSTOMER's VALID REDEMPTION CODE and verifies that the associated VALID REDEMPTION CODE HASH has been broadcast to TOKEN REGISTRY and confirmed by the Ethereum network, then TOKENIZER will deliver and transfer title of ASSET to CUSTOMER.
11. CUSTOMER understands and agrees that the TOKENIZER has the right to reject REDEMPTION under any of the following circumstances:
  1. If CUSTOMER fails to provide KYCI;
  2. If TOKENIZER has reasonable belief CUSTOMER is engaging in unlawful conduct; or
  3. If TOKENIZER is ordered to reject REDEMPTION by a regulatory authority, court order, facially valid subpoena, or binding order of a government authority.
12. CUSTOMER understands and agrees that TOKEN grants CUSTOMER only the right to execute REDEMPTION.

13. CUSTOMER understands and agrees that a condition precedent to REDEMPTION is agreeing to TERMS OF SERVICE.
14. Any subsequent OWNER must also agree to TERMS OF SERVICE prior to REDEMPTION.
15. TOKENIZER and CUSTOMER both acknowledge the sufficiency of consideration in this AGREEMENT. Furthermore, the amount of any present or future sales, use, excise or similar tax applicable to TOKEN or ASSET will be paid by CUSTOMER, or alternatively, CUSTOMER will provide TOKENIZER with a tax exemption certificate acceptable to the applicable taxing authorities.
16. CUSTOMER will be responsible for Ethereum mining fees and other associated costs for utilizing the Ethereum network.

#### **Valid Redemption Code Generation**

17. A VALID REDEMPTION CODE is generated using the following steps, referred to as CS1-CS6:
  1. CUSTOMER creates 6 parts, referred to as CP1 - CP6:
    - 1.CUSTOMER generates a random 32-byte sequence.
    - 2.CUSTOMER's 4-digit birth year is converted to bytes using the ASCII encoding scheme.
    - 3.CUSTOMER's 2-digit birth month is converted to bytes using the ASCII encoding scheme.
    - 4.CUSTOMER's 2-digit birth day is converted to bytes using the ASCII encoding scheme.
    - 5.CUSTOMER's last name is converted to bytes using the ASCII encoding scheme. In the event CUSTOMER's last name cannot be exactly represented using ASCII characters, a close approximation should be used.
    - 6.CUSTOMER's first name is converted to bytes using the ASCII encoding scheme. In the event CUSTOMER's first name cannot be exactly represented using ASCII characters, a close approximation should be used.
  2. For CP2 - CP6, CUSTOMER must ensure information matches KYCI information provided to TOKENIZER.

3. CP1 - CP6 are concatenated together with a single 0x00 byte separating each of the individual parts.
4. The result of CS3 is prepended with a single 0x00 byte.
5. The result of CS4 is converted to English words using the BIP-0039 English Encoding Scheme.
6. The result of CS5 is considered a VALID REDEMPTION CODE.

### **Redemption Code Hash Generation**

18. A VALID REDEMPTION CODE HASH is generated using the following steps, referred to as HS1 - HS3:
  1. CUSTOMER takes a VALID REDEMPTION CODE and converts to binary using the BIP-0039 English Encoding Scheme.
  2. The result of HS1 is converted into a number using the SHA-256 hashing algorithm.
  3. The result of HS2 is considered a VALID REDEMPTION CODE HASH.

### **Invalid Redemption Code Recourse**

19. CUSTOMER understands that transactions on the Ethereum Network, once SUBMITTED, cannot be reversed or cancelled. As such, if CUSTOMER fails to provide a VALID REDEMPTION CODE due to any reason such as CUSTOMER's own negligence or mistake, it is in the TOKENIZER's sole discretion as how to proceed and CUSTOMER forfeits all rights and warranties of this AGREEMENT. Therefore, CUSTOMER should take care that they have a VALID REDEMPTION CODE prior to SUBMITTING a REDEMPTION CODE HASH.

### **Risk of Loss**

20. Risk of loss of Asset will be on the Customer from the time of delivery to the Customer.

### **Privacy and Security**

21. Parties agree that any information about the other party received as part of this exchange will be kept secret. Parties must keep the information confidential and only use it for authorized purposes. Parties may not disclose or distribute information to a third party or use the information except as reasonably necessary to effectuate this agreed-upon

transaction and other functions reasonably incidental thereto such as support, reconciliation, and accounting, or in the alternative, if the other party expressly approves.

### **Jurisdiction**

22. TOKENIZER and CUSTOMER expressly agree this AGREEMENT will be governed by and construed in accordance with the laws of TOKENIZER STATE, including the Uniform Commercial Code as adopted by the TOKENIZER STATE, and the TOKENIZER and the CUSTOMER hereby attorn to the jurisdiction of the Courts of TOKENIZER STATE.
23. TOKENIZER and CUSTOMER expressly agree that any issues or disputes that arise out of a transaction will first be handled through arbitration in TOKENIZER STATE. The matter will be handled by an arbitrator of TOKENIZER's choice. TOKENIZER and CUSTOMER agree they will each pay half of arbitrator's fees.

### **Warranties**

24. TOKENIZER expressly represents that ASSET is both the original ASSET associated with the TOKEN, and that TOKENIZER has performed one or more tests to verify the authenticity of the original ASSET. TOKENIZER further represents that, to the best of his or her knowledge, the original ASSET was not a counterfeit and, therefore, the REDEEMED ASSET is also not a counterfeit. TOKENIZER also expressly represents that the ASSET is in the same condition as TOKENIZER represents in this agreement and as pictured in ASSET IMAGES.
25. Aside from warranties expressly stated in this AGREEMENT, TOKENIZER disclaims all other warranties, whether express or implied, including but not limited to, any implied warranty of merchantability or fitness for a particular purpose.

### **Title**

26. Title to the ASSET will remain with the TOKENIZER until DELIVERY and actual receipt of the ASSET by the CUSTOMER or, in the alternative, the TOKENIZER delivers a document of title or registrable Bill of Sale of Goods, bearing any necessary endorsement, to the CUSTOMER.

### **Claims**

27. The CUSTOMER's failure to give notice of any claim within 10 days from the date of DELIVERY will constitute an unqualified acceptance of the ASSET and a waiver by the CUSTOMER of all claims with respect to the ASSET.

### **Excuse for Delay or Failure to Perform**

28. The TOKENIZER will not be liable in any way for any delays due to conditions outside the control of TOKENIZER that delay, disrupt, or otherwise inhibit the delivery of ASSET. This clause does not serve to indemnify TOKENIZER of its responsibilities to take reasonable measures to prevent damage to or destruction of ASSET prior to REDEMPTION by a TOKEN OWNER, but simply serves to hold TOKENIZER not liable for any disruptions or delays in delivery due to forces outside the control of TOKENIZER.

### **Remedies**

29. The CUSTOMER's exclusive remedy and the TOKENIZER's limit of liability for any and all losses or damages resulting from defective or destroyed ASSET or from any other cause will be for the FAIR MARKET VALUE of ASSET in the condition as represented in this AGREEMENT, so long as that value is equal to or less than LIABILITY LIMIT.
30. CUSTOMER expressly agrees that any sort of damages that may result to CUSTOMER as a result of this transaction will be limited to the lower of either (1) actual damages suffered by CUSTOMER or (2) LIABILITY LIMIT. These additional damages, if in tandem with damages to ASSET, will accrue cumulatively and be compared to LIABILITY LIMIT.

### **Notices**

31. Any notice to be given or document to be delivered to TOKENIZER pursuant to this AGREEMENT will be sufficient if delivered personally or sent by email to TOKENIZER EMAIL ADDRESS. Any written notice or delivery of documents will have been given, made, and received on the day of delivery if delivered personally or by email. This clause is in no way meant to violate or disqualify the rules surrounding civil or criminal procedures of TOKENIZER STATE, the Federal Rules of Civil Procedure, the Federal Rules of Criminal Procedure, or other relevant laws or rules for service of papers pursuant to various legal or governmental matters. For the purposes of legal proceedings and/or governmental matters, relevant rules and requirements surrounding service of papers and notices to relevant parties shall apply.



## **Indemnity of GuildCrypt**

32. The TOKENIZER and the CUSTOMER expressly agree that GuildCrypt is not a party to this transaction. They agree that GuildCrypt and its affiliates, and each of their respective officers, directors, agents, representatives, employees, and joint venturers cannot be held liable for any damages or losses suffered by either party as a result of this transaction. In the event that this provision is deemed unconscionable or improper by the court or other fact finders with proper authority, parties to this AGREEMENT agree to indemnify GuildCrypt of all liability to the extent allowable under the laws of [Guildcrypt State].
33. CUSTOMER expressly agrees that ownership of TOKEN does not create any rights, duties, relationship, or obligations between CUSTOMER and GuildCrypt. Transferal of TOKEN to CUSTOMER's successors, assignees, or any subsequent OWNER likewise does not create any sort of rights, duties, relationship, or obligations between GuildCrypt and any subsequent OWNER.
34. No communication by Guildcrypt or its affiliates, whether through the GuildCrypt website or any other means, is a representation or claim as to the value of TOKEN, virtual currencies, or other digital tokens. The price of the ASSET and TOKEN in their respective marketplaces is determined by various factors, and neither GuildCrypt nor the TOKENIZER make any representations to any amount of control over market conditions or factors.
35. TOKENIZER and CUSTOMER understand and expressly agree that any information on the GuildCrypt website, or any communication by GuildCrypt or its affiliates, or any services made available through the GuildCrypt website, is for the sole purpose of facilitating the transaction between TOKENIZER and CUSTOMER and does not in any way implicate GuildCrypt, its affiliates and Service Providers, and each of their respective officers, directors, agents, joint venturers, employees, and representatives as a party to the transaction. Similarly, TOKENIZER and CUSTOMER agree and understand that any sort of service or good that GuildCrypt provides on its website is incidental to this AGREEMENT and does not in any way implicate GuildCrypt as a party to this transaction.
36. CUSTOMER understands that TOKENIZER is not acting as an agent or a representative of GuildCrypt for this transaction. Any representations by TOKENIZER contrary to this clause is neither valid nor authorized, and CUSTOMER expressly agrees that any such representations by TOKENIZER cannot and will not be relied upon by CUSTOMER.

### **Ethereum/Solidity Understanding**

37. Safe usage of TOKEN and REDEMPTION may require advanced technical knowledge of Ethereum, Solidity, and related technologies. CUSTOMER expressly agrees they have the technical knowledge required to effectively execute the conditions of this AGREEMENT.
38. Customer understands and agrees loss, theft, or sharing of Ethereum private keys may result in loss of TOKEN.
39. Customer understands and agrees that loss of TOKEN will result in a loss of rights and warranties as expressed in this AGREEMENT.

### **Ethereum Forks**

40. In the event of a fork of the Ethereum network, this AGREEMENT will reference the TOKEN REGISTRY on the forked network that has the greatest cumulative computational difficulty. In the event of a fork, CUSTOMER agrees and understand that Tokenizer may, in its sole discretion, suspend REDEMPTION, in whole or in part (with or without advance notice), for however long TOKENIZER deem necessary to make this determination. If TOKENIZER is unable to make a conclusive determination as to which Forked Network has the greatest cumulative computational difficulty or TOKENIZER determines in good faith that greatest cumulative computational difficulty is not a reasonable criterion upon which to make a determination, this AGREEMENT will reference the forked network that TOKENIZER deems in good faith is most likely to be supported by the greatest number of users and miners.

### **Ethereum Fees**

41. CUSTOMER is solely responsible for all Ethereum mining fees as well as all other costs and expenses incurred with respect to obtaining or using TOKEN, using TOKEN REGISTRY, or REDEMPTION.

### **Ethereum Delays**

42. The Ethereum network may suffer from congestion causing transaction confirmations to be delayed. CUSTOMER understands TOKENIZER is not liable for delays caused by Ethereum congestion.

### **Sunset**

43. CUSTOMER understands that in the event that TOKENIZER wishes to terminate this AGREEMENT for any reason, CUSTOMER will be notified via the TOKEN REGISTRY that a SUNSET has been initiated.
44. CUSTOMER understands that in the event a SUNSET has been initiated, CUSTOMER must execute REDEMPTION within SUNSET PERIOD.
45. CUSTOMER understands and expressly agrees that it will be CUSTOMER's responsibility to periodically check for SUNET NOTIFICATION on the TOKEN REGISTRY.
46. CUSTOMER understands and expressly agrees that if CUSTOMER fails to execute REDEMPTION within SUNSET PERIOD, this AGREEMENT is terminated and CUSTOMER no longer has any right to execute REDEMPTION.
47. CUSTOMER understands and expressly agrees that failure to execute REDEMPTION within SUNSET PERIOD will result in TOKEN becoming non-transferrable and devoid of any value.

### **General Provisions**

48. Headings are inserted for convenience only and are not to be considered when interpreting this AGREEMENT. Words in the singular mean and include the plural and vice versa. Words in the masculine mean and include the feminine and vice versa.
49. All representations and warranties of the TOKENIZER contained in this AGREEMENT will survive the closing of this AGREEMENT.
50. The CUSTOMER may not assign or delegate its performance under this AGREEMENT without the prior written consent of the TOKENIZER, and any attempted assignment or delegation without such consent will be void. An assignment would change the duty imposed by this AGREEMENT, would increase the burden or risk involved and would impair the chance of obtaining performance or payment.
51. This AGREEMENT cannot be modified in any way except in writing signed by all the parties to this AGREEMENT.

52. Except where otherwise stated in this AGREEMENT, all terms employed in this AGREEMENT will have the same definition as set forth in the Uniform Commercial Code in effect in TOKENIZER STATE.
53. If any clause of this AGREEMENT is held unconscionable by any court of competent jurisdiction, arbitration panel or other official finder of fact, the clause will be deleted from this AGREEMENT and the balance of this AGREEMENT will remain in full force and effect.
54. This AGREEMENT will inure to the benefit of and be binding upon TOKENIZER and CUSTOMER and their respective successors and assigns.
55. This AGREEMENT may be executed in counterparts. Facsimile and electronic signatures are binding and are considered to be original signatures.
56. Parties agree that time is of the essence to this AGREEMENT.

**IN WITNESS WHEREOF** the parties have executed this Exchange Agreement on this \_\_\_\_\_  
day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_

(TOKENIZER)

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

\_\_\_\_\_

(CUSTOMER)

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