

The House of Flags Museum™, Inc.
Motorcycle Raffle Official Rules and Regulations

The House of Flags Museum, Inc, (HOFM), a tax exempt organization under Section 501(c)3 of the Internal Revenue Code, is conducting a raffle pursuant to North Carolina General Statutes § 14-309.15, Raffles. The Rules and Regulations of the raffle are set forth below. By donating a certain amount, a raffle ticket recipient agrees to be bound by these rules and regulations.

A random drawing raffle will be held on Monday, June 14, 2010 at 12:00 o'clock noon at the Veterans' Memorial Park located at the intersection of Ward and Peak Streets in Columbus, North Carolina. An independent auditor will supervise the raffle drawing. All decisions are final.

The Internal Revenue Service (IRS) has taken the position that amounts paid for chances in raffles, lotteries or similar drawings for valuable prizes are not gifts, and consequently do not qualify as deductible charity contributions.

The Grand Prize winner shall assume all fees, local, state, and federal taxes. Such fees may include , but are not limited to: income taxes based on the value of the motorcycle, closing costs, title insurance, and transfer, tax, tag and fees which must be paid when the motorcycle is transferred to the winner. Likewise, there are federal taxes and there may be state and/or local tax consequences if the winner selects the alternate cash prize in lieu of the motorcycle. The HOFM takes no responsibility for any tax liabilities or costs. Consult your tax advisor. This offer is void where prohibited by law, and all federal, state, and local laws and regulations apply.

BY ENTERING THIS RAFFLE, ENTRANTS ACCEPT AND AGREE (1) TO BE BOUND BY ALL THE RULES, LIMITATIONS AND RESTRICTIONS SET FORTH HEREIN AND (2) THAT THEIR NAMES AND/OR LIKENESSES MAY BE DISCLOSED TO AND USED BY THE NEWS MEDIA AND MAY OTHERWISE BE USED BY THE HOFM FOR PUBLICITY PURPOSES AND IN LISTS OF PRIZE WINNERS TO BE PUBLISHED IN NEWSPAPERS AND ANNOUNCED ON THE HOFM WEBSITE. OTHER RULES AND REGULATIONS MAY APPLY. PLEASE CONTACT THE HOFM IF YOU HAVE ANY QUESTIONS. THE HOFM'S INTERPRETATION AND APPLICATION OF THE RULES AND REGULATIONS SHALL BE FINAL.

BY ENTERING THIS RAFFLE, EACH PARTICIPANT RELEASES THE HOFM, ITS DIRECTORS, OFFICERS, REPRESENTATIVES AND AGENTS FROM ANY AND ALL LIABILITY FOR INJURIES, OR DAMAGES OF ANY KIND CAUSED BY PARTICIPATING IN THE RAFFLE OR WINNING ANY PRIZE OR RESULTING FROM ACCEPTANCE, POSSESSION, USE, OR MISUSE OF ANY PRIZE, AND EACH WINNER AGREES TO INDEMNIFY AND HOLD THE HOFM HARMLESS FROM ANY AND ALL LOSSES, DAMAGES, RIGHTS, CLAIMS, AND ACTIONS OF ANY KIND ARISING IN CONNECTION WITH OR AS A RESULT OF PARTICIPATING IN THE RAFFLE OR THE WINNER'S ACCEPTANCE OR USE OF ANY PRIZE.

Donation for Tickets:

The donation for the raffle tickets is \$20.00 each. If the raffle ticket is obtained from the website of the HOFM, the donation is \$21.00 each. All donations will be in US\$. Only one

eligible person may be entered in the raffle per ticket (s). If the name of more than one person is submitted with a ticket, and that ticket is selected as a winning ticket, then the person named first will be deemed the holder of record of that ticket and declared the winner. Division of prize by a group obtaining a ticket in common shall be the sole responsibility of the person named as the holder of record of that ticket, should that ticket be selected as a winner. The cost to purchase a raffle ticket is not tax deductible.

The HOFM reserves the right to reject any entry form that is submitted with payment that does not constitute "good funds". All defective or physically altered entry forms will be immediately disqualified by the HOFM. Prior to the prize drawing, the HOFM will make a reasonable effort to notify the individual and/or entity that submits such an entry form or one which has been rejected because the credit card or check did not clear that the entry has been rejected by attempting to make contact through the information provided at the time of submitting the request. All orders for tickets must be received by the indicated deadline. The HOFM assumes no responsibility for lost, late, misdirected or non-delivered mail or fax messages, or any other failure to receive orders or deliver receipts prior to the drawing deadline. The deadline for receiving raffle ticket orders is 11:00 AM, June 14, 2010.

A RAFFLE PARTICIPANT'S SOLE AND EXCLUSIVE REMEDY FOR THE HOFM'S BREACH SHALL BE LIMITED TO THE RETURN OF THE DONATION FOR HIS OR HER RAFFLE TICKETS. IN NO EVENT SHALL THE HOFM, ITS DIRECTORS, OFFICERS, AGENTS OR REPRESENTATIVES BE LIABLE TO ANY PARTY FOR ANY LOSS OR INJURIES TO EARNINGS, PROFITS OR GOODWILL, OR FOR ANY INCIDENTAL, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OF ANY PERSON OR ENTITY WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

How to Obtain a Ticket:

An individual can make a donation for as many raffle tickets as he or she may wish, subject to availability. To obtain a raffle ticket, use one of the following methods:

1. Go to www.houseofflags.org, use the order form therein and submit your order in accordance with the instructions provided.
2. Use the order form found at the website and mail it along with your check to the HOFM, P. O. Box 1090 Columbus, NC 28722. If you prefer to use a credit card, you must include your name, address, telephone number, along with the name of the type of credit card you are using, your credit card number, credit card security code and expiration date.
3. Tickets ordered via email must include the following: the type of credit card you are using, your name, address, telephone number, your credit card number, the credit card security code, and expiration date.
4. Tickets may be purchased directly from or ordered through any approved HOFM vendors. All entries must include payment by cash, check, money order or credit card.
- 5 All checks should be made payable to "The House of Flags Museum Raffle Fund".

No refunds will be made except under the following conditions: (a)The ticket order with payment is received after 2000 tickets have been purchased or (b)the ticket order is received after 11:00 AM on June 14, 2010. No other refunds are available except at the exclusive discretion of the HOFM. The HOFM assumes no responsibility for lost, late, misdirected or non-delivered mail, email or FAX messages. or any other failure to receive orders or deliver receipts prior to the drawing deadline.

Selection of Winners:

The HOFM Motorcycle Raffle drawing will be held at 12:00 o'clock, noon, on Monday, June 14, 2010 from all eligible raffle tickets. Winners need not be present to win. The raffle drawing will be held under the supervision of an independent raffle auditor. The drawing is open to the public. Winners will be notified according to the contact information provided the HOFM at the time of obtaining a ticket. If the prize winners cannot be located by 5:00 PM on July 4, 2010, after making a reasonable attempt to make contact through the information provided at the time of receipt of the raffle ticket or should the prize winners not claim the prizes within 180 days of the prize drawing date, the prize (s) will be forfeited and another winner (s) will not be selected. In addition to the winners' names being posted on the HOFM website, the name of the winners of the prizes may be obtained by sending a self-addressed stamped envelope to the HOFM, P. O. Box 1090, Columbus, NC 28722 within one week of the drawing.

In order to collect his or her prize, a raffle ticket winner must sign and deliver to the HOFM :

- (a) a sworn affidavit of eligibility in accordance with these Rules and applicable law, including without limitation that he or she is at least 18 years old at the time he or she entered to win the winning raffle ticket;
- (b) such written information as is required by any applicable tax and/or real estate laws, including without limitation his or her Social Security Number;
- (c) proof of identity in forms satisfactory to the HOFM showing that the person claiming the prize is the same person who is named on the winning raffle ticket; and
- (d) the winning raffle ticket stub. Winners of prizes of \$1,000 or more may be required to submit a W-2G, Form 5754 or similar tax form (provided by the HOFM.) for tax withholding purposes.

Winning Odds:

The odds of winning a prize will depend on the number of raffle tickets distributed. As an example, if 2000 tickets are distributed, the odds of winning the Grand Prize is 1 in 2000. If fewer tickets are distributed, the chance of winning the Grand Prize and all secondary prizes improves.

Eligibility:

Anyone 18 years of age or older at the time of obtaining his or her raffle ticket may enter. Members of the HOFM Board of Directors, authorized agents and employees thereof, consultants, attorneys, independent accountant firm members and the immediate families of the aforementioned (or significant others living in the same household) are excluded from participating in the raffle and are not eligible to win a prize. All federal, state, and local laws and regulations apply. The raffle is void where prohibited or restricted by law. An affidavit of eligibility may be required from prize winners.

Prizes:

The Grand Prize is a new, 2010 Harley-Davidson® Fat Boy® motorcycle. Alternatively, the Grand Prize winner may elect to receive a cash prize of \$10,000.00. The Grand Prize winner must make an election in writing between the motorcycle and the cash alternate prize no later than 3:00 PM on June 14, 2010. The 2d prize to be awarded is \$500 cash. The 3rd prize to be awarded is \$250 cash. A minimum of 1000 tickets must be distributed by 11:59 AM, June 14, 2010 for the Grand Prize winner to have a choice of the Motorcycle or the \$10,000 cash alternate prize or for the award of the 2d and 3rd prizes. If fewer than 1,000 tickets are distributed by 11:59 AM, June 14, 2010, the HOFM reserves the right to revert the raffle to a 50/50 award process. In this event, the HOFM will receive 50% of the total receipts received from the ticket distribution and the winners will receive the remaining 50% to be distributed among them on a proportionate basis determined by the value of each winner's prize. For the purposes of this distribution, the Grand Prize is valued at \$20,000.

General Terms and Conditions:

THE MOTORCYCLE, IF SELECTED, WILL BE TRANSFERRED TO THE GRAND PRIZE WINNER "AS IS, WHERE IS, AND WITH ALL FAULTS". THE HOFM DOES NOT MAKE OR PROVIDE ANY REPRESENTATION, GUARANTEE OR WARRANTY, EXPRESSED OR IMPLIED, IN CONNECTION WITH THE MOTORCYCLE AND ACCEPTS NO LIABILITY OR RESPONSIBILITY REGARDING THE CONSTRUCTION OR CONDITION OF THE MOTORCYCLE. THE HOFM DOES NOT WARRANT THAT THE MOTORCYCLE IS OF MERCANTILE QUALITY OR THAT IT CAN BE USED FOR ANY PARTICULAR PURPOSE. NO EXPRESS WARRANTIES ARE GIVEN AND NO AFFIRMATION OF THE HOFM BY WORDS AND/OR ACTIONS WILL CONSTITUTE A WARRANTY.

At the time of transfer of the motorcycle, all federal and state income taxes based on the value of the Grand Prize will be due from the Grand Prize winner. The value of the Grand Prize will be as determined by the Corporate Sponsor of the raffle, Carolina Harley-Davidson, Inc. of Gastonia, North Carolina. If the Grand Prize winner selects the cash alternate award of \$10,000 instead of the motorcycle, the HOFM will withhold all appropriate federal and state taxes in accordance with federal and state law. The HOFM will remit the balance of the cash prize to the winner. The HOFM makes no representation, warranty or guarantee that the Grand Prize winner will be able to sell the motorcycle for any particular value, nor is there any guarantee that the IRS will accept a particular value of the motorcycle for the purpose of determining any income tax that may be due from the winner. The HOFM takes no responsibility for any tax liabilities. Consult your tax advisor.

ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS CONTRACT, OR THE BREACH THEREOF, SHALL BE SETTLED BY BINDING ARBITRATION ADMINISTERED BY THE AMERICAN ARBITRATION ASSOCIATION (PURSUANT TO ITS EXPEDITED PROCEDURES) UNDER ITS COMMERCIAL ARBITRATION RULES, AND JUDGMENT ON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN THE SUPERIOR COURT FOR THE COUNTY OF POLK, NORTH CAROLINA, WHICH SHALL HAVE EXCLUSIVE JURISDICTION THEREOF.