



POLICIES & PROCEDURES

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SECTION 1 - INTRODUCTION

1.1 - Policies and Chalk Couture Career Plan Incorporated into Independent Chalk Couture Designer Agreement

These Policies and Procedures, in their present form and as amended at the sole discretion of Chalk Couture, LLC (hereafter "Chalk Couture" or the "Company"), are incorporated into, and form an integral part of, the Independent Chalk Couture Designer Agreement. As used throughout these Policies and the Agreement, the word "Designer", "you" or "your" shall refer to Independent Chalk Couture Designers. Throughout these Policies, when the term "Agreement" is used, it collectively refers to the Independent Chalk Couture Designer Agreement, the Chalk Couture Statement of Policies & Procedures, the Chalk Couture Career Plan (also referred to as the "Career Plan"), and the Independent Chalk Couture Designer Chalk Site and Designer Office Terms of Use. These documents are incorporated by reference into the Independent Chalk Couture Designer Agreement (all in their current form and as amended by Chalk Couture). It is the responsibility of each Designer to read, understand, adhere to, and ensure that he or she is aware of and operating under the most current version of these Policies and Procedures, which can be found at the Company's official website.

1.2 - Changes to the Agreement

Chalk Couture reserves the right to amend the Agreement and its prices in its sole and absolute discretion. By executing the Agreement, a Designer agrees to abide by all amendments or modifications that Chalk Couture makes. Amendments shall be effective 30 days after publication of notice and posting the amended provisions, but amended policies shall not apply retroactively to conduct that occurred prior to the effective date of the amendment. Notification of amendments shall be published by one or more of the following methods: (1) posting on the Company's official website; (2) electronic mail (email); (3) posting in Designers' Designer Office/Chalk Sites; (4) inclusion in Company periodicals; or (5) special mailings. The continuation of a Designer's Chalk Couture business or a Designer's acceptance of bonuses or commissions constitutes acceptance of all amendments.

1.3 - Policies and Provisions Severable

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect. The severed provision, or portion thereof, shall be reformed to reflect the purpose of the provision as closely as possible.

1.4 - Waiver

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of Chalk Couture to exercise any right or power under the Agreement or to insist upon strict compliance by a Designer with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of Chalk Couture's right to demand exact compliance with the Agreement. The existence of any claim or cause of action of a Designer against Chalk Couture shall not constitute a defense to Chalk Couture's enforcement of any term or provision of the Agreement.

SECTION 2 - BECOMING AN INDEPENDENT CHALK COUTURE DESIGNER

2.1 - Requirements to Become a Designer

To become a Chalk Couture Designer, each applicant must:

- Be the age of majority in his/her state of residence;
- Reside in the United States or U.S. Territories or country that Chalk Couture has officially announced is open for business in its direct selling business model;
- Provide Chalk Couture with his/her valid Social Security or Federal Tax ID number;
- Purchase a Chalk Couture Starter Kit (optional in North Dakota); and
- Submit a properly completed Designer Agreement to Chalk Couture in online format.

Chalk Couture may provide the Social Security Numbers or Federal Tax Identification Numbers of Designers to government agencies as reasonably required by law.

2.2 - Product Purchases

The Company requires that Designers purchase a Starter Kit. Chalk Couture will repurchase resalable kits from any Designer who terminates his or her Designer Agreement pursuant to the terms of Section 5.2.

2.3 - Designer Benefits

Once a Designer Agreement has been accepted by Chalk Couture, the benefits of the Career Plan and the Designer Agreement are available to the new Designer. These benefits include the right to:

- Sell Chalk Couture products;
- Participate in the Chalk Couture Career Plan (receive bonuses and commissions, if eligible);
- Sponsor other individuals as Designers into the Chalk Couture business and thereby, build a marketing organization and progress through the Chalk Couture Career Plan;
- Receive periodic Chalk Couture literature and other Chalk Couture communications;
- Participate in Chalk Couture-sponsored support, service, training, motivational and recognition functions, upon qualification and/or payment of appropriate charges, if applicable; and
- Participate in promotional and incentive contests and programs sponsored by Chalk Couture for its Designers.

2.4 - Term and Renewal of Your Chalk Couture Business

The term of the Designer Agreement is one year from the date of its acceptance by Chalk Couture. The term shall automatically renew for successive one-year periods unless either party provides written notice of termination to the other party (see Section 8 below). Continuation of a Designer's Chalk Couture business following automatic renewal, including continued acceptance of bonuses and commissions, constitutes the Designer's acceptance of the renewal of the Designer Agreement.

SECTION 3 - OPERATING A CHALK COUTURE BUSINESS

3.1 - Designer-Created Recruiting Methods and Tools

Designers must adhere to the terms of the Chalk Couture Career Plan as set forth in official Chalk Couture literature. Designers shall not offer the Chalk Couture opportunity through, or in combination with, any other system, program, sales tools, or method of marketing other than that specifically set forth in official Chalk Couture literature. Designers shall not require or encourage other current or prospective Designers to execute any agreement or contract other than official Chalk Couture agreements and contracts in order to become a Chalk Couture Designer. Similarly, Designers shall not require or encourage other current or prospective Designers to make any purchase from, or payment to, any individual or other entity to participate in the Chalk Couture Career Plan other than those purchases or payments identified as recommended or required in official Chalk Couture literature.

3.2 - Advertising

3.2.1 - General

All Designers shall safeguard and promote the good reputation of Chalk Couture and its products. The marketing and promotion of Chalk Couture, the Chalk Couture opportunity, the Chalk Couture Career Plan, and Chalk Couture products must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

To promote both the products and the tremendous opportunity Chalk Couture offers, Designers must use only the recruiting methods, training methods, literature, advertising and promotional material, and websites ("Sales Tools") produced or approved in writing by Chalk Couture. The Company has carefully designed its products, product labels, Career Plan, and Sales Tools to ensure that they are promoted in fair, truthful manner, that they are substantiated, and the material complies with the legal requirements of federal and state laws.

Accordingly, Designers may only advertise or promote their Chalk Couture businesses using approved Sales Tools acquired through Chalk Couture. No approval is necessary to use these approved Sales Tools, however, Designers may not reproduce Chalk Couture-provided Sales Tools. If you wish to design your own online or offline Sales Tools of any kind (including, without limitation, coupons), your designs must be submitted to the Chalk Couture compliance department (compliance@chalkcouture.com) for consideration and potential inclusion in the

Document Library. Unless you receive specific written approval from Chalk Couture to use such Sales Tools, the request shall be deemed denied. Go to the *Media Library* tab in your Designer Office for guidelines and to access the library.

Designers may not sell Sales Tools to other Chalk Couture Designers. Therefore, Designers who receive authorization from Chalk Couture to produce their own Sales Tools may not sell such Sales Tools to any other Chalk Couture Designer. Designers may make approved Sales Tools available to other Designers free of charge if they wish, but may not charge other Chalk Couture Designers for the Sales Tools.

Chalk Couture further reserves the right to rescind approval, at any time, for any Sales Tools, and Designers waive all claims for damages or remuneration arising from or relating to such rescission.

Approved Sales Tools will be posted under the *Media Library and/or Announcements* tabs of the Designer Office and will be made available to all Designers free of charge. The Designer who submitted the Sales Tool to the Company waives all claims to remuneration for such use and grants Chalk Couture an irrevocable license to use the Sales Tools as the Company deems appropriate.

3.2.2 - Trademarks and Copyrights

The name of “Chalk Couture”, “Design.Love.Repeat.” and other names as may be adopted by Chalk Couture are proprietary trade names, trademarks and service marks of Chalk Couture. As such, these marks are of great value to Chalk Couture and are licensed to Designers for their use only in an expressly authorized manner. Chalk Couture will not allow the use of its trade names, trademarks, designs, or symbols, or any derivatives of such marks, by any person, including Chalk Couture Designers, in any unauthorized manner without its prior, written permission.

The content of all Company-sponsored events is copyrighted material. Designers may not produce for sale or distribution any recorded Company events and speeches without written permission from Chalk Couture, nor may Designers reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

As a Designer, you *may* use the “Chalk Couture” name in the following manner

Designer's Name
Independent Chalk Couture Designer

Example:
Alice Smith
Independent Chalk Couture Designer

Designers *may not* use the names “Chalk Couture” or “Design.Love.Repeat.” in any form in your Team name, a tagline, an External Website URL or extension, in a Personal Email Address, in any blog title or address, in any social media title or address (except as set forth in Section 3.3.11 below), or as a personal name or a nickname. For example, you may not secure the domain name www.buychalkcouture.com, nor may you create an email address such as chalkcouturesales@hotmail.com. If a Designer has any External Website URL and/or blog site that includes the words “Chalk Couture” or “Design.Love.Repeat.” the Designer must assign all rights, title, ownership and control over the URL to Chalk Couture and must promptly cooperate with Chalk Couture to execute all documents necessary to assign such rights to the URL to Chalk Couture. Additionally, Designers may only identify themselves using the phrase “Independent Chalk Couture Designer” in their phone greeting or on their answering machine to clearly separate their independent Chalk Couture business from Chalk Couture, LLC. Similarly, in any email communication relating to Chalk Couture, Designers must clearly identify themselves as an “Independent Chalk Couture Designer.”

3.2.2.1 - Chalk Couture Designer Logo

If you use a Chalk Couture logo in any communication, you must use the Independent Designer version of the Chalk Couture logo. The Independent Designer version of the Chalk Couture logo is available for download in your Designer Office.

3.2.3 - Media and Media Inquiries

Designers may advertise in local publications, but must make sure their ads are accurate, professional, and not misleading in any way. Designers must always list their Chalk Couture Designer website address and use only official Chalk Couture logos. If a Designer lists his or her contact information, he/she must identify himself/herself as an Independent Chalk Couture Designer. Designers may advertise sponsoring opportunity sessions, Chalk Couture Workshops or any other Chalk Couture events. Designers may not run advertisements or publicly disseminate coupons that feature specific products on sale, or blanket promotions or discounts, other than Chalk Couture-sponsored product sales, promotions or discounts.

Designers must first obtain written permission from the Chalk Couture Compliance Department (compliance@chalkcouture.com) before approaching or responding to inquiries from any media outlet (e.g., T.V., radio and internet media sites). This requirement is designed to assure that accurate and consistent information is provided to the public as well as allowing the Company to maintain its desired public image. In the event the Company grants permission for the use of such media, the Company shall have final authority on the production process including, without limitation, full rights to all recordings.

3.2.4 - Unsolicited Email

Chalk Couture does not permit Designers to send unsolicited commercial emails unless such emails strictly comply with applicable laws and regulations including, without limitation, the federal CAN-SPAM Act. Any unsolicited commercial email sent by a Designer that promotes

Chalk Couture, the Chalk Couture opportunity, or Chalk Couture's products must comply with the following:

- There must be a functioning return email address to the sender.
- There must be a notice in the email that advises the recipient that he or she may reply to the email, via the functioning return email address, to request that future email solicitations or correspondence not be sent to him or her (a functioning "opt-out" notice).
- The email must include the Designer's physical mailing address.
- The email must clearly and conspicuously disclose that the message is an advertisement or solicitation.
- The use of deceptive subject lines and/or false header information is prohibited.
- All opt-out requests, whether received by email or regular mail, must be honored. If a Designer receives an opt-out request from a recipient of an email, the Designer must forward the opt-out request to the Company.

Chalk Couture may periodically send commercial emails on behalf of Designers. By entering into the Designer Agreement, Designer agrees that the Company may send such emails and that the Designer's physical and email addresses will be included in such emails as outlined above. Designers shall honor opt-out requests generated as a result of such emails sent by the Company.

3.2.5 - Unsolicited Faxes

Except as provided in this section, Designers may not use or transmit unsolicited faxes in connection with their Chalk Couture business. The term "unsolicited faxes" means the transmission via telephone facsimile or computer of any material or information advertising or promoting Chalk Couture, its products, its Career Plan or any other aspect of the company which is transmitted to any person, except that these terms do not include a fax: (a) to any person with that person's prior express invitation or permission; or (b) to any person with whom the Designer has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two-way communication between a Designer and a person, on the basis of: (a) an inquiry, application, purchase, or transaction by the person regarding products offered by such Designer; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

3.2.6 - Telephone Directory Listings

Designers may list themselves as an "Independent Chalk Couture Designer" in the white or yellow pages of the telephone directory, or with online directories, under their own name. No Designer may place telephone or online directory display ads using Chalk Couture's name or logo. Designers may not answer the telephone by saying "Chalk Couture", "Chalk Couture Incorporated", or in any other manner that would lead the caller to believe that he or she has reached corporate offices of Chalk Couture. If a Designer wishes to post his/her name in a telephone or online directory, it must be listed in the following format:

Designer's Name
Independent Chalk Couture Designer

3.3 - Online Conduct

3.3.1 - Personal Websites

Designers are provided with a Personal Website (Chalk Site) by Chalk Couture, from which they can take orders, enroll new Designers, and place Customers on the autoship program, as well as manage their Chalk Couture businesses. Except as otherwise provided in these Policies and Procedures, Designers may use only the Chalk Site provided by Chalk Couture to promote their Chalk Couture businesses online. Designers receive a Chalk Site subscription to facilitate online buying experience for their Customers and enrollments for prospects. Designers are solely responsible and liable for the content they add to their Chalk Site and must regularly review the content to ensure it is accurate, relevant, and does not violate the Terms of Use, Privacy Policy and these Policies and Procedures.

A Chalk Site URL is: [Store Name].chalkcouture.com. A Designer may choose their store name (e.g., angelajones.chalkcouture.com or angelaj.chalkcouture.com) provided however, that such Chalk Site URL cannot:

- Cause confusion with other portions of the Chalk Couture corporate website;
- Confuse a reasonable person into thinking they have landed on a Chalk Couture corporate page;
- Be confused with any Chalk Couture owned or controlled name;
- Contain any discourteous, misleading, or off-color words or phrases that may damage Chalk Couture's reputation;
- Use the terms "Chalk Couture" or "Design.Love.Repeat." or any derivative of these terms (e.g., angelasellschalkcouture.chalkcouture.com); or
- Use any geographic identifier in the URL (e.g., "californiadesigner" or "rockymountainchalk"), including state abbreviations (e.g., "chalkofca").

Chalk Couture reserves the right to reject a Designer's choice of Chalk Site URL names. Any External Website that links to a Designer's Chalk Site cannot advertise or otherwise promote competing home decor or crafting supply products other than Chalk Couture products.

3.3.2 - Team Websites

[reserved]

3.3.3 - Domain Names, Email Addresses and Online Aliases

Except as specifically otherwise allowed herein, you are not allowed to use or register "Chalk Couture" or "Design.Love.Repeat." or any of Chalk Couture's trademarks, product names, slogans, tag-lines, or any derivatives of the foregoing, for any Internet domain name (URL or extension) or Personal Email Address. Additionally, you cannot use or register Internet domain

names, Personal Email Addresses, and/or online aliases that, in the sole discretion of Chalk Couture, could cause harm to Chalk Couture's reputation, cause confusion, be misleading, be deceptive, or cause individuals to believe or assume the communication is from, or is the property of or authorized by Chalk Couture corporate. Examples of the improper use of "Chalk Couture" and "Design.Love.Repeat" include, but are not limited to, "msChalkCouture," "ChalkCouturebyAmy," "JaneDesignLoveRepeat," or "DesignLoveRepeat" or Chalk Couture showing up as the sender of an email. Notwithstanding anything to the contrary herein, certain External Website domain names (URLs or extensions) may include "Chalk Couture" in them if a unique URL is automatically generated by default upon the authorized creation (as outlined in Section 3.3.11 herein) of say, a Facebook "Fan Page" (e.g.,

<http://www.facebook.com/pages/jamie-smith-Independent-Chalk-Couture-Designer/987654321123456789?sk=wall>) ("Default URL"). Additionally, Chalk Couture will consider, on a case by case basis, allowing a Designer to change a Default URL for aesthetic/cosmetic purposes – such that the example provided above could become:

www.facebook.com/jsmithindependentChalkCoutureDesigner, or

www.facebook.com/jsmith-independent-ChalkCouture-Designer. Designers must first obtain approval from Chalk Couture prior to renaming any Default URL.

3.3.4 - Online Classifieds and Online Bulletin Boards

Notwithstanding anything to the contrary herein, Designers may not use online classifieds (including, but not limited to, Craigslist) to (i) list Chalk Couture products or prices, sell or retail specific Chalk Couture products or product bundles or (ii) recruit potential Designers. Chalk Couture recommends that if you post, pin or re-pin any images of Chalk Couture products, that you pull such original image from the cache of Chalk Couture-approved templates and images from the *Resources* tab in the Designer Office. Chalk Couture has gone to much time and expense to capture professional images that capture the look and feel of the Chalk Couture brand image for use by the Designers as set forth herein. Chalk Couture reserves the right to deem images or other material posted, pinned or re-pinned on a Designer's External Website (including Facebook and Pinterest) not in keeping with Chalk Couture's brand image and require that the offending material be removed immediately.

3.3.5 - eBay/Online Auctions

Notwithstanding anything to the contrary herein, during the term of the Agreement and for 12 months thereafter, Designers may not (i) list or sell Chalk Couture products, product prices or accessories on eBay or other online auctions, (ii) enlist or knowingly allow a third party to list or sell Chalk Couture products, product prices or accessories on eBay or other online auctions or (iii) sell Chalk Couture products or accessories to a third party that the Designer has reason to believe will list or sell such Chalk Couture products on eBay or another online auctions.

3.3.6 - Online Retailing and Product Price Listing

Designers may not sell Chalk Couture products on any online retail store or ecommerce site (with the exception of your Chalk Site). Notwithstanding the foregoing, Designers may list Chalk Couture's then-current manufacturer's suggested retail price (MSRP) on their External

Website(s). Additionally, Designers may not (i) enlist or knowingly allow a third party to sell Chalk Couture products on any online retail store or ecommerce site or (ii) sell products to a third party that the Designer has reason to believe will sell such products on any online retail store or ecommerce site. Designers may obtain the then-current Chalk Couture product and accessory images, pricing and descriptions from the *Media Library* in their Designer Office, which Designers may display only on their External Website.

3.3.7 - Banner Advertising

Designers may place banner advertisements on their External Websites or third-party websites (as described herein below); provided, however, that they only use Chalk Couture-approved templates, then-current MSRP and product and accessory images from the *Resources* tab in the Designer Office. Any Chalk Couture-related banner advertisements on their External Websites must link back directly to their Personal Chalk Couture Websites. If Designers place Chalk Couture-related banner advertisements on third-party websites, they must ensure that such banner advertisements link back to their External Websites, not directly to their Chalk Site. Similarly, for Social Media sites such as Pinterest, if a Designer uses, pins, or re-pins any image that uses the name, image, look-and-feel, etc. of Chalk Couture and/or any Chalk Couture product or accessory, the Designer may only link such Designer's Chalk Site and/or their External Website URL to such image. Notwithstanding the foregoing, Designers may not use "blind ads" (i.e., ads that do not disclose the identity of the Company) or web pages that make product or income claims that are ultimately associated with Chalk Couture products or the Chalk Couture Career plan, opportunity or business.

3.3.8 - Spam Linking

Spam linking is defined as multiple consecutive submissions of the same or similar content into blogs, wikis, guest books, websites or other publicly accessible online discussion boards or forums and is not allowed. This includes blog spamming, blog comment spamming and/or spamdexing. Any comments you make on blogs, forums, guest books, etc., must be unique, informative and relevant to the issues being discussed therein.

3.3.9 - Digital Media Submissions (e.g., YouTube, iTunes, PhotoBucket, etc.)

Designers may upload, submit or publish Chalk Couture-related video, audio or photo content to their External Websites that they develop and create so long as it aligns with Chalk Couture values, contributes positively to the Chalk Couture community greater good and reputation, as determined by Chalk Couture in Chalk Couture's sole discretion, and does not include the term "Chalk Couture" in any domain name URL, and is otherwise also in compliance with Chalk Couture's Statement of Policies & Procedures. All submissions must clearly identify the submitter as a Designer in the content itself and in the content description tag, must comply with all copyright/legal requirements, and must state that the Designer is solely responsible for this content. Designers may not upload, submit or publish any content (video, audio, presentations or any computer files) received from Chalk Couture or captured at official Chalk Couture events or in buildings owned or operated by Chalk Couture without prior written permission, unless such material was obtained directly from the *Media Library* Tab in their Designer Office.

3.3.10 - Sponsored Links/Pay-Per-Click (PPC) Ads/Paid Search

Sponsored links or pay-per-click ads (PPC) are acceptable as described herein. The destination and display URL must be the same. The destination of the PPC must be the External Website, not your Chalk Site, and must not portray any URL that could lead the user to believe they are being directed to a Chalk Couture owned or controlled website, or be inappropriate or misleading in any way. Designers shall not utilize any of the Company's trademarks, trade names, and service marks, including, but not limited to, "Chalk Couture" or "Design.Love.Repeat." or any derivation thereof, in search engine marketing (also known as "paid search"), including, but not limited to, Google™ AdWords and Yahoo!® Advertising.

3.3.11 - Social Media and External Websites

Designers may not list Chalk Couture product discounts, coupons or promotions (other than Chalk Couture-sponsored discounts, coupons or promotions) on any External Website. External Websites or Social Media websites may not be used to consummate the sale of specific Chalk Couture products, accessories, promotions or services (such sales transactions are limited solely to your Chalk Site). Profiles a Designer Designer generates in any social community where Chalk Couture is discussed or mentioned must clearly identify the Designer as an "Independent Chalk Couture Designer," and when Designers participate in those communities, Designers must avoid any violation of these Policies and Procedures, including, but not limited to, inappropriate conversations, comments, images, video, audio, applications or any other adult, profane, discriminatory or vulgar content. Determination of what is inappropriate is at Chalk Couture's sole discretion, and offending Designers will be subject to disciplinary action. If a link to Chalk Couture product or accessory MSRP is provided on your External Website, it must link to the posting Designer's Company-provided Chalk Site.

Designers may not use blog spam, spamdexing or any other mass-replicated methods to leave blog comments. Comments Designers create or leave online must be useful, unique, relevant and specific to the blog's article.

Banner advertisements used on a Designer's External Website must contain then-current Chalk Couture images and MSRP from the *Media Library* Tab in their Designer Office. Additionally, Designers must follow any specific directions given by Chalk Couture with respect to the publication or other use of such Chalk Couture product prices and/or images.

Designers may only use Chalk Couture's name as specifically authorized herein, including, but not limited to, the creation of the name/title of a Social Media website. For example, when creating a Chalk Couture-related Social Media External Websites (e.g. a "Fan Page" on Facebook, a Pinterest, Twitter, Flickr or Tumblr account for Chalk Couture related posts or "pins"), Designers may only use the following structure when naming such Chalk Couture-related Social Media External Websites:

"[Insert Designer's name here] Independent Chalk Couture Designer."

For other Chalk Couture-related Social Media External Websites that the Designer uses to promote or otherwise reference Chalk Couture's name or products, Designers must inform Chalk Couture, via email (compliance@chalkcouture.com), of such Social Media External Websites name/title and URL or Default URL with Chalk Couture at the time of or prior to such Social Media page's creation. As a general rule, Designers may not use any geographic references in the page names/titles or URLs of their Chalk Couture-related Social Media External Websites. For purposes of clarification and the avoidance of doubt, other than for a Default URL or an approved amendment to a Default URL (see Section 3.3.3), Designers may not use the terms "Chalk Couture" or "Design.Love.Repeat." or any derivation thereof, in any External Website address or related URL (e.g., www.jillsellschalkcouture.com or www.blogspot.chalkdecorofstlouis.com). Any Personal Email Address (as defined herein) used in connection with the promotion or sales of Chalk Couture products, or in connection with a Designer's Chalk Couture-related External Websites may not include the name "Chalk Couture" in it, in any form (e.g., tonsofchalkcouture@gmail.com or chalkcoutureofnewyork@yahoo.com).

Any External Website which contains "Chalk Couture" or "Design.Love.Repeat." or any derivation thereof in the URL, must be transferred to Chalk Couture or closed/terminated upon demand by Chalk Couture. In no event may the Designer sell such domain name to any third party without the prior express written consent of Chalk Couture. Chalk Couture reserves the right to deem images or other material posted, pinned or re-pinned on a Designer's External Website (including Facebook and Pinterest) not in keeping with Chalk Couture's brand image and request the offending material be removed immediately.

3.3.11.1 - Personal Pages/Walls vs. Fan Pages

So long as Designers are abiding by the general guidelines set forth herein with respect to online behavior, including, without limitation, the creation, naming and use of Social Media dedicated websites, Designers are not prohibited from including Chalk Couture related posts on their personal Social Media websites (e.g., personal pages/walls on Facebook). However, Designers must clearly state that they are Independent Chalk Couture Designers on their page(s). Designers are encouraged to create a separate Chalk Couture related "Fan Page", or any equivalent Social Media page, to provide a dedicated and separate landing spot for Chalk Couture related updates, showcase dates and times, approved Chalk Couture product images, etc., which will, among other things, also allow potential customers to "like" or "follow" a Designer's Chalk Couture related "Fan Page" without a Designer having to "accept" them as "friends" on your personal Facebook page/wall. Designers are prohibited from selling and advertising third-party products on all Chalk Couture related websites and social media pages. Chalk Couture Designers are prohibited from posting on their social media pages, blogs or websites about other Network Marketing Activities.

3.3.11.2 - Designers Are Responsible for Postings

Designers are personally responsible for their online postings and all other online activity that relates to Chalk Couture. Therefore, even if a Designer does not own or operate a blog or

Social Media site, if a Designer posts to any such site that relates to Chalk Couture or which can be traced to Chalk Couture, the Designer is responsible for the posting and must act in a way that builds, strengthens and enhances Chalk Couture's reputation, image and standing in the community. Designers are also responsible for postings which occur on any External Website that the Designer owns, operates, or controls. Furthermore, please note that while Chalk Couture encourages Designers to engage in the online Social Media community in an effort to enhance and grow their independent distributorships, each Designer is solely responsible to strictly adhere to each social media website's terms of use, policies and procedures, privacy policies, etc. If a Designer is not comfortable with fully accepting such obligations and potential consequences, they should refrain from using Social Media websites as a platform to grow their Chalk Couture independent distributorship.

3.3.11.3 - Identification as a Designer

Designers must disclose their full names on all relevant Social Media profiles that relate to Chalk Couture and its products or business, and each must conspicuously identify themselves as an "Independent Chalk Couture Designer." Anonymous postings or use of an alias is prohibited.

3.3.11.4 - Social Media as a Sales and Promotion Forum

External Websites, specifically Social Media sites, are relationship-building sites. While building relationships is an important part of the sales process, External Websites, including, without limitation, Social Media sites may not be used as a direct medium for generating sales or explaining the Chalk Couture income opportunity. Online sales may only be generated from a Designer's Chalk Couture Chalk Site. Likewise, Designers shall not use any Social Media site to explain the Chalk Couture Career Plan or any component thereof.

3.3.11.5 - Deceptive Postings

Online postings that are false, misleading, or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the Chalk Couture income opportunity, Chalk Couture's products, and/or Designer biographical information and credentials.

3.3.11.6 - Official Chalk Couture Facebook Page(s)

Chalk Couture has official Company Facebook pages. Designers may not place linking information on Chalk Couture's company Facebook pages, nor may they post any pricing, promotions, marketing material, sales, advertisements, or announcements relating to their businesses on Chalk Couture's company Facebook pages. Furthermore, business-related matters and questions should not be posted on Chalk Couture's company Facebook pages, but should instead be directed to the Chalk Couture Customer Service or Compliance departments unless the specific page rules dictate otherwise. Chalk Couture reserves the right to remove any messages posted on official Company Facebook pages as determined in its sole discretion.

3.3.11.7 - Use of Third Party Intellectual Property

If Designers use the trademarks, trade names, service marks, copyrights, or intellectual property of any third party in any online posting, it is their responsibility to ensure that they have received the proper license to use such intellectual property and pay the appropriate license fee. All third-party intellectual property must be properly referenced as the property of the third-party, and you must adhere to any restrictions and conditions that the owner of the intellectual property places on the use of its property.

3.3.11.8 - Respecting Privacy

Always respect the privacy of others in your postings. Designers must not engage in gossip or advance rumors about any individual, company, or competitive products or services. Designers may not list the names of other individuals or entities on their postings unless they have the written permission of the individual or entity that is the subject of their posting.

3.3.11.9 - Professionalism

You must ensure that your postings are truthful and accurate. This requires that you fact-check all material you post online. You should also carefully check your postings for spelling, punctuation, and grammatical errors. Use of offensive language is prohibited.

3.3.11.10 - Prohibited Postings

Designers may not make any postings, or link to any postings or other material that:

- Is sexually explicit, obscene, or pornographic;
- Is offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing, or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability, or otherwise);
- Is graphically violent, including any violent video game images;
- Is solicitous of any unlawful behavior;
- Engages in personal attacks on any individual, team, or entity; OR
- Is in violation of any intellectual property rights of the Company or any third party.

3.3.11.11 - Responding to Negative Online Posts

Do not converse with one who places a negative post against you, other Designers, or Chalk Couture. Report negative posts to the Company at compliance@chalkcouture.com. Responding to such negative posts often simply fuels a discussion with someone carrying a grudge who does not hold themselves to the same high standards as Chalk Couture, and therefore damages the reputation and goodwill of Chalk Couture.

3.3.11.12 - Social Media Sites with External Website-like Features

Because some Social Media sites are particularly robust, the distinction between a Social Media site and a website may not be clear-cut. Chalk Couture therefore reserves the sole and exclusive right to classify certain Social Media websites as "External Websites" and require that Designers using, or who wish to use, such Social Media websites adhere to the Company's policies relating to External Websites.

3.3.11.13 - Cancellation of Your Chalk Couture Business

If your Chalk Couture business is Cancelled for any reason, you must immediately discontinue using the Chalk Couture name, and all of Chak Couture's trademarks, trade names, service marks, and other intellectual property, and all derivatives of such marks and intellectual property, in any postings and all External Websites that you utilize. If you post on any Social Media site on which you have previously identified yourself as an Independent Chalk Couture Designer, you must conspicuously disclose that you are no longer an Independent Chalk Couture Designer.

3.4 - Business Entities

A corporation, limited liability company, partnership or trust (collectively referred to in this section as a "Business Entity") may apply to be a Chalk Couture Designer by submitting an Independent Chalk Couture Designer Agreement along with a properly completed IRS Form W-9. The Business Entity, as well as all shareholders, members, managers, partners, trustees, or other parties with any ownership interest in, or management responsibilities for, the Business Entity (collectively "Affiliated Parties") are individually, jointly and severally liable for any indebtedness to Chalk Couture, compliance with the Chalk Couture Policies and Procedures, the Chalk Couture Independent Designer Agreement, and other obligations to Chalk Couture. The name of a Designer Business Entity may not contain the words "Chalk Couture" or "Design.Love.Repeat." or any derivative of the foregoing.

To prevent the circumvention of Sections 3.21 (regarding transfers and assignments of a Chalk Couture business) and 3.5, (regarding Advisor Changes), if any Affiliated Party wants to terminate his or her relationship with the Business Entity or Chalk Couture, the Affiliated Party must terminate his or her affiliation with the Business Entity, notify Chalk Couture in writing that he or she has terminated his/her affiliation with the Business Entity, and must comply with the provisions of Section 3.22. In addition, the Affiliated Party foregoing their interest in the Business Entity may not participate in any other Chalk Couture business for six consecutive calendar months in accordance with Section 3.5.2. If the Business Entity wishes to bring on any new Affiliated Party, it must adhere to the requirements of Section 3.21.

There is a \$25.00 fee for each change requested, which must be included with the written request and the completed Designer Agreement. Chalk Couture may, at its discretion, require notarized documents before implementing any changes to a Chalk Couture business. Please allow thirty (30) days after the receipt of the request by Chalk Couture for processing. The modifications permitted within the scope of this paragraph *do not* include a change of Advisor. Changes of Advisor are addressed in Section 3.5, below.

3.4.1 - Changes to a Business Entity

Each Designer must immediately notify Chalk Couture of all changes to type of business entity they utilize in operating their businesses and the addition or removal of business Affiliated Parties.

3.5 - Change of Advisor

The transfer of a Chalk Couture business from one Sponsor to another is rarely permitted. Requests for change of Advisor must be submitted in writing to the Chalk Couture Compliance Department, and must include the reason for the transfer. Transfers will only be considered in the following circumstances:

3.5.1 - Misplacement

In cases in which the new Designer is sponsored by someone other than the individual he or she was led to believe would be his or her Advisor, a Designer may request that he or she be transferred to another Advisor. Requests for transfer under this policy will be evaluated on a case-by-case basis and must be made within forty-five (45) days from the date of enrollment. The Designer requesting the change has the burden of proving that he or she was placed beneath the wrong Advisor. It is up to Chalk Couture's sole discretion whether the requested change will be implemented. Whether any additional Designers in the Advisor's Team will also be moved shall be up to the sole discretion of the Company and will be evaluated on a case-by-case basis. **ADVISORS WAIVE ALL CLAIMS AGAINST CHALK COUTURE, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS REGARDING THE COMPANY'S DECISION WHETHER TO ALLOW A DESIGNER TO CHANGE ADVISORS, AND CHALK COUTURE'S DECISION WHETHER TO ALLOW AN ADVISOR'S TEAM TO BE MOVED.**

3.5.2 - Cancellation and Re-application

A Designer may legitimately change Teams by voluntarily Cancelling his or her Chalk Couture business (which is accomplished by emailing the Chalk Couture Compliance Department at compliance@chalkcouture.com) and remaining inactive (*i.e.*, no purchases of Chalk Couture products for resale, no sales of Chalk Couture products, no sponsoring, no attendance at any Chalk Couture functions, no participation in any other form of Designer activity, no operation of any other Chalk Couture business, and no income from the Chalk Couture business) for six (6) full calendar months. Following the six-month period of inactivity, the former Designer may reapply under a new Advisor. However, the former Designer's Team will remain in their original Team line and the former Designer's Title and any former career achievements will be reset.

3.5.3 - Waiver of Claims

In cases wherein the appropriate Advisor change procedures have not been followed, and a Advisor develops a Team under a second Advisor without following the proper Advisor change procedures, Chalk Couture reserves the sole and exclusive right to determine the final disposition of the Team. Resolving conflicts over the proper placement of a Team that has developed under an organization that has improperly switched Advisors is often extremely difficult. Therefore, **DESIGNERS WAIVE ANY AND ALL CLAIMS AGAINST CHALK COUTURE, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM CHALK COUTURE'S DECISION REGARDING THE**

DISPOSITION OF ANY TEAM THAT DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF ADVISOR.

3.5.4 – No Advisor

With respect to any Designer who has no Advisor or whose Advisor is the Company (i.e., a Designer who is on a Level directly below the Company), such Designer agrees that the Company, in its sole discretion, has the right at any time to transfer such Designer and such Designer's Team to a position beneath an Advisor selected by the Company.

3.6 - Unauthorized Claims and Actions

3.6.1 - Indemnification

A Designer is fully responsible for all of his or her verbal and written statements made regarding Chalk Couture products, services, and the Career Plan that are not expressly contained in official Chalk Couture materials. This includes statements and representations made through all sources of communication media, whether person-to-person, in meetings, online, through Social Media, in print, or any other means of communication. Designers agree to indemnify Chalk Couture and Chalk Couture's directors, officers, employees, and agents, and hold them harmless from all liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by Chalk Couture as a result of the Designer's unauthorized representations or actions. This provision shall survive the termination of the Designer Agreement.

3.6.2 - Income Claims

Because Designers do not have the data necessary to comply with the legal requirements for making income claims, a Designer, when presenting or discussing the Chalk Couture opportunity or Chalk Couture Career Plan to a prospective Designer, may not make income projections, income claims, or disclose his or her Chalk Couture income (including, but not limited to, the showing of checks, copies of checks, bank statements, or tax records).

3.7 - Repackaging and Relabeling Prohibited

Chalk Couture products may only be sold in their original packaging. Designers may not repackage, relabel, or alter the labels on Chalk Couture products. Designers may affix a personalized sticker with their personal/contact information to each product container, as long as they do so without removing existing labels or covering any text, graphics, or other material on the product label.

3.8 - Retail Outlets

Except as set forth below in this Section 3.8, a Designer may not (i) sell or deliver Chalk Couture products at a retail outlet or the surrounding premises or (ii) sell or provide Chalk Couture products to someone who the Designer has reason to believe will sell or deliver such Chalk Couture products at a retail outlet or the surrounding premises. Designers may use pre-approved Chalk Couture product displays in retail and service establishments, provided that such retail or service establishments do not sell, offer for sale, advertise or otherwise promote

any competing home decor or crafting supply products (other than Chalk Couture products). Designers may hold organized workshops at a retail outlet, provided that (i) such workshops are by invitation only, not open to the general public and not advertised in the retail outlet, (ii) such workshops are held at a pre-designated time outside of regular business hours and (iii) the Designer does not deliver any Chalk Couture products to Customers at the retail outlet or the surrounding premises.

3.9 - Trade Shows and Other Sales Forums

Designers may display and/or sell Chalk Couture products at a Tradeshow. A “Tradeshow” is an organized event of a relatively large number of vendors held at a specific location which does not last more than fourteen (14) days over any consecutive sixty (60) day period, at which various products and/or services are displayed, sold or otherwise marketed to attendees. Tradeshows are available to Designers on a first-to-register basis. Multiple Designers are not allowed at a single Tradeshow; provided, however, that, to the extent permitted by the Tradeshow administrator, one or more Designers may, by mutual agreement, share a single booth at a Tradeshow (for example, rotating days or time blocks within a day).

Designers may display and/or take orders for Chalk Couture products inside a Showroom. A “Showroom” is a room for holding organized workshops or sales events at limited, pre-designated times at which invitees to such workshops or sales events (and not walk-in customers) may place orders for Chalk Couture products. The following activities are prohibited at a Showroom or surrounding premises: delivering (e.g., cash-and-carry) Chalk Couture product to a Customer; displaying Chalk Couture product in a manner that is visible from outside the Showroom; and displaying signage that indicates that Chalk Couture product is sold or otherwise promoted in the Showroom. Notwithstanding the foregoing, Designers may not sell Chalk Couture products at swap meets, garage sales, flea markets or similar events as these events are not conducive to the quality image Chalk Couture wishes to portray. Additionally, Designers may not sell or display non-Chalk Couture products alongside or in the same display space with Chalk Couture products at a Tradeshow or Showroom.

3.10 - Conflicts of Interest

3.10.1 - Nonsolicitation

Unless otherwise agreed to in writing with the Company, Chalk Couture Designers are free to participate, directly or indirectly, in non-Chalk Couture network marketing, direct sales or multilevel business ventures or marketing opportunities (“Network Marketing Activities”). However, during the term of this Agreement, Designers may not directly or indirectly Recruit other Chalk Couture Designers or Customers for any Network Marketing Activities. Chalk Couture Designers are prohibited from posting on their social media pages, blogs or websites about other Network Marketing Activities.

Following the Cancellation of a Designer’s Agreement, and for a period of 12 calendar months thereafter, regardless of the reason for Cancellation, a former Designer may not Recruit any Chalk Couture Designer or Customer for any Network Marketing Activities. Notwithstanding this

prohibition, it is permissible for a Designer to Recruit other Designers or Customers for Network Marketing Activities during this 12-month period if the Designer being recruited is either (i) an immediate family member of the Recruiting Designer; or (ii) an individual whom the Recruiting Designer knew and with whom he or she had a relationship prior to their mutual involvement with the Company, and not someone with whom the Recruiting Designer became acquainted by virtue of their mutual involvement as Designers for the Company. In any dispute or action involving the invocation of this exception, the burden shall be on the Designer asserting the exception to prove such prior relationship or that the Recruited Designer otherwise falls within the scope of this exception.

Designers stipulate that because Network Marketing Activities are conducted worldwide, often through networks of independent sales representatives dispersed across the entire United States and internationally, and business is commonly conducted via the internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, Designers agree that this non-solicitation provision shall apply in all countries in which Chalk Couture conducts business. Designers agree that the geographic scope applicable to this provision is reasonable and further waives any claim or defense that the nonsolicitation provision is void or voidable based on the breadth of its geographic scope.

The term "Recruit" means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly (including but not limited to the use of a website), or through a third party, another Chalk Couture Designer or Customer to enroll or participate in a Network Marketing Activity. This conduct constitutes recruiting even if the Designer's actions are in response to an inquiry or contact made by another Designer or Customer.

Each Designer stipulates that if he or she violates the terms of this nonsolicitation provision, Chalk Couture will be irreparably harmed, and calculation of the full extent of Chalk Couture's damages will be difficult. Designer therefore stipulates that for each violation of this nonsolicitation provision, Chalk Couture shall be entitled to immediate temporary, preliminary, and permanent injunctive relief and liquidated damages from such Designer in the amount of \$2,500.00 USD for each occurrence. Each individual or entity Recruited shall constitute a separate occurrence, and separate instances of Recruiting the same individual or entity shall also constitute separate occurrences.

The provisions of this Section 3.10.1 shall survive termination of the Designer Agreement.

3.10.2 - Designer Participation in Other Network Marketing Programs

If a Designer is engaged in other non-Chalk Couture business or Network Marketing Activities, it is the responsibility of the Designer to ensure that his or her Chalk Couture business is operated entirely separate and apart from all other businesses and/or Network Marketing Activities. To this end, in addition to the nonsolicitation restrictions contained in Section 3.10.1, the Designer must adhere to the following:

- Designers must not sell, or attempt to sell, any non-Chalk Couture programs, products or services relating to any Network Marketing Activity to Chalk Couture Customers or Designers.
- Designers shall not display Chalk Couture promotional material, sales aids, products or services with or in the same location as, any non-Chalk Couture promotional material or sales aids, products or services.
- Designers shall not offer the Chalk Couture opportunity, products or services to prospective or existing Customers or Designers in conjunction with any non-Chalk Couture program, opportunity, or product.
- Designers may not offer any non-Chalk Couture opportunity, products, services or opportunity at any Chalk Couture-related meeting, seminar, convention, webinar, teleconference, or other function.

3.10.3 - Rank Limitations

Notwithstanding anything to the contrary in the Agreement, a Designer cannot achieve the Title of “Couturier,” or higher, in the Career Plan (or receive any of the benefits associated with the “Couturier” Rank) so long as such Designer is, directly or indirectly, engaging in any Network Marketing Activities.

3.10.4 - Competing Products

Notwithstanding anything to the contrary contained herein, during the term of the Agreement, a Designer may not, directly or indirectly, sell, represent or promote (either as an owner, employee, independent contractor, consultant, recruiter or in any other manner) any home decor or crafting supply products that compete directly with Chalk Couture products, or lend Designer's name to any person, company or entity engaged in any such activity. Each Designer agrees that any such act, or steps in furtherance of such acts, by any Designer would cause harm to Chalk Couture's business and would be contrary to the intent of the Agreement. Chalk Couture intends to restrict Designers under this Section only to the extent necessary for the protection of Chalk Couture's legitimate business interests. Each Designer agrees that the scope, duration, and geographic provisions are reasonable. In the event a court of competent jurisdiction determines that any provision of this Agreement is too restrictive, such provision(s) shall nevertheless be valid and enforceable to the fullest extent permitted by such court, and such provision(s) shall be reformed to the maximum scope, time, or geographic limitations determined appropriate by such court.

3.10.5 - Confidential Information

Confidential information includes, but is not limited to, the identities of Chalk Couture Customers and Designers, contact information of Chalk Couture customers and Designers, Designers' personal and/or Team sales volumes, and Designer rank and/or achievement levels. Confidential Information includes information made available to Designers in their respective Designer Office. Designer access to such Confidential Information is password-protected, and Designers hereby stipulate and agree that Confidential Information constitutes proprietary

business trade secrets belonging to Chalk Couture. Designers have no claim, right, or title to any Confidential Information. Such Confidential Information is provided to Designers in strictest confidence and is made available to Designers for the sole purpose of assisting Designers in working with their respective sales Teams in the development of their Chalk Couture business. Designers and Chalk Couture agree that, but for this agreement of confidentiality and nondisclosure, Chalk Couture would not provide Confidential Information to the Designer.

To protect Confidential Information, Designers shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- Directly or indirectly disclose any Confidential Information to any third party;
- Directly or indirectly disclose the password or other access code to his or her Designer Office to any third party;
- Use any Confidential Information to compete with Chalk Couture or to Recruit any Designer or Customer, or for any other purpose other than to promote his or her Chalk Couture business;
- Recruit or solicit any Designer or Customer of Chalk Couture listed on any report or in the Designer's Designer Office, or in any manner attempt to influence or induce any Designer or Customer of Chalk Couture to alter their business relationship with Chalk Couture; or
- Use or disclose to any person, partnership, association, corporation, or other entity any Confidential Information.

Each Designer stipulates that if he or she violates the terms of this confidentiality provision, Chalk Couture will be irreparably harmed. Designer therefore stipulates that Chalk Couture shall be entitled to immediate temporary, preliminary, and permanent injunctive relief to enforce the terms of this provision, prevent the use and/or disclosure of Confidential Information, and otherwise seek relief to protect its Confidential Information.

The provisions of this Section 3.10.4 shall survive termination of the Designer Agreement.

3.11 - Targeting Other Direct Sellers

Chalk Couture does not condone Designers specifically or consciously targeting the sales force of another direct sales company to sell Chalk Couture products or to become Designers for Chalk Couture, nor does Chalk Couture condone Designers' solicitation or enticement of members of the sales force of another direct sales company to violate the terms of their contract with such other company. Should Designers engage in such activity, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration or mediation is brought against a Designer alleging that he or she engaged in inappropriate recruiting activity of its sales force or customers, Chalk Couture will not pay any of Designer's defense costs or legal fees, nor will Chalk Couture indemnify the Designer for any judgment, award, or settlement.

3.12 - Errors or Questions

If a Designer has questions about or believes any errors have been made regarding commissions, bonuses, genealogy lists, or charges, the Designer must notify Chalk Couture in writing within 60 days of the date of the purported error or incident in question. Chalk Couture will not be responsible for any errors, omissions or problems not reported to the Company within 60 days.

3.13 - Governmental Approval or Endorsement

Neither federal nor state regulatory agencies or officials approve or endorse any direct selling or network marketing companies or programs. Therefore, Designers shall not represent or imply that Chalk Couture or its Career Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

3.14 - Income Taxes

Each Designer is responsible for paying local, state, and federal taxes on any income generated as a Designer. If a Designer's Chalk Couture business is exempt from tax reporting, the Federal tax identification number must be provided to Chalk Couture. Every year, Chalk Couture provides an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident who: 1) Had earnings of over \$600 in the previous calendar year; or 2) Made purchases during the previous calendar year in excess of \$5,000.

3.15 - Independent Contractor Status

Designers are independent contractors. The agreement between Chalk Couture and its Designers does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the Designer. A Designer shall not be treated as an employee for his or her services or for Federal or State tax purposes. All Designers are responsible for paying local, state, and federal taxes due from all compensation earned as a Designer of the Company. The Designer has no authority (expressed or implied) to bind the Company to any obligation. Each Designer shall establish his or her own goals, hours, and methods of sale, so long as he or she complies with the terms of the Designer Agreement, this Statement of Policies & Procedures, and applicable laws.

3.16 - International Marketing

Designers are authorized to sell Chalk Couture products and enroll Customers or Designers only in the countries in which Chalk Couture is authorized to conduct business, currently, the United States. Chalk Couture products or sales aids may not be shipped into or sold in any foreign country that the Company has not announced is officially open for business. In addition, no Designer may, in any unauthorized country: (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential customers or Designers; or (c) conduct any other activity for the purpose of selling Chalk Couture products, establishing a marketing organization, or promoting the Chalk Couture opportunity.

3.17 - Excess Inventory and Bonus Buying

Designers must never purchase more products than they can reasonably use or sell to Customers in a month, and must not influence or attempt to influence any other Designer to buy more products than they can reasonably use or sell to Customers in a month. In addition, bonus buying is strictly prohibited. Bonus buying includes any mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions or bonuses that is not driven by bona fide product purchases by end user consumers of the selling Designer. Bonus buying includes, but is not limited to, purchasing products through a straw man or other artifice.

3.18 - Adherence to Laws and Ordinances

Designers shall comply with all federal, state, and local laws and regulations in the conduct of their businesses. Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Designers because of the nature of their business. However, Designers must obey those laws that do apply to them. If a city or county official tells a Designer that an ordinance applies to him or her, the Designer shall be polite and cooperative, and immediately send a copy of the ordinance to the Chalk Couture Compliance Department (compliance@chalkcouture.com).

3.19 - One Chalk Couture Business Per Designer and Per Household

A Designer may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one Chalk Couture business. No individual may have, operate or receive compensation, directly or indirectly, from more than one Chalk Couture business. Individuals of the same Household may not enter into or have an interest in more than one Chalk Couture Business. A "Household" is defined as spouses, and dependent children living at or doing business at the same address.

In order to maintain the integrity of the Chalk Couture Career Plan, husbands and wives, partners or common-law couples (collectively "spouses") who wish to become Chalk Couture Designers will constitute one Chalk Couture business. Each individual or entity in a jointly-held business shall be jointly and severally bound by the terms and obligations of the Agreement. Spouses, regardless of whether one or both are signatories to the Designer Agreement, may not own or operate any other Chalk Couture business, either individually or jointly, nor may they participate directly or indirectly (as a shareholder, partner, trustee, trust beneficiary, or have any other legal or equitable ownership) in the ownership or management of another Chalk Couture business in any form.

An exception to the one business per Designer/household rule will be considered on a case-by-case basis if two Designers marry or in cases of a Designer receiving an interest in another business through inheritance. Requests for exceptions to policy must be submitted in writing to the Compliance Department (compliance@chalkcouture.com).

3.20 - Actions of Household Members or Affiliated Parties

If any member of a Designer's immediate household engages in any activity which, if performed by the Designer, would violate any provision of the Agreement, such activity will be deemed a

violation by the Designer and Chalk Couture may take disciplinary action against the Designer. Similarly, if any partner, shareholder, member, or other individual with any ownership or management capacity (collectively "Affiliated Individual") in a corporation, partnership, LLC, trust or other entity (collectively "Business Entity") violates the Agreement, such action(s) will be deemed a violation by the Business Entity and each Affiliated Individual, and Chalk Couture may take disciplinary action jointly and severally against the Business Entity and/or each Affiliated Individual.

3.21 - Sale, Transfer or Assignment of Chalk Couture Business

Although a Chalk Couture business is a privately-owned and independently-operated business, the sale, transfer or assignment of a Chalk Couture business, and the sale, transfer, or assignment of an interest in a Business Entity that owns or operates a Chalk Couture business, is subject to certain limitations. If a Designer wishes to sell his or her Chalk Couture business (or any of its material assets), or interest in a Business Entity that owns or operates a Chalk Couture business, the following criteria must be met:

- The selling Designer must offer Chalk Couture the right of first refusal to purchase the business on the same terms as agreed upon with a third-party buyer. Chalk Couture shall have fifteen (15) days from the date of receipt of the written offer from the seller to exercise its right of first refusal.
- The buyer or transferee must become a qualified Chalk Couture Designer. If the buyer is an active Chalk Couture Designer, he or she must first terminate his or her Chalk Couture business and wait six calendar months before acquiring any interest in a different Chalk Couture business.
- Before the sale, transfer or assignment can be finalized and approved by Chalk Couture, any debt obligations the selling party has with Chalk Couture must be satisfied.
- The selling party must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign a Chalk Couture business.

Prior to selling an independent Chalk Couture business or Business Entity interest, the selling Designer must notify Chalk Couture's Compliance Department in writing and advise of his or her intent to sell his/her Chalk Couture business or Business Entity interest. The selling Designer must also receive written approval from the Compliance Department before proceeding with the sale. Chalk Couture reserves the sole and exclusive right to determine whether a business may be sold and whether the sale to a buyer would be appropriate. No changes in line of Advisor can result from the sale or transfer of a Chalk Couture business.

3.22 - Separation of a Chalk Couture Business

Chalk Couture Designers sometimes operate their Chalk Couture businesses as husband-wife partnerships, regular partnerships, LLCs, corporations, trusts, or other Business Entities. At such time as a marriage may end in divorce or a corporation, LLC, partnership, trust or other Business Entity may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship.

During the divorce or entity dissolution process, the parties must adopt one of the following methods of operation:

- One of the parties may, with consent of the other(s), operate the Chalk Couture business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize Chalk Couture to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee.
- The parties may continue to operate the Chalk Couture business jointly on a “business-as-usual” basis, whereupon all compensation paid by Chalk Couture will be paid according to the status quo as it existed prior to the divorce filing or dissolution proceedings. This is the default procedure if the parties do not agree on the format set forth above.

Under no circumstances will the Team of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will Chalk Couture split commission and bonus checks between divorcing spouses or members of dissolving entities. Chalk Couture will recognize only one Team and will issue only one commission check per Chalk Couture business per commission cycle. Commission checks shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business in a timely fashion as determined by the Company, the Designer Agreement shall be involuntarily Cancelled.

If a former spouse has completely relinquished all rights in the original Chalk Couture business pursuant to a divorce, he or she is thereafter free to enroll under any Advisor of his or her choosing without waiting six calendar months. In the case of business entity dissolutions, the former partner, shareholder, member, or other entity affiliate who retains no interest in the business must wait six calendar months from the date of the final dissolution before re-enrolling as a Designer. In either case, the former spouse or business affiliate shall have no rights to any Designers in their former Team or to any former Customer. They must develop the new business in the same manner as would any other new Designer.

3.23 - Sponsoring Online

When sponsoring a new Designer through the online enrollment process, the Advisor may assist the new applicant in filling out the enrollment materials. However, the applicant must personally review and agree to the Designer Agreement, Chalk Couture's Policies and Procedures, and the Chalk Couture Career Plan. The Advisor may not fill out the online Designer AGREEMENT on behalf of the applicant and agree to these materials on behalf of the applicant. THE SUBMISSION OF AN ONLINE APPLICATION, WHETHER BY THE NEW APPLICANT, THE ADVISOR, OR ANYONE ACTING UNDER THE DIRECTION OF EITHER OF THEM, CONSTITUTES ACCEPTANCE OF AND BINDING AGREEMENT BY THE NEW APPLICANT TO ALL TERMS AND OBLIGATIONS OF THE AGREEMENT.

3.24 - Succession

Upon the death or incapacitation of a Designer, his or her business may be passed to his or her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. Accordingly, a Designer should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever a Chalk Couture business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Designer's marketing organization provided the following qualifications are met. The successor(s) must:

- Execute a Designer Agreement;
- Comply with terms and provisions of the Agreement;
- Meet all of the qualifications for the deceased or incapacitated Designer's status;
- The devisee must provide Chalk Couture with an "address of record";
- If the business is bequeathed to joint devisees, they must form a business entity and acquire a Federal Taxpayer Identification Number. Chalk Couture will issue all bonus and commission checks and one 1099 to the business entity.

3.24.1 - Transfer Upon Death of a Designer

Chalk Couture will cancel an account for inactivity upon the death of a Designer unless an executor of the estate requests the transfer of the account to an heir. To transfer a Chalk Couture business through testamentary process, the executor of the estate must provide the following to Chalk Couture: (1) an original death certificate; (2) certified letters testamentary or a letter of administration appointing an executor; and (3) written instructions from the authorized executor to Chalk Couture specifying to whom the business and income should be transferred.

3.24.2 - Transfer Upon Incapacitation of a Designer

To effectuate a transfer of a Chalk Couture business because of incapacity, the successor must provide the following to Chalk Couture: (1) a notarized copy of an appointment as trustee; (2) a notarized copy of the trust document or other documentation establishing the trustee's right to administer the Chalk Couture business; and (3) a completed Designer Agreement executed by the trustee.

3.25 - Telemarketing Techniques

The Federal Trade Commission and the Federal Communications Commission each have laws that restrict telemarketing practices. Both federal agencies (as well as a number of states) have "do not call" regulations as part of their telemarketing laws. Although Chalk Couture does not consider Designers to be "telemarketers" in the traditional sense of the word, these government regulations broadly define the term "telemarketer" and "telemarketing" so that your inadvertent action of calling someone whose telephone number is listed on the federal "do not call" registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties.

Therefore, Designers must not engage in telemarketing in the operation of their Chalk Couture businesses. The term "telemarketing" means the placing of one or more telephone calls to an individual or entity to induce the purchase of a Chalk Couture product, or to recruit them for the Chalk Couture opportunity. "Cold calls" made to prospective customers or Designers that promote either Chalk Couture's products or services or the Chalk Couture opportunity constitute telemarketing and are prohibited. However, a telephone call(s) placed to a prospective customer or Designer (a "prospect") is permissible under the following situations:

- If the Designer has an established business relationship with the prospect. An "established business relationship" is a relationship between a Designer and a prospect based on the prospect's purchase, rental, or lease of goods or services from the Designer, or a financial transaction between the prospect and the Designer, within the eighteen (18) months immediately preceding the date of a telephone call to induce the prospect's purchase of a product.
- The prospect's personal inquiry or application regarding a product offered by the Designer, within the three (3) months immediately preceding the date of such a call.
- If the Designer receives written and signed permission from the prospect authorizing the Designer to call. The authorization must specify the telephone number(s) which the Designer is authorized to call.
- You may call family members, personal friends, and acquaintances. An "acquaintance" is someone with whom you have at least a recent first-hand relationship within the preceding three months. Bear in mind, however, that if you engage in "card collecting" with everyone you meet and subsequently calling them, the FTC may consider this a form of telemarketing that is not subject to this exemption. Thus, if you engage in calling "acquaintances," you must make such calls on an occasional basis only and not make this a routine practice.
- Designers shall not use automatic telephone dialing systems or software relative to the operation of their Chalk Couture businesses.
- Designers shall not place or initiate any outbound telephone call to any person that delivers any pre-recorded message (a "robocall") regarding or relating to the Chalk Couture products, services or opportunity.

3.26 - Designer Office Access

Chalk Couture requires an active subscription to the Designer Office for each Designer. Designer Offices provide Designers access to confidential and proprietary information that may be used solely and exclusively to promote the development of a Designer's Chalk Couture business and to increase sales of Chalk Couture products. However, access to a Designer Office is a privilege, and not a right. Chalk Couture reserves the right to deny a Designer access to the Designer Office at its sole discretion.

3.27 - Change of Address, Telephone and Email Addresses

Designers whose contact information changes must amend their contact information through their Designer Office.

3.28 - Continuing Development Obligations

3.28.1 - Ongoing Training

Any Designer who sponsors another Designer into Chalk Couture must perform a bona fide assistance and training function to ensure that his or her Team is properly operating his or her Chalk Couture business. Designers must have ongoing contact and communication with the Designers in their Teams. Examples of such contact and communication may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of Team Designers to Chalk Couture meetings, training sessions, and other functions. Support Line Designers are also responsible to motivate and train new Designers in Chalk Couture product knowledge, effective sales techniques, the Chalk Couture Career Plan, and compliance with Company Statement of Policies & Procedures. When Chalk Couture determines that a Designer is not training or providing support for the sponsored Designers, Chalk Couture reserves the right to revoke the sponsorship and may compress or reassign Designers accordingly. Communication with and the training of downline Designers must not, however, violate Sections 3.1 and/or 3.2 (regarding the development of Designer-produced Recruiting Methods and Tools and Advertising materials).

Designers should monitor the Designers in their Team to guard against improper product or business claims and illegal or inappropriate conduct.

3.28.2 - Increased Training Responsibilities

As Designers progress through the various levels of leadership, they will become more versed in sales techniques, product knowledge, and understanding of the Chalk Couture business. They will be called upon to share this knowledge with less-experienced Designers within their Team.

3.28.3 - Ongoing Sales Responsibilities

Regardless of their level of achievement, Designers have an ongoing obligation to continue to personally promote sales through the generation of new customers and through servicing their existing customers.

3.29 - Negative Comments

Chalk Couture wants to provide its Designers with the best products, Career Plan, and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to the Compliance Department (compliance@chalkcouture.com). Remember, to best serve you, we must hear from you! While Chalk Couture welcomes constructive input, negative comments and remarks made in the field by Designers regarding the Company, its products, or Career Plan serve no purpose other than to sour the enthusiasm of other Chalk Couture Designers and the public. For this reason, and to set the proper example for their Teams, Designers must not disparage, demean, or make negative remarks, including online berating about Chalk Couture, other Chalk Couture Designers, Chalk Couture's products, marketing materials, Career Plan, or Chalk Couture's directors, officers, or employees. Complaints and concerns about Chalk Couture and/or its

products should be directed to the Compliance Department. Disputes or disagreements between any Designer and Chalk Couture shall be resolved through the dispute resolution process set forth in the Agreement, and the Company and Designers agree specifically not to demean, discredit, disparage, or criticize one another on the internet or any other public forum.

This provision shall survive the termination of the Designer's Agreement.

3.30 - Providing Documentation to Applicants

Designers must provide the most current version of the Statement of Policies & Procedures and the Career Plan to individuals whom they are sponsoring to become Designers before the applicant signs a Designer Agreement, or ensure that they have online access to these materials.

3.31 - No Territory Restrictions

There are no exclusive territories granted to anyone.

3.32 - Sales Receipts

All Designers who sell merchandise from their inventory must provide their Customers with a copy of an official Chalk Couture sales receipt at the time of the sale. These receipts set forth the customer satisfaction guarantee as well as any consumer protection rights afforded by federal or state law. Designers must maintain all retail sales receipts for a period of two years and furnish them to Chalk Couture at the Company's request.

SECTION 4 - BONUSES AND COMMISSIONS

4.1 - Bonus and Commission Qualifications and Accrual

A Designer must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as a Designer complies with the terms of the Agreement, Chalk Couture shall pay commissions to such Designer in accordance with the Career Plan. The minimum amount for which Chalk Couture will issue a commission is \$10.00. If a Designer's bonuses and commissions do not equal or exceed \$10.00, the Company will accrue the commissions and bonuses until they total \$10.00. Payment will be issued once \$10.00 has been accrued.

Notwithstanding the foregoing, all commissions owed a Designer, regardless of the amount accrued, will be paid at the end of each fiscal year or upon the Cancellation of a Designer's business.

4.2 - Adjustment to Bonuses and Commissions

4.2.1 - Adjustments for Returned Products

Designers receive bonuses and commissions based on the actual sales of products to end consumers. When a product is returned to Chalk Couture for a refund or is repurchased by the Company, either of the following may occur at the Company's discretion: (1) the bonuses and

commissions attributable to the returned or repurchased product(s) will be deducted, in the month in which the refund is given, and continuing every pay period thereafter until the commission is recovered, from the upline Designers who received bonuses and commissions on the sales of the refunded products; or (2) the upline Designers who earned commissions based on the sale of the returned products will have the corresponding volume deducted from their Team Volume in the next month and all subsequent months until it is completely recovered.

4.2.2 - Commission Payments

The Company pays commissions via direct deposit into Designers' bank accounts. Designers are expected to enter their bank account information accurately so that the Company can remit payment to the proper account. The Company will not be held liable for bank fees incurred by Designers due to incorrect bank account details provided by Designers. The Company may seek reimbursement of incurred returned ACH bank fees from a Designer who enters incorrect bank account information. Reimbursement may be made through the reduction of current commissions owed to Designer by the Company.

4.3 - Reports

All information provided by Chalk Couture in Team activity reports, including but not limited to Personal Volume and Team Volume (or any part thereof), and Team sponsoring activity is believed to be accurate and reliable. Nevertheless, due to various factors (including, but not limited to, the inherent possibility of human, digital, and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic check payments; returned products; or credit card and electronic check charge-backs), the information is not guaranteed by Chalk Couture or any persons creating or transmitting the information.

ALL PERSONAL AND TEAM VOLUME INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESS OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR BUT WITHOUT LIMITATION THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, OR NON-INFRINGEMENT.

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, CHALK COUTURE AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY DESIGNER OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO PERSONAL AND/OR TEAM SALES VOLUME INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS, BONUSES, OR COMMISSIONS, LOSS OF OPPORTUNITY, AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY, OR LOSS OF THE USE OF THE INFORMATION), EVEN IF CHALK COUTURE OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, CHALK COUTURE OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE

NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

Access to and use of Chalk Couture's online and telephone reporting services and your reliance upon such information is at your own risk. All such information is provided to you "as is." If you are dissatisfied with the accuracy or quality of the information, your sole and exclusive remedy is to discontinue use of and access to Chalk Couture's online and telephone reporting services and your reliance upon the information.

SECTION 5 - PRODUCT REFUNDS, RETURNS AND INVENTORY REPURCHASE

5.1 - Refund Policy

Chalk Couture offers a 30-day satisfaction guarantee policy to all Customers and Designers. Merchandise must be returned to Chalk Couture in undamaged and unused condition, in its original packaging within 30 days from the date on which the product is delivered. Shipping charges will not be refunded. If a Designer returns merchandise totaling \$1,000 PV or more for a refund in any 12 consecutive month period without prior written permission of Chalk Couture, the request will constitute the Designer's voluntary Cancellation of his/her Designer Agreement, and the refund will be processed as an inventory repurchase pursuant to Section 5.2. Merchandise received by Customers or Designers in damaged condition will be replaced by Chalk Couture. Chalk Couture reserves the rights to replace damaged product immediately or upon return of the damaged product to the Company.

In addition to the above refund policy, Designers must verbally disclose to their Customers that they have three (3) business days (five (5) business days for Alaska residents) following the date of the transaction to cancel the sale, and point out to them the notice of right to cancel terms on their sales receipt or order form. Sundays and legal holidays are not "business days."

5.2 - Return of Inventory and Sales Aids by Designers Upon Cancellation

Upon cancellation of a Designer's Agreement, the Designer may return Starter Kits, products and sales aids that he or she personally purchased from Chalk Couture (purchases from other Designers or third parties are not subject to refund) that are in Resalable (see Definition of "Resalable" below) condition and which have been purchased within one year prior to the date of cancellation to the following address:

Chalk Couture Returns
6046 State Street
Murray, UT 84107

Upon receipt of a Resalable Starter Kit and/or Resalable products and sales aids, the Designer will be reimbursed 90% of the net cost of the original purchase price(s). Neither shipping & handling charges incurred by a Designer when the Starter Kit, products or sales aids were purchased, nor return shipping fees, will be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. If a Designer was paid a commission based on a product(s) that he or she purchased, and such product(s) is subsequently returned for a refund, the commission that was paid based on that product purchase will be deducted from the amount of the refund. Returned product that is not in resalable condition will not be returned to the Designer.

Products and Sales aids shall be deemed "resalable" if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling has not been altered or damaged; 3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; and 4) it is returned to Chalk Couture within one year from the date of purchase. Any merchandise that is clearly identified at the time of sale as non-returnable, discontinued, or as a seasonal item, shall not be resalable. Chalk Site fees are not refundable except as required by applicable state law.

5.2.1 - Montana Residents

A Montana resident may cancel his or her Designer Agreement within 15 days from the date of enrollment, and may return his or her Starter Kit for a full refund within such time period.

5.3 - Procedures for All Other Returns

The following procedures apply to all returns for refund, repurchase, or exchange:

- Unless otherwise directed by the Company, merchandise must be returned to Chalk Couture by the Designer or Customer who purchased it directly from Chalk Couture. The address for returns is set forth on the packing slip.
- All products to be returned must have a Return Authorization Number which is obtained by calling or emailing the Customer Service Department. This Return Authorization Number and the order number must be written on each carton returned.
- The return is accompanied by:
 - A copy of the original packing slip with the completed Chalk Couture Return/Exchange Form (a copy of which is available in the Designer Office);
 - The product in its original packaging.
- Proper shipping carton(s) and packing materials are to be used in packaging the product(s) being returned for replacement, and the best and most economical means of shipping is suggested. All returns must be shipped to the return address set forth on the packing slip of the Product. Chalk Couture does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the Designer. If returned product is not received by the Company's Distribution Center, it is the responsibility of the Designer to trace the shipment.
- Unless otherwise directed by the Company, if a Designer is returning merchandise to Chalk Couture that was returned to him or her by a personal Customer, the product must

be received by Chalk Couture within ten (10) days from the date on which the Customer returned the merchandise to the Designer, and must be accompanied by the sales receipt the Designer gave to the Customer at the time of the sale.

No refund or replacement of product will be made if the conditions of these procedures are not followed.

SECTION 6 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

6.1 - Disciplinary Sanctions

Violation of the Agreement, these Policies and Procedures, violation of any common law duty, including but not limited to any applicable duty of loyalty, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a Designer that, in the sole discretion of the Company, may damage its reputation or goodwill (such damaging act or omission need not be related to the Designer's Chalk Couture business), may result, at Chalk Couture's discretion, in one or more of the following corrective measures:

- Issuance of a written warning or admonition;
- Requiring the Designer to take immediate corrective measures, including but not limited to personally refunding customers who may have been harmed by the Designer's conduct;
- Imposition of a fine, which may be withheld from bonus and commission checks;
- Loss of rights to one or more bonus and commission checks;
- Chalk Couture may withhold from a Designer all or part of the Designer's bonuses and commissions during the period that Chalk Couture is investigating any conduct allegedly in violation of the Agreement. If a Designer's business is cancelled for disciplinary reasons, the Designer will not be entitled to recover any commissions withheld during the investigation period;
- Suspension of the individual's Designer Agreement for one or more pay periods;
- Involuntary termination of the offender's Designer Agreement;
- Suspension and/or termination of the offending Designer's Chalk Couture website or website access;
- Any other measure expressly allowed within any provision of the Agreement or which Chalk Couture deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Designer's policy violation or contractual breach;
- In situations deemed appropriate by Chalk Couture, the Company may institute legal proceedings for monetary and/or equitable relief.

In the event of a suspension of a Designer's Agreement by the Company, the Designer shall have no right or claim to any bonus or commission payments withheld by the Company during the period of suspension. The Company shall be entitled to maintain the suspension period for as long as necessary to fully investigate the facts and events relating to the suspension and to consider the Company's response. In the event that the Company determines after such

investigation that, in its sole discretion, the grounds for suspension were wholly without merit and unsupported by any evidence, the Company may choose to pay the Designer any bonus or commission payments withheld by the Company during the period of suspension. In every other circumstance, including but not limited to cancellation of the Designer's Agreement or reinstatement despite a finding that the suspension was warranted or supported by some evidence, the Designer shall not receive or have any claim to bonus or commission payments withheld by the Company during the period of suspension.

6.2 - Grievances and Complaints

When a Designer has a grievance or complaint with another Designer regarding any practice or conduct in relationship to their respective Chalk Couture businesses, the complaining Designer should first report the problem to his or her Advisor who should review the matter and try to resolve it with the other party's Advisor. If the matter involves interpretation or violation of Company policy, it must be reported in writing to the Compliance Department at the Company. The Compliance Department will review the facts and resolve it.

6.3 - Arbitration and Other Dispute Resolution

Except as otherwise provided in the Agreement, any controversy or claim arising out of or relating to the Agreement, or the breach thereof, including claims at law or equity, contract-based, tort-based, and/or otherwise, shall be settled through confidential arbitration. The Parties waive rights to trial by jury or to any court except as expressly provided herein. The arbitration shall be filed with, and administered by, the American Arbitration Association in accordance with the AAA's Commercial Arbitration Rules and Mediation Procedures, which are available on the AAA's website at www.adr.org. Copies of the AAA's Commercial Arbitration Rules and Mediation Procedures will also be emailed to Designers upon request to Chalk Couture's Customer Service Department. Notwithstanding the rules of the AAA, unless otherwise stipulated by the Parties, the following shall apply to all Arbitration actions:

- The Federal Rules of Evidence and Federal Rules of Civil Procedure shall apply in all cases;
- The arbitration hearing shall commence no later than 365 days from the date on which the arbitrator is appointed, and shall last no more than five (5) business days;
- The Parties shall be allotted equal time to present their respective cases;
- The arbitration shall be brought on an individual basis by each Designer and not as part of a class or consolidated action. If the Company initiates arbitration, it may join multiple Designers or other parties in such proceeding.

All arbitration proceedings shall be held solely and exclusively in Salt Lake City, Utah. There shall be one arbitrator selected from the panel that the AAA provides. If the Parties cannot agree on a mutually agreeable arbitrator within ten (10) business days of the date the panel list is provided to them, the Parties shall rank the panel arbitrators, beginning with 1 for most preferable, within five (5) business days thereafter and exchange rankings with the other Party. The arbitrator receiving the lowest collective rank shall be

appointed as the arbitrator. In the event of a tie, the tying arbitrator selected by the Company shall be appointed. Each Party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the Parties and may, if necessary, be reduced to a judgment in any court having jurisdiction to enter such judgment. This agreement to arbitrate shall survive the cancellation or termination of the Agreement.

Unless otherwise stipulated by all parties thereto, the Parties and the arbitrator shall maintain the confidentiality of the arbitration proceedings and shall not disclose to third parties:

- The substance of, or basis for, the controversy, dispute, or claim;
- The substance or content of any settlement offer or settlement discussions or offers associated with the dispute;
- The pleadings, or the content of any pleadings, or exhibits thereto, filed in any arbitration proceeding;
- The content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery in arbitration;
- The terms or amount of any arbitration award;
- The rulings of the arbitrator on the procedural and/or substantive issues involved in the case.

Notwithstanding the foregoing, nothing in the Agreement shall prevent the Company from applying to and obtaining from any court having jurisdiction a writ of attachment, temporary restraining order, preliminary or permanent injunction, or other equitable relief available to safeguard and protect the Company's interests and rights prior to, during, or following the filing of any arbitration proceeding.

This arbitration provision and all obligations set forth herein shall not apply to claims asserted by the Company against any individual or entity, including Designers, for violation of Section 3.10 (Conflicts of Interest), including but not limited to Sections 3.10.1 (Nonsolicitation) and 3.10.5 (Confidential Information). All such claims shall be brought and adjudicated in the federal or state courts residing in Salt Lake County, State of Utah, U.S.A., to the exclusion of all other venues and fora. The Parties consent to mandatory and exclusive jurisdiction and venue before such courts for all non-arbitrable claims between them.

This Section 6.3 and the following Section 6.4 shall inure to the benefit of the Company and all of its parents, subsidiaries, affiliates, officers, directors, members, managers, agents, employees, attorneys, successors, and assigns, any of whom shall be entitled to invoke or seek enforcement of those Sections, and shall cover all claims asserted against any of them that arise out of or relate to the Agreement.

6.4 - Governing Law, Jurisdiction and Venue

Mandatory and exclusive jurisdiction and venue of any claim, dispute, matter, controversy, or action involving the Company and Designer that is not subject to arbitration shall be in the federal and state courts residing in Salt Lake County, State of Utah, U.S.A., to the exclusion of all other venues and fora. Designers hereby waive any objection in such actions based on venue or forum non conveniens. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of Utah shall govern all other matters relating to or arising from the Agreement or the breach thereof, including claims at law or equity, contract-based, tort-based, and/or otherwise, and including substantive claims or defenses asserted within any arbitration proceeding, without regard to principles of conflicts of laws.

6.4.1 - Louisiana Residents

Notwithstanding the foregoing and the arbitration provision in Section 6.3, residents of the State of Louisiana shall be entitled to bring an action against Chalk Couture in their home forum and pursuant to Louisiana law.

SECTION 7 - PAYMENT, SALES TAXES, SHIPMENT AND RISK OF LOSS

7.1 - Restrictions on Third Party Use of Credit Cards and Checking Account Access

Designers shall not permit other Designers or Customers to use his or her credit card, or permit debits to their checking accounts, to enroll or to make purchases from the Company.

7.2 - Sales Taxes

Chalk Couture will collect and remit sales tax on behalf of Designers at the time of the sale to the Customer, based on the total price paid for the products, according to applicable tax rates in the jurisdiction into which the shipment is destined. Applicable sales tax will be charged on orders that are designated as personal use.

7.3 – Shipment, Title and Risk of Loss

All shipments of Products shall be made by the carrier selected by Chalk Couture. Title and risk of loss or damage to the Products shall pass to the Designer or Customer, as applicable, upon delivery of the Products for shipment to the carrier at Chalk Couture's fulfillment facility, and any claim of loss or damage shall be made by the Designer or Customer, as applicable, against such carrier.

SECTION 8 - INACTIVITY AND CANCELLATION

8.1 - Effect of Cancellation

So long as a Designer remains active and complies with the terms of the Designer Agreement and the Policies & Procedures, Chalk Couture shall pay commissions to such Designer in accordance with the Career Plan. A Designer's bonuses and commissions constitute the entire consideration for the Designer's efforts in generating sales and all activities related to generating sales (including building a Team). Following a Designer's non-renewal of his or her Designer Agreement, Cancellation for inactivity, or voluntary or involuntary Cancellation of his or her

Designer Agreement (all of these methods are collectively referred to as “Cancellation”), the former Designer shall have no right, title, claim or interest to the marketing organization which he or she operated, or any commission, bonus or product credits from the sales generated by the Team. **A Designer whose business is cancelled will lose all rights as a Designer. This includes the right to sell Chalk Couture products and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the Designer’s former Team. In the event of cancellation, Designers agree to waive all rights they may have, including but not limited to property rights, to their former Team and to any bonuses, commissions or other remuneration derived from the sales and other activities of his or her former Team.**

Following a Designer’s Cancellation of his or her Designer Agreement, the former Designer shall not represent himself or herself as a Chalk Couture Designer and shall not have the right to sell Chalk Couture products or services. A Designer whose business is cancelled shall receive commissions and bonuses only for the last full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

When a Designer Agreement is Cancelled, unless pursuant to Section 8.3 below, the Designer’s downline organization is permanently moved to the Designer’s current Advisor after the current month’s commission has been processed.

8.2 - Failure to Meet Personal Volume (PV) Quota

A Designer must personally generate at least 100 Personal Volume (PV) per pay period to be considered “Qualified” for that pay period.

In order for a Designer to maintain his or her Team, the Designer must generate at least 150 PV in each calendar quarter. If a Designer fails to meet the “Active” PV Requirement in any calendar quarter, such Designer’s downline organization will permanently roll-up to such Designer’s Advisor.

8.3 - Involuntary Cancellation

A Designer’s violation of any of the terms of the Agreement, including any amendments that may be made by Chalk Couture in its sole discretion, may result in any of the sanctions listed in Section 6.1, including the involuntary Cancellation of his or her Designer Agreement. Cancellation shall be effective on the date on which written notice is mailed, emailed, faxed, or delivered to an express courier, to the Designer’s last known address, email address, or fax number, or to his/her attorney, or when the Designer receives actual notice of Cancellation, whichever occurs first.

Chalk Couture reserves the right to terminate all Designer Agreements upon thirty (30) days written notice in the event that it elects to: (1) cease business operations; (2) dissolve as a corporate entity; or (3) terminate distribution of its products via direct selling.

If a Designer Agreement is involuntarily Cancelled pursuant to this Section, the Designer position will remain in its current position in the Company organizational network, and its downline organization will remain intact until the Company has recouped all costs and losses, including attorneys fees, associated with the Designer Agreement Cancellation and the events that are connected with or led to the cancellation. This provision includes all costs, fees, and expenses associated with litigation that may result from or be connected with such Cancellation. Once the Company determines, in its sole discretion, that it has recouped all such costs and losses, the cancelled Designer position shall be terminated from the Company's organizational network, and the downline organization shall roll-up to the immediately upline Designer.

8.4 - Voluntary Cancellation

A participant in this direct selling plan has a right to Cancel at any time, regardless of reason. Cancellation must be either:

- submitted in writing to the Company at its principal business address, which writing must contain the Designer's signature, printed name, address, and Designer ID Number; or
- submitted by email to compliance@chalkcouture.com, which email must (a) be sent from the Designer's email address that is on file with Chalk Couture and (b) contain the Designer's name, address and Designer ID Number.

In addition to written Cancellation, Designers who have consented to Electronic Contracting will Cancel their Designer Agreement should they withdraw their consent to contract electronically.

8.5 - Non-renewal

The Company may elect not to renew a Designer's Agreement upon its anniversary date.

8.6 – Return of All Confidential Information

Upon the Cancellation of a Designer Agreement, whether voluntary, involuntary, or otherwise, the Designer must immediately return to the Company all Confidential Information in the possession, custody, or control of the Designer, regardless of the form thereof, whether in paper, electronic records, email, phone, or physical address books, or any other storage media, and must certify to the Company in writing that this obligation has been fully and completely discharged. Failure to satisfy this obligation constitutes a violation of Section 3.10.4 of these Policies and Procedures. This section shall survive termination of the Agreement.

SECTION 9 - DEFINITIONS

Advisor – With respect to any Designer, the person or entity who is directly above (i.e., immediate upline to) such Designer in the applicable Team.

Affiliated Party – A shareholder, member, partner, manager, trustee, or other parties with any ownership interest in, or management responsibilities for, a Business Entity.

Agreement – The contract between the Company and each Designer that includes the Designer Agreement, the Chalk Couture Policies and Procedures, the Chalk Couture Career Plan, and the Chalk Couture Chalk Site and Designer Office Terms of Use, all in their current form and as amended by Chalk Couture in its sole discretion. These documents are collectively referred to as the “Agreement.”

Designer Officer – The Chalk Couture-sponsored website that Designers use to manage their Chalk Couture business activities.

Cancel or Cancellation – The termination of a Designer’s business. Cancellation may be voluntary, involuntary, through non-renewal or inactivity, or as otherwise provided herein.

Customer – An individual or entity who purchases Chalk Couture products or services from a Designer, but who is not a Designer.

Customer Sales – Sales to a Customer.

External Website – An online property personally owned or controlled by a Designer other than the Designer’s Chalk Site which has been disclosed to Chalk Couture in writing, including but not limited to, a company/personal website, blog, Facebook Fan Page, flickr page, application for mobile phones and similar devices, YouTube account page or any social networking site.

Fan Page – Dedicated pages of Social Media websites designed for organizations and businesses, to broadcast information in an official, public manner to people who choose to connect with them. Similar to profiles (timelines), Fan Pages can be enhanced with applications that help the entity communicate and engage with their audiences, and capture new audiences virally through friend recommendations, News Feed stories, etc.

Household – Spouses and dependent children living at or doing business at the same address.

Level – The layers of downline Designers in a particular Designer’s Team. This term refers to the relationship of a Designer relative to a particular upline Designer, determined by the number of Designers between them who are related by sponsorship. For example, if A sponsors B, who sponsors C, who sponsors D, who sponsors E, then E is on A’s fourth level.

MSRP – The publicly advertised prices of Chalk Couture products as posted by Chalk Couture and as updated from time to time.

Official Chalk Couture Material – Literature, audio, video, websites, and other materials developed, printed, published and/or distributed by Chalk Couture to Designers.

Personal Email Address – A personal email address.

Personal Volume – See the definition set forth in the Career Plan.

Chalk Site – A Chalk Couture-sponsored website that Designers use to sell and market Chalk Couture products to Customers.

Rank – The “title” that a Designer holds pursuant to the Chalk Couture Career Plan.

Recruit – For purposes of Chalk Couture’s Conflict of Interest Policy (Section 3.10), the term “Recruit” means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly (including but not limited to use of a website), or through a third party, another Chalk Couture Designer or Customer to enroll or participate in a Network Marketing Activity. This conduct constitutes recruiting even if the Designer’s actions are in response to an inquiry or contact made by another Designer or Customer.

Resalable – Products and Sales aids shall be deemed "resalable" if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling has not been altered or damaged; 3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; 4) they are returned to Chalk Couture within one year from the date of purchase. Any merchandise that is identified at the time of sale as non returnable, discontinued, or as a seasonal item, shall not be deemed resalable.

Social Media – Any type of online media that invites, expedites or permits conversation, comment, rating, and/or user generated content, as opposed to traditional media, which delivers content but does not allow readers/viewers/listeners to participate in the creation or development of content, or the comment or response to content. Examples of Social Media include, but are not limited to, blogs, Facebook, Instagram, Snapchat, MySpace, Flickr, Tumblr, Twitter, LinkedIn, De.li.ci.o.us, and YouTube.

Team – A Team is a organization of Designers that shares a common Advisor, directly or indirectly.

Team Volume – See the definition set forth in the Career Plan.