



# **POLICIES**

## ***United States***

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## SECTION 1: INTRODUCTION AND ABOUT POLICIES

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

These Chalk Couture Policies (the “**Policies**”), in their present form and as amended at the sole discretion of Chalk Couture, LLC (the “**Chalk Couture**”, or the “**Company**”), are incorporated into, and form an integral part of, the Chalk Couture Independent Designer Agreement (the “**Agreement**”). As used throughout these Policies and the Agreement, the word “Designer,” “you,” or “your” refers to Chalk Couture Independent Designers. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the Agreement, the Policies, the Chalk Couture Privacy Policy (<https://chalkcouture.com/corporphan/privacy-notice>), the Chalk Couture Compensation Plan, and the Chalk Couture Independent Designer Chalk Site and Designer Office Terms of Use. These documents are incorporated by reference into the Agreement (all in their current form and as amended from time to time by Chalk Couture). It is the responsibility of each Designer to read, understand, adhere to, and ensure that they are aware of and operating under the most current version of these Policies, 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 prices at any time and at its sole and absolute discretion. By executing the Agreement, a Designer agrees to abide by all amendments or modifications that Chalk Couture makes to the Agreement. Such amendments are effective 30 calendar days after publication of notice or later as noted specifically.

### 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 adjudicated invalid portion(s) of the provision will be severed and the remaining terms and provisions will remain in full force and effect. The severed provision, or portion thereof, will be reformed to reflect the purpose of the provision as closely as possible.

### 1.4 - Waiver

The Company does not waive its right to insist on compliance with the Agreement and with the applicable laws governing the Agreement and the relationship of the parties hereto. 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, will 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 will not constitute a defense to Chalk Couture’s enforcement of any term or provision of the Agreement.

### 1.5 - Official Chalk Couture Social Media Page(s)

Chalk Couture has official Company Social Media pages, groups, and properties. Designers may not place linking information on any of Chalk Couture’s Social Media platforms, nor may they post any pricing, promotions, marketing material, sales, advertisements, or announcements relating to their Designership (as further defined below) on any of the Company’s Social Media pages. Chalk Couture reserves the right to remove any messages posted on official Company Social Media pages as determined at its sole discretion.

In Designer-only Social Media groups (including, but not limited to, Design Studio, Designer HQ, Emerging Leaders, and Couturier+), Designers may not solicit Perks Members or other potential Designers, nor should they

post specific or potentially sensitive information about their own, or other Designers', commissions, Team activity, potential policy violations, or content which is not relevant to the members of the entire group. Specific questions or concerns should always be directed to the appropriate person or department via email or call to Chalk Couture Designer Services.

## **SECTION 2: DESIGNER REQUIREMENTS**

### **2.1 - Requirements to Become a Designer**

To apply to become a Chalk Couture Designer, each applicant must:

- Be the age of majority in their state or province of residence;
- Reside in the United States, Canada, or country that Chalk Couture has officially announced is open for business in its direct selling business model;
- Provide Chalk Couture with their valid Social Security or Federal Tax ID number; and
- Submit a properly completed Enrollment Application;
- Electronically sign the Chalk Couture Independent Designer Agreement to Chalk Couture in online format.

Chalk Couture may accept or reject an Enrollment Application for any reason or no reason in its sole discretion.

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

### **2.2 - 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. Furthermore, a Designer will not be treated as an employee for their service or for federal, state, or provincial tax purposes. All Designers are responsible for applicable local, state/provincial, and federal taxes related to compensation earned as a Designer of the Company; each Designer should consult with their individual financial or legal advisors, as appropriate. The Designer has no authority (expressed or implied) to bind the Company to any obligation. Each Designer will establish their own goals, hours, and methods of sale, so long as they comply with the terms of the Agreement, the Policies, and laws applicable to each Designer's operations (a "**Chalk Couture Designership**" or "**Designership**").

### **2.3 - One Chalk Couture Designership 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 Designership.

In order to maintain the integrity of the Chalk Couture Compensation Plan, husbands and wives, partners, or common-law couples (collectively "spouses") who wish to become Designers will constitute one Chalk Couture Designership, although only one individual may be named on the account as the "recognized" or acting Designer. All communications, potential recognition, publications, etc., will be in that recognized Designer's name only, and only that one recognized Designer will be eligible to participate in Chalk Couture events, receive Chalk Couture gifts, or join Chalk Couture-sponsored Social Media groups.

## **2.4 - Actions of Affiliated Parties**

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 (each, a “**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.

## **2.5 - Business Entities**

A Business Entity may apply to be a Designer by submitting a Chalk Couture Independent Designer Agreement along with a properly completed IRS Form W-9 or government form. 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 Policies, the Agreement, and other obligations to Chalk Couture.

## **2.6 - Income Taxes**

Each Designer is responsible for paying local, state/provincial, and federal taxes on any income generated as a Designer. If a Designer’s Chalk Couture Designership is exempt from tax reporting, the federal tax identification number and any included documentation must be provided to Chalk Couture. As an independent contractor, Designers will not be treated as franchisees, owners, employees, or agents of the Company for federal or state tax purposes including with respect to the Internal Revenue Code, Social Security Act, or any federal, state, or local statute ordinance, rule, or regulation. Chalk Couture will comply with our tax obligations and provide the appropriate documents to both the tax entity and Designers.

# **SECTION 3 - REQUIREMENTS TO REMAIN ACTIVE, RESPONSIBILITIES OF A DESIGNER**

## **3.1 - Adherence to Policies Set Forth Herein**

To remain a Designer in Good Standing, a Designer must comply with all terms of the Agreement (including these Policies), as well as personal performance/Activity requirements outlined in the Chalk Couture Compensation Plan.

## **3.2 - Adherence to Laws and Ordinances**

Designers agree to comply with all federal, state/provincial, and local laws and regulations that apply to the Designer, their Designerships, sales and promotions of the Products, training of their Team, and all activities and communications related thereto. Many cities and counties have laws regulating certain home-based businesses. It is the Designer’s responsibility and obligation to make themselves aware of the laws and regulations in their area, which may require conducting their own research to determine which local laws apply to them and to follow such ordinances. If a Designer is alerted that an ordinance applies to them, the Designer must be cooperative, and immediately send a copy of the relevant ordinance to the Chalk Couture Advisory Department ([advisory@chalkcouture.com](mailto:advisory@chalkcouture.com)).

## **3.3 - Term and Renewal of Your Chalk Couture Designership**

The Term of the Agreement is 1 year from the date of its acceptance by Chalk Couture or until April 30 annually (the deadline for the annual renewal process), whichever comes first, unless otherwise terminated as provided for under the Agreement (the “**Term**”). Active Designers will be auto-renewed for successive 1-year periods, in April each year, so long as the Designer remains in compliance with the terms of the Agreement, meets the

requirements of the Chalk Couture Compensation Plan, and pays the Designer Access Pass Fee, unless Chalk Couture has provided Notice to the Designer that the Designer must execute a new Agreement, either the Designer or the Company has signaled an intent not to renew, or either the Designer or Chalk Couture provides written notice of termination to the other as set forth in Section 10 below.

### **3.4 - Designer Access Pass**

All Designers are required (optional in Canada, IN, MN, HI, MD, ND) to use the online resources, business tools (Chalk Site), and Product samples provided by Chalk Couture which are fundamental to the professional operation of a Designership. Access to these resources is provided at a low, monthly service fee subscription payment (the “**Designer Access Pass**”). The subscription is not optional (except in Canada, IN, MN, HI, MD, ND), and must be paid by automatic payment monthly (billing attempts start the Designer’s Enrollment day-of-month), beginning the month following Enrollment. Failure to keep current on the Access Pass payments may result in a Designer’s account status changing to “paused.” Paused Designers should work with Designer Services to become current on any outstanding payments. Failing timely resolution of non-payment for the Access Pass, including any back month payments owed, is grounds for termination.

Designers in Canada, IN, MN, HI, MD, or ND who opt out of the Designer Access Pass, forego the benefits of the subscription: full access to the Designer Office, Chalk Site, Add-in Program use, 20 Design Dollars, and other services that may be added to the Designer Access Pass benefits from time to time. Opted out Designers will be provided access to order Products at Designer price and to sponsor Team members using alternative methods.

### **3.5 - Consent to Collection and Use of Personal Information**

During the Enrollment Application process, the Company requires applicants to provide certain personal information that it uses to confirm eligibility, administer the Compensation Plan, and make payments of amounts due to Designers, as permitted by the Company’s Privacy Policy posted at <https://chalkcouture.com/corporphan/privacy-notice>. Please review the Privacy Policy thoroughly before providing any of your personal information to the Company. Before submitting an Enrollment Application, the applicant will be asked to give the Company permission to collect and use their personal information in the manner and for the purposes described in the Agreement. Designers will have access to certain personal information about other Designers (e.g., Designers they Sponsor) and about their customers. Any breach of the Privacy Policy or use of such personal information in any manner not authorized by the Contract is considered a breach of the Agreement and is grounds for immediate Termination.

### **3.6 - Change of Address, Telephone, and Email Addresses**

Designers whose contact information changes must amend their contact information through the Account Update form in the Resources Library within 30 calendar days of the change. If this option is unavailable, Designers must amend their contact information by emailing [advisory@chalkcouture.com](mailto:advisory@chalkcouture.com) within 30 calendar days of the change. Designers acknowledge that updating contact information is their responsibility, and that failure to do so may result in missed communications, commission payments, Product deliveries, recognition, or event announcements, or failure to meet other requirements with consequences up to and including termination.

### **3.7 - Designer/Inventory Order Shipping Address**

Any Products a Designer orders via the Designer Office must ship to that Designer’s address on record. Designers may not ship Inventory Orders direct to Customers, hostesses, other Designers, or any friend, family member, or other individual. Doing so may void any volume associated with the order.

### **3.8 - Designer/Inventory Ordering and Appropriate Credit Card Use**

Designers agree to not allow other Designers, or Customers, to use their credit card or permit debits to their checking accounts to Enroll or to make purchases from the Company.

Only the Designer's credit card (personal or household) may be used to purchase Product orders in the Designer Office. Personal Volume (PV) for Product orders by a Designer using any other credit card (including cards of other Designers, Customers, family, or friends) are subject to be removed from Designer's monthly PV totals.

### **3.9 - Sales Taxes**

Designers must collect sales tax when their Product inventory is used in a sales-tax eligible transaction, according to applicable tax rates in the jurisdiction into which the shipment is destined or sales transaction takes place. Applicable sales tax will be charged on Product orders that are designated as "personal use."

### **3.10 - Ongoing Sales Responsibilities**

Regardless of their level of achievement, Designers have an ongoing obligation to continue to personally promote Product sales through the generation of new Customers and through professionally servicing their existing Customers. Failure to remit qualifying and truthful Product sales minimums may result in termination of the Agreement by Chalk Couture.

## **SECTION 4: BENEFITS OF BEING A DESIGNER**

### **4.1 - Designer Benefits Overview**

Once the Company has accepted an Enrollment Application and the Designership has been established, the benefits of the Chalk Couture Compensation Plan and the Agreement are available to the new Designer. These benefits include the right to:

- Sell official Chalk Couture Products (e.g., Chalkology® Paste, Chalkology Ink, Chalk Transfer® designs, and Surfaces) (the "**Products**");
- Participate in the "Chalk Couture Compensation Plan" (e.g., become eligible to receive Product sales-related bonuses and commissions);
- Enroll other individuals as Customers or Designers into their Chalk Couture Designership;
- 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;
- Participate in promotional and incentive contests and programs sponsored by Chalk Couture for Designers;
- Have a replicated website for the purpose of selling Product direct to Customers, Enrolling new Team members, and promoting their Designership (a "**Chalk Site**"); and
- Join Chalk Couture's private Social Media group(s) for community building, support, and training. Chalk Couture may operate multiple groups for Designers at different titles or statuses, and reserves the right to mute or remove any Designer from a group for posts or other conduct that Chalk Couture considers to be inappropriate.



#### 4.2 - Confidential Information

During the term of the Agreement, Designers will have access to Confidential Information including, but not limited to the identities and contact information of Chalk Couture Customers and Designers, Designers' Personal and/or Team Sales Volumes, and Designer Title and/or achievement levels, genealogical and downline reports, Customer lists, Customer information developed by the Company or developed for and on behalf of the Company by Designers (including, but not limited to, credit data, Customer and Designer profiles, and product purchase information), Designer lists, manufacturer and supplier information, business reports, commission or sales reports and such other financial and business information which the Company may designate as confidential ("Confidential Information"). All such information (whether in written or electronic format) is proprietary and confidential to the Company and is transmitted to Designers in strictest confidence on a "need to know" basis for use solely in Designers' business with the Company. Confidential Information includes all information: (a) made available to Designers in their respective password-protected Designer Office; (b) derived from Confidential Information contained in the Designer Office or from any reports issued by the Company to the Designer to assist them in operating and managing their Chalk Couture business; and/or (c) to which a Designer would not have had access or would not have acquired but for their affiliation with Chalk Couture. Designers hereby acknowledge and agree that Confidential Information constitutes proprietary business trade secrets belonging solely 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 Designership. Designers and Chalk Couture agree that, but for this obligation of confidentiality and nondisclosure, Chalk Couture would not provide Confidential Information to the Designer.

Designers must use their best efforts to keep such information confidential and must not disclose any such information to any third party or use this information for any non-Company activity directly or indirectly while a Designer and thereafter. In addition to other reasonable protective measures Designers hereby agree to take, in order to further protect Confidential Information, Designers further agree to not to do any of the following, on their own behalf, or on behalf of any other person, or Business Entity:

- Directly or indirectly disclose any Confidential Information to any third party;
- Directly or indirectly disclose the password or other access code to their Designer Office to any third party;
- Use any Confidential Information for the sole benefit or development of another company or business endeavor;
- Use any Confidential Information to contact any Designer or Customer, or for any purpose other than to promote their Chalk Couture Designership;
- 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 to alter their professional relationship with Chalk Couture; or
- Use or disclose to any person or Business Entity any Confidential Information.

Each Designer agrees that if they violate the terms of this confidentiality provision, Chalk Couture may be irreparably harmed. Designer therefore further agrees that in addition to any other legal or equitable remedies available to the Company, Chalk Couture will 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 will survive termination of the Agreement.

#### **4.3 - International Marketing**

Designers are authorized to sell Chalk Couture Products and Enroll Customers or Designers only in countries in which Chalk Couture is authorized to conduct business, and rules governing Enrolling and selling may vary by market.

Designers are allowed to sell Products from their Chalk Site and to Enroll Customers and Team members from all open markets. Cross-border sales from a Designer's Chalk Site will be between the Customer and the Chalk Couture Business Entity doing business in the Customer's country. Commissions will be credited to the Designer whose Chalk Site the order is placed through and paid in the same way that Chalk Site commissions for in-country sales are paid.

Designers are prohibited from selling on-hand inventory cross-border, or shipping inventory across the border to be resold by them or anyone else. Designers may not sell directly to Customers located across borders except through their Chalk Site.

#### **4.4 - Participation in the Chalk Couture Compensation Plan**

All Active Designers in Good Standing may participate in the benefits of the Compensation Plan. The Compensation Plan may be updated from time to time and/or vary by market at the discretion of the Company.

#### **4.5 - Adjustments for Returned Products**

Designers receive bonuses and commissions based on qualifying Product orders. 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: (i) 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 (ii) 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 month in which the refund is given, and all subsequent months until it is completely recovered.

#### **4.6 - Reports**

All information provided by Chalk Couture in Team activity reports, including, but not limited to, Personal Volume, Team Volume, Enterprise 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 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 reporting services and a Designer's reliance upon such information is at the Designer's own risk. All such information is provided "as is." If a Designer is dissatisfied with the accuracy or quality of the information, the sole and exclusive remedy is to discontinue use of and access to Chalk Couture's reporting services and the Designer's reliance upon such information.

## **SECTION 5: ADVERTISING AND BRANDING YOUR DESIGNERSHIP**

### **5.1 - General Advertising and Branding Guidelines**

All Designers agree to safeguard and promote the good reputation of Chalk Couture and its Products. The marketing and promotion of Chalk Couture, the Designership Opportunity, the Chalk Couture Compensation Plan, and Products must comply with Company guidelines and these Policies, including, but not limited to: never engaging in any discourteous, deceptive, misleading, unethical, or immoral conduct or practices, including, but not limited to, misleading income claims, placements in the genealogy tree of the Chalk Couture Compensation Plan, suggestions of future Product orders not generated by such Designer, promises to achieve a certain compensation, Title, etc., or commingling their Chalk Couture Designership with any other business competitive, complementary, or tangential, that may be confusing to Customers.

### **5.2 - Designer-Created Promotional Assets**

Designer-created advertising must represent the Chalk Couture Designership Opportunity and Products in a clear and truthful manner, without infringement on any other person, Business Entities, or owned content.

All advertising must clearly state "Chalk Couture Independent Designer" so as not to suggest the ad, offer, promotion, or asset is produced or offered by the Company.

Permission for Designer-created ads, coupons, videos, photos, etc. shared on Social Media or distributed to Customers is not required, however, failure to adhere to foregoing content Policies will result in a request from Chalk Couture to cease and desist/remove the ad, post, video, or photo, and activities generated from any false or misleading advertising may be removed from Designer's account at the discretion of Chalk Couture. Designers waive all claims for damages or remuneration arising from or relating to such rescission. With the exception of Chalk Transfers™ designated as free for giveaway purposes, all advertising/posts that include a "Personal Promotion" must be posted in a closed/private setting only. (See "Personal Promotions," Policy 5.6)

Designers may not sell Sales Tools or any other form of training, coaching, consulting, or business advice or marketing support to other Designers.

### **5.3 - Trademarks and Copyrights**

The name “Chalk Couture”, “Design. Love. Repeat.”, “Chalkology”, “Chalk Transfer”, “Couture Gallery”, “Couture Boutique”, “Chalk Stories”, “ChalkMade”, “creamy dreamy”, “Chalk Talk”, “Happy Chalking”, “Chalk Stories”, “Club Couture”, “Chalk Shop”, “ChalkSuede”, our Couture Teal Transfer design color, and other names and trade dress as announced may be adopted by Chalk Couture, and 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 Designers, in any unauthorized manner without its prior, written permission.

The content of all Company-sponsored events and publications 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 presentations. Live streaming, recorded video, or audio recording by any Designer or guest attending an event are strictly prohibited.

Designers *may not* use the trademarked names referenced above or other marks yet to be identified by Chalk Couture as proprietary in any form in their 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 this policy), or as a personal name or a nickname.

All catalogs, lookbooks, and social media assets including the Products and Transfer designs contained therein are registered and the copyrights belong solely to Chalk Couture, LLC. Any reproduction of any published materials, including Product and Transfer design without prior written consent is an infringement on US copyright laws.

This provision will survive the termination of the Agreement.

### **5.4 - Domain Names, Email Addresses, and Online Aliases**

Except as specifically otherwise allowed herein, a Designer is not allowed to use or register any of the trademarked names referenced in Policy 5.3 for any internet domain name (URL or extension) or Personal Email Address. Additionally, Designers 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.

This provision will survive the termination of the Agreement.

### **5.5 - Chalk Sites vs. Personal Websites**

Designers are provided with a branded, replicated website (“Chalk Site”) by Chalk Couture with their paid subscription, where Customers may place retail Product orders and/or Enroll as a Perks Member or new Designer. Except as otherwise provided in these Policies or as outlined in the most current Social Selling FAQ, Designers may use only the Chalk Site provided by Chalk Couture to transact their Chalk Couture Designership online. Designers must comply with the Chalk Couture Terms of Use (the “Terms of Use”) available online at <https://chalkcouture.com/corporphan/conditions-of-use> when interacting with the Chalk Couture website, their Chalk Site, and the Chalk Sites assigned to other Designers. The Terms of Use are incorporated into these Policies

and any violation of the Terms of Use is a violation of these Policies. Designers may not sell Products online to Customers via any online retail store, e-commerce site, or other website (including, but not limited to, Social Media, self-created websites, apps, blogs, etc.) and social media, except as outlined in the most current Social Selling FAQ.

Designers wishing to have a personal website (non-Social Media website of their own), may do so. It may not offer Chalk Couture Product for sale, look similar to a Chalk Site, nor offer any type of promotion, discount, coupon, or enticement for Chalk Couture products that is publicly visible. It may include videos, how-tos, calendar and upcoming events, workshops, Pop-Up Shops, show Products at Chalk Couture's current minimum advertised price ("**MAP**"), etc.

A Chalk Site URL is: [www.chalkcouture.com/\[Store Name\]](http://www.chalkcouture.com/[Store Name]). A Designer may choose their store name 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; or
- Use the terms "Chalk Couture" or "Design.Love.Repeat." or "Happy Chalking" or any derivative of the terms listed in Policy 5.3.

Chalk Couture reserves the right to reject a Designer's choice of Chalk Site URL names at any time.

#### **5.6 - Personal Promotions, Incentives, and Discounting**

Independent Designers are permitted to promote their Designerships by creating Finished Goods, product bundles, samples, and incentive offers unique to them. These offers may never be construed as endorsed or backed by Chalk Couture's corporate office, nor any other Designer. Chalk Couture will not enforce nor "make good" the fulfillment of any Designer-created incentive to Customers or Team members. However, if Chalk Couture receives complaints that a Designer-created incentive or promotion has not been honored, Chalk Couture reserves the right to investigate whether the Designer is conducting fraudulent or misleading activities, which may lead to disciplinary action.

Any Designer may create a Designer-created promotion offering a discount on a Product, a free item with specific behavior (e.g., buying a certain size order, etc.), or a "buy this, get that" offer so long as the promotion of the offer is confined to a private, closed-group setting or approved social media platform/App as outlined in the most current Social Selling FAQ and not restricted by a licensing agreement. Under no circumstances may any Designer offer any form of an incentive (e.g., cash, bonus, preferential downline placement, cash equivalents, etc.) for Enrollment of a new Team member.

Designers are allowed to offer single non-licensed Chalk Couture Transfers as free drawing prizes to drive engagement and for marketing purposes on their own public social media pages. (For example, "like my post", "answer in the comments", "follow my page", or "share my video" for a chance to win a free Transfer.) Free drawing/giveaway Transfers may not be used for sponsoring new Designers or enrolling Perks Members, as rewards for Club Couture subscriptions or product purchases.

Designers are encouraged to promote any Chalk Couture-offered Customer promotion, and honor the same at Customer request, provided the request meets all criteria for the promotion.

### **5.7 - Sampling**

In the event that a Designer must use a container/package for a free sample, it should be very simply labeled without Chalk Couture logos, with the Designer's contact information and the phrase "Free Sample. Not labeled for individual retail sale."

Policy differentiates between free sampling and selling Product kits (see Policy 6.12).

### **5.8 - 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 their Chalk Site and approved digital applications as outlined in the most current Social Selling FAQ). However, Designers may list Chalk Couture's current minimum advertised price ("**MAP**") on their external or personal website(s).

### **5.9 - Promotion of Non-Chalk Couture Products**

It is expected that Designers will safeguard the good reputation and clear brand of Chalk Couture by refraining from representing other competitive products (any type of paste, ink, or silk-screen stencil) and businesses or the promotion of the same (competitive, similar, or dissimilar) with their Chalk Couture Designership. During the term of the Agreement, Designers are prohibited from marketing and/or selling any product(s) that compete with any Chalk Couture product. The term "compete" includes direct and indirect competition with Chalk Couture to the maximum extent permitted by applicable law. Please see Section 30 of the Chalk Couture Independent Designer Agreement.

### **5.10 - Designer Logo**

If a Chalk Couture logo is used in any promotion, Social Media page, or photo, Designers are required to use the Independent Designer version of the Chalk Couture logo.

### **5.11 - Sponsored Links/Pay-Per-Click (PPC) Ads/Paid Search**

Sponsored links or pay-per-click ads ("**PPC**") on search engines (including Google™ AdWords, Yahoo!® Advertising, etc.) are acceptable only 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 will not utilize any of the Company's trademarks, trade names, and service marks, including, but not limited to, those trademarked names referenced in Policy 5.3.

#### **5.11.1 - Advertising on Social Media**

Advertising on social media (including sponsored ads, boosted posts, etc.) is acceptable according to the general advertising and branding policies outlined herein. All advertising must clearly state "Chalk Couture Independent Designer" so as not to suggest the ad or asset is produced by the Company. The destination of social media advertising should be your Chalk Site. Business transactions must take place on your Chalk Site, not via social media.

### **5.12 - Banner Advertising**

Designers may place banner advertisements on their External Websites or third-party websites (as described herein below). Any Chalk Couture-related banner advertisements on External Websites must link back directly to the Designer's Chalk Site.

### **5.13 - 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, and in compliance with all other advertising and branding Policies herein.

Designers must first obtain written permission from the Chalk Couture Advisory Department (advisory@chalkcouture.com) before approaching or responding to inquiries from any media outlet (e.g., television, 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.

### **5.14 - Customer / Team Contact**

All Customer and Team member information, data, contact information, and financial records are Confidential Information of the Company and must be kept strictly confidential. Designer understands they do not "own" the Customer or Team member relationship, and that upon exit from the Company, the Designer relinquishes all rights to access or use said Customer or Team member data for any purpose.

The Customer may shop with multiple Designers or with Chalk Couture directly, and hence, share data non-exclusively. No Designer has a right to "claim" a Customer or Team member; conversely, no Designer may solicit by email, Social Media post, or other means the Customers or Team members of another Designer.

### **5.15 – Unsolicited Electronic Communications**

Designers may not send unsolicited emails, faxes, telephone communications, text messages, or other electronic communications to advertise, promote, or attempt to sell Chalk Couture products. Designers must first obtain consent from an individual before sending electronic marketing communications and may only use the mode of communication specified in the consent. All electronic marketing communications must contain an unsubscribe option and Designers must respect any request from a customer to cease electronic marketing communications.

## **SECTION 6: SELLING ACTIVITIES AND CUSTOMER MANAGEMENT**

### **6.1 - Personal Use vs. Reselling**

Designers are permitted to order inventory Product from Chalk Couture for the purpose of reselling said Products to Customers at retail price (or via other pricing/promotion plans that follow Personal Promotions policies, see Policy 5.6). Designers may also purchase Products intended for "personal use," which can include individual consumption of Products for creating artwork for their individual homes, offices, gifts, etc., and not for resale OR for Finished Goods (as defined below) that are resold to Customers.

When a Designer orders inventory, they must specify their best intent for the items in that order: personal use or resale. Orders placed for personal use will have sales tax calculated on the Designer price of the items. These items should not be resold to Customers as-is. Orders designated for resale will have sales tax calculated on the retail value of the items based on the shipping address of the ordering Designer. When a Designer resells

Product, they are to correctly assess and capture sales tax from the Customer, retaining it as a reimbursement for the sales tax the Designer paid when placing the Inventory Order. Any discrepancy between the two shall be considered a cost of doing business on the part of the Designer, who waives any rights to claims against the Company for any reimbursement of such discrepancy.

See the Policy on Finished Goods (Policy 6.15) for policy governing sales tax on Finished Goods.

## **6.2 - Bonus Buying**

Bonus Buying is strictly prohibited. Bonus Buying includes any mechanism or artifice to qualify for Title 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, other artifice, or personally purchasing products that are not re-sold, in reasonable amounts, to end-user customers. Any other use of a different credit card on a Designer's account may be construed as potential Bonus Buying, Title manipulation, or Passive Stacking activity and said orders/purchases will be voided from Designer's account, as well as any bonuses, Titles, or recognition that may have been due as part of said orders.

Chalk Couture may, at any time, request copies of individual customer receipts to verify the validity of end-customer purchases (see Policy 6.6 Sales Receipts). If receipts for a reasonable percentage of Designer Office for-resale purchases are not, or cannot be provided, the selling Designer will be considered in breach of policy and may result in the suspension of a Designer's account or the termination of this agreement.

Any Designer who manipulates orders of a downline Team member or Customer for the purpose of Title advancement, incentive qualification/points, recognition, or commissions increases is considered in violation of the Policies, having breached the Agreement and is subject to immediate Cancellation as a Designer.

Designers may not entice, request, encourage, or require another Designer or Customer to order Products and then "reimburse" the order under any circumstances. Doing so may be construed as potential Bonus Buying, Title manipulation, or Passive Stacking activity, and said orders/purchases will be voided from Designer's account, as well as any bonuses, Titles, or recognition that may have been due as part of said orders.

The practice of "De-Stashing" may also be considered a form of Bonus Buying and occurs when a Designer has significant Product on hand and attempts to sell large quantities to other Designers or Customers, typically after intentionally purchasing said Product for Title, recognition, commission or other incentive qualification. De-Stashing is prohibited, regardless of price offered. Designers may not intentionally buy Product with the intention of charging a premium price to other Designers or Customers after the Product retires.

## **6.3 - Excess Inventory**

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.

## **6.4 - Fixed Retail Outlets**

Except as set forth in this Policy 6.4, a Designer may not (i) sell or deliver or store Chalk Couture Products at a third-party fixed 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. For definition purposes, “fixed retail outlet” is any storefront, kiosk, or booth with a sales front that is established for 14 or more calendar days (shorter-term sales forums, such as fairs, expos, and trade shows are not considered fixed retail outlets).

Designers who independently own, rent, or lease a fixed retail outlet or who own, rent, or lease a dedicated space within an independently-owned fixed retail outlet may request to sell Chalk Couture products at full retail or advertised promotional pricing at chalkcouture.com. Approvals are granted to Designers on a case-by-case basis with proof-of-outlet by zip code, renewable annually. Permissible fixed-retail outlets must be independently owned and operated and may not be nationally or state-recognized brands. Designers with retail sales licenses are required to adhere to, and ensure that they are aware of and operating under the most current version of these Policies.

All products sold by a Designer in an approved retail outlet must include the same Designer’s contact information. All potential defects or refunds must be processed by the Designer.

For information on holding workshops, see Policy 6.13, or selling Finished Goods in fixed retail locations, see Policy 6.15.

#### **6.5 - Trade Shows and Other Sales Forums**

Designers may display and/or sell Chalk Couture Products at a trade show. A “trade show” is an organized event of a relatively large number of vendors held at a specific location which does not last more than 14 calendar days over any consecutive 60 calendar day period, at which various products and/or services are displayed, sold, or otherwise marketed to attendees. Trade shows are available to Designers on a first-to-register basis. Generally, multiple Designers are not allowed at a single trade show regardless of its scope or size as this can create Customer confusion and competition; provided, however, that, to the extent permitted by the trade show administrator, one or more Designers may, by mutual agreement, share a single booth at a trade show (for example, rotating days or time blocks within a day).

The exception to the foregoing is when a second Designer who wishes to participate in a trade show agrees to sell only Finished Goods or teach/conduct workshop experiences but not sell or represent Product. Only one Designer per event may sell Chalk Couture Product.

Designers selling more than Chalk Couture Products in the same trade show space must showcase the Chalk Couture Product in a distinct, defined, and labeled area of the booth.

#### **6.6 - 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, whether hard copy and/or electronic. These receipts set forth the Customer satisfaction guarantee as well as any consumer protection rights afforded by federal or state/provincial 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.

#### **6.7 - Refund Policy**

Chalk Couture offers a 30-calendar day satisfaction guarantee policy to all Customers and Designers. Product must be returned to Chalk Couture in undamaged and unused condition, in its original packaging within 30 calendar days from the date on which the Product is delivered. Shipping charges will not be refunded. If a

Designer returns Product totaling 500PV 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 their Agreement, and the refund(s) will be considered as an inventory repurchase pursuant to Policy 6.9. Product received by Customers or Designers in damaged condition will be replaced by Chalk Couture within 30 calendar days of notification. Chalk Couture reserves the right 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 a legal right to cancel any sale, made in person or through direct contact, within 3 business days in the United States (5 business days for Alaska residents) and 10 calendar days in Canada following the date of the transaction. Designers must also point out to them the notice of right to cancel terms on their sales receipt or order form. Saturdays, Sundays, and legal holidays are not considered "business days."

Designers wishing to return unsold Product, without Cancellation of their Designer account, must abide by the following guidelines:

- Product must be returned within 30 calendar days of original purchase;
- Product must be in excellent, Resalable condition, in original packaging;
- Product may not be discontinued or retired;
- Product must be shipped back to the Company at the Designer's expense. No refund for the amount of original shipping is available;
- All PV or commissions generated from the original order will be removed and adjusted on the Designer's account;
- Returns are subject to a 10% restocking fee based on retail price of the item, not price paid;
- Refund price will be based on the lowest price sold to Designers during the 30-day window or its current selling price (Designer price), whichever is lower; and
- Refunds on returned Product will be made after Product is restocked, and will be calculated based on value less restocking fee, commissions, bonuses, or other incentives offered based on the original order.

#### **6.8 - Damaged or Defective Items**

A Designer or Customer has the right to report damaged or defective Product for up to 30 calendar days following original purchase. Damaged or defective Products must have a clear defect that is clearly a manufacturer or shipping error, not Customer misuse.

#### **6.9 - Return of Starter Kits and Sales Collateral by Designers upon Cancellation**

New Designers have a right to cancel their Agreement, without penalty or obligation, within 3 business days of the date of submitting the Enrollment Application. For more information, please see Policy 10.3.

After the initial 3-day cooling-off period, Chalk Couture Designers may return Starter Kits, sales aids, and inventory, to obtain a refund at 90% of the refundable value of Starter Kit, sales aids, and inventory, less a 10% restocking fee. The refundable value will be based on either the price sold to the Designer or its current selling price (Designer price), whichever is lower, and may also result in an adjustment of commissions paid if the value of total inventory returns exceeds 500PV. Within 30 calendar days of the submission of Cancellation of the Designer Agreement, a Designer may return inventory, Starter Kits, or sales aids that they 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 the previous 12 months prior to the date of Cancellation to the following address, with return shipping paid for by the Designer:

Chalk Couture Returns  
389 W 12800 S, Ste 510  
Draper, UT 84020

All inventory, Starter Kits, and sales aids return requirements must be in keeping with the return policy requirements outlined above. Inventory and Starter Kits must be returned whole, not partial components only. Inventory return is the only acceptable method of disposing of excess inventory above 500PV for an exiting Designer within 30 calendar days of submission of Cancellation notice. Further, if a Designer De-Stashes, or any posts are made on Social Media simply indicating intent to do so, this will constitute sufficient evidence of intent to Cancel, even if no notice of Cancellation has yet been submitted. De-Stashing is grounds for termination and pausing of the Designer’s account immediately. Under no circumstances is a former Designer authorized to resell Chalk Couture Products they have on hand in any forum, to any Customer, at any price; they may gift or assign the same to others.

Starter Kits will be deemed "Resalable" if each of the following elements is satisfied: (i) they are unopened and unused; (ii) packaging and labeling has not been altered or damaged; (iii) they are in a condition such that it is a commercially reasonable practice within the trade to sell the Product at full price; and (iv) it is returned to Chalk Couture within 12 months of purchase. Any Product that is clearly identified at the time of sale as non-returnable, discontinued, or as a seasonal item, shall not be Resalable. Any fees incurred from the previous 30 days, including for shipping and operation of the Designer’s Chalk Site will be refundable upon request. The refund is limited to fees incurred within the previous 30 calendar days.

#### **6.10 - Montana Residents**

A Montana resident may Cancel their Agreement within 15 calendar days of the date of Enrollment, and may return their Starter Kit for a full refund within such time period.

#### **6.11 – North Dakota Residents**

Designers in North Dakota over age 65 have 15 days to cancel any transaction over \$50.

#### **6.12 - Selling Product/Project Kits To Third Party Resellers**

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.

#### **6.13 - Promoting and Selling Workshops/Create & Takes**

Designers are encouraged to hold events, workshops, and Create & Take activities for Customers, and charge a reasonable fee for participating in the event. When a workshop kit includes items that are not sold by Chalk Couture (such as a third-party surface), the Designer must identify and disclaim the non-Chalk Couture product clearly to Customers in kit promotional material and instructions, so as to avoid Customer confusion. A Designer may not add a small, low-priced Chalk Couture Product to a predominantly non-Chalk Couture kit and brand it using the Independent Designer logo or using the Chalk Couture brand and reputation to sell said kit. Selling competitive product alongside the Chalk Couture brand is a violation of Policies.

If a Designer hosts a workshop or Create & Take at a retail outlet, the retail space may advertise the event and collect fees for registration. This should be arranged with the retail space independently of Chalk Couture.

Attendees of a workshop or Create & Take are considered “private” groups or “closed groups” and the Designer may share specific information during/at the event with attendees regarding non-Chalk Couture products used during the workshop. It is expected that during the event, attendees will see and use these non-Chalk Couture items and the Designer may share information regarding the brand and/or availability of these items. The Designer should take care to ensure Customers have no confusion between Chalk Couture Products and non-Chalk Couture items, and that the sale of such non-Chalk Couture items is limited to the item included in the workshop. A Designer may never sell competitive “raw goods” items to Customers outside of a specific project/workshop.

Designers may determine the appropriate pricing for instructional creative events, as well as publicly post pricing for the event registration on External Websites, Social Media, or stores of fixed location. Sales tax is to be calculated based on the price charged to attendees of workshops/events/Create & Takes.

#### **6.14 - Pop-Up Shop Locations**

Pop-Up Shops are sales events lasting only a couple of hours, free to attendees, and where the general public may walk in.

#### **6.15 - Promoting and Selling Finished Goods**

Designers are permitted to sell projects created with non-licensed Chalk Couture Products (incorporating other items as deemed fit by the Designer) (“**Finished Goods**”). Designers may determine and publicly post the pricing for Finished Goods on External Websites, Social Media, and stores of fixed location. The Designer accepts all responsibility for the correct calculation and remitting of sales tax on the sale of the Finished Good(s). Finished Goods should not be marketed or promoted under the Chalk Couture brand.

#### **6.16 - Product Sales in Public Auctions**

Designers may sell Chalk Couture Products through approved auction platforms as outlined in the Social Selling FAQ. Outside of these approved platforms, Designers are prohibited from holding public live auctions of Chalk Couture Products. This includes, but is not limited to, posting photos of items for sale, holding live video auctions/sales of Products, on any website, Social Media service, etc. Sales of Products “to the first responder” or similar online sales events that are publicly visible are strictly prohibited by these Policies.

### **SECTION 7: ENROLLING AND TEAM LEADERSHIP**

#### **7.1 - Designer-Created Recruiting Methods and Tools**

Designers must adhere to the terms of the Chalk Couture Independent Designer Agreement, these Policies, and the Compensation Plan as set forth in official Chalk Couture literature. Designers are prohibited from offering the Chalk Couture opportunity through, or in combination with, any other non-Chalk Couture system, program, sales tools, or method of marketing. Designers will 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 Designer. Similarly, Designers will not require nor 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 Compensation Plan other than those purchases or payments identified as recommended or required by Chalk

Couture. Designers may not offer incentives, payments, gifts, or other offers to prospective Team members simply for Enrollment as a new Designer.

## **7.2 - Enrolling Online**

When Enrolling 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 Agreement, the Policies, and the Chalk Couture Compensation Plan. The Advisor may not fill out the online 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. Payment for Enrollment and other materials may only be made by the applicant using a credit card in their name.

## **7.3 - Providing Documentation to Applicants**

Designers must provide the most current version of the Policies and the Compensation Plan to individuals whom they are Enrolling to become Designers before such applicant signs an Agreement, or ensure that they have online access to these materials.

## **7.4 - Passive Stacking Prohibited**

Passive Stacking is the practice of intentionally placing or manipulating Team Enrollments for the purpose of Title advancement, incentive or recognition, or compensation bonus, or commission payment. This may be considered another form of Bonus Buying when a Passively Stacked Designer places orders that generate Title advancement or Team Volume qualifications, and will be subject to the same disciplinary action(s). New Team members are required to select their original Sponsor of their own free will and choice. A Designer may not choose for, force, or require a new Team member to Enroll under someone of that Designer's choosing. Any activity resulting from such a placement may be considered fraudulent and be reassigned.

A Designer should never post, promote, or solicit sales or Recruiting activity that then will be "given" to another Designer. One Designer must never leverage their brand for the purpose of creating or expanding a different Designer's brand.

## **7.5 - Change of Advisor**

The transfer of a Chalk Couture Designership from one Advisor to another is rarely permitted. Requests for change of Advisor must be submitted in writing to the Chalk Couture Advisory Department, and must include the reason for the transfer request. Chalk Couture reserves the right to make or change a Designer's Advisor, which decision will be made at the sole discretion of Chalk Couture.

## **7.6 - Misplacement**

In cases in which the new Designer is Sponsored by someone other than the individual they were led to believe would be their Advisor, a Designer may request that they 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 15 calendar days of the date of Enrollment. The Designer requesting the change has the burden of proving that they were 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. In the event that a Designer has "placed" a new Team member without that Team member's knowledge and/or consent and/or desire, or outside of the

appropriate Designer Team Assignment program, it may be considered Passive Stacking, which is a violation of Policy 7.4. **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.**

#### **7.7 - Waiver of Claims Regarding Change of Advisor**

In cases wherein the appropriate Advisor change procedures have not been followed, and an 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.**

#### **7.8 - 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, at 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.

Designers whose Advisor is the Company may contact the Advisory department to see if they are eligible to be assigned an Advisor. Eligibility for assignment is based on Title and activity, both for leaders and those wishing assignment.

#### **7.9 - 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. Designers must not engage in activities that cause the Designer to breach an agreement with any other organization or entity. If any lawsuit, arbitration, or mediation is brought against a Designer alleging that they 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.

### **SECTION 8: SUPPORTING THE CHALK COUTURE COMMUNITY**

#### **8.1 - Income Claims/Non-Disclosure of Compensation**

A Designer, when presenting or discussing the Chalk Couture Compensation Plan to a prospective Designer, may not make income projections, income claims, or disclose their Chalk Couture income (including, but not limited to, the showing of cash, checks, copies of checks, bank statements, or tax records). This includes both direct references to income and indirect references via purchases, lifestyle potential, etc. If a Designer has any questions regarding what can or cannot be said regarding compensation, please refer to Official Chalk Couture Materials, or reach out to the Advisory Department ([advisory@chalkcouture.com](mailto:advisory@chalkcouture.com)). Any Designer who violates

the Policies with respect to income claims is subject to immediate termination, and Designer's compliance with this Policy is a material inducement to Chalk Couture's willingness to enter into the Agreement with Designer in the first instance.

## **8.2 - Indemnification**

A Designer is fully responsible for all of their Social Media posts/images and verbal and written statements made regarding Chalk Couture Products, services, and the Compensation 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 will survive the termination of the Agreement.

## **8.3 - Governmental Approval or Endorsement**

In the United States, neither federal nor state regulatory agencies or officials approve or endorse any direct selling or network marketing companies or programs. Therefore, Designers agree to not represent or imply that Chalk Couture or its Compensation Plan have been "approved," "endorsed," or otherwise sanctioned by any government agency.

In Canada, the provinces of Alberta, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, and Saskatchewan, and the Northwest Territories, require licensing of direct selling businesses. Designers may only commence regulated direct selling activity once Chalk Couture has achieved licensing in a province or territory that requires it.

## **8.4 - Outside Businesses**

Chalk Couture recognizes that Designers may have additional jobs or business interests outside of their Chalk Couture Designership. While Chalk Couture does not prohibit Designers from such activities, generally, the activities must be consistent with the Designer's commitment to the Chalk Couture business and not compromise the Designer's contractual obligations with either Chalk Couture or other companies. To that end, selling or distributing products for other companies while a Designer must not violate any non-competition, non-solicitation, or confidentiality agreement entered into with any other organization or entity. Further, by engaging in such activities, Designers must not be violating any agreement or contract, including non-competition, non-compete, or non-solicitation entered in with any other organization. Designers are prohibited from engaging in activities that breach their agreements with any other organization or entity.

Designers are required to maintain the confidentiality of the Company's Confidential Information, as defined herein, especially when engaging in selling and recruiting activities for other companies. The Company has exclusive proprietary rights to information developed by or for the Company, such as, but not limited to, Designer lists, Company-generated customer lists, customer profile data, and consultant and advisor lists. As explained in Section 4.2, such information is Confidential Information, and as such must not be used or disclosed to any party except in strict accordance with the Policies. Furthermore, Confidential Information may be used solely in your business relationship with the Company. Designers may not sell or use Confidential Information to

sell products or services other than Chalk Couture products, or in connection with any other business, or for any other reason except in compliance with the Designer Agreement.

In addition, outside businesses and activities comply with the following:

- No outside business may use the good name of Chalk Couture to promote or sell non-Chalk Couture products;
- No Designer may use Confidential Information to design, manufacture, or resell their own line of goods, products, or services;
- No Designer may interfere with the business relationships of other Designers by acting as a business coach, paid trainer, or other consultant for profit to any other Designer or Team of Chalk Couture and is strictly prohibited from using Confidential Information in any such effort;
- No third-party business may be used to solicit Customers or Recruit Designers for participation in Chalk Couture. This includes third-party promotion by media, event organizers, etc.; and
- All outside business activity must comply with all other Policies set forth in this document.

### **8.5 - Non-Solicitation**

Chalk Couture and many Chalk Couture Designers have made investments in building their Chalk Couture businesses. To protect the value of those investments, as a condition of the Designer Agreement, Designers understand and agree to the **Solicitation** restrictions as outlined below. Additionally, Designers agree that said restrictions are reasonable and necessary to protect both Chalk Couture's and its Designers' goodwill and other valuable business interests and that such restrictions do not prevent Designers from working or earning a living. During the term of the Agreement:

- No Designer or member of a Designer's immediate household may **Solicit** (directly, indirectly, or through a third party) other Designers or Chalk Couture customers to join another Network Marketing opportunity, including instances when the initial inquiry or contact is initiated by other Designers or Chalk Couture customers.
- No Designer or member of a Designer's immediate household may sell other Network Marketing products to other Designers or Chalk Couture customers even if the initial inquiry or contact is initiated by the other party.

This provision will survive the termination of the Agreement.

### **8.6 - Competing Products**

Refer to Section 30 of the Designer Agreement for the specific terms of each Designer's non-competition obligations. As Chalk Couture seeks to protect its own investments as well as those made by Designers who have put considerable time, effort, and resources into building their Designerships, Chalk will enforce the non-competition provisions of the Designer Agreement to the extent allowed by applicable law. All Designers, including those who are not subject to the Non-Competition restriction in the Designer Agreement, are subject to the Confidential Information and other restrictions contained within these Policies, which will be strictly enforced.

### **8.7 - Non-Disparagement / Non-Harassment**

Designers must not publicly or privately disparage, libel, slander, demean, harass, or berate Chalk Couture, other Chalk Couture Designers, third parties, Chalk Couture's Products, marketing materials, Compensation Plan, or Chalk Couture's directors, officers, employees, or cast dispersion on their character or activities. Complaints and



concerns about Chalk Couture and/or its Products should be directed to the Advisory Department (advisory@chalkcouture.com). Nothing in this section prevents a Designer or former Designer from reporting or disclosing information about unlawful acts in the workplace.

This provision will survive the termination of the Agreement.

## **SECTION 9: DISCIPLINARY PROCEDURES**

### **9.1 - Disciplinary Sanctions**

Violation of the Agreement, these Policies, violation of any applicable law in any manner that brings disrepute or embarrassment to the Company, 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 willful engagement in gross or illegal misconduct that is injurious to the Company, 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;
- Triggering of the liquidated damages provision referred to in these Policies, 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. Any commissions or bonuses deemed to have been earned through policy-violating activity will be cancelled and not paid, even if the Designer is returned to Active status. If a Designer's Designership 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 Agreement for one or more pay periods (note that during suspension, a Designer may not continue to promote any component of their Chalk Couture business, may not Recruit new Team members, or place orders on their Chalk Site);
- Involuntary termination of the offender's 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; OR
- 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 an Agreement by the Company, the Designer will have no right or claim to any bonus or commission payments withheld by the Company during the period of suspension or the period during which the questionable/policy-violating activity occurred. The Company is 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 will not receive or have any claim to bonus or commission payments withheld by the Company during the period of suspension/during the period of policy-violating activity.

## **9.2 - Arbitration and Other Dispute Resolution**

### **9.2.1 - Pre-arbitration**

In the event a dispute arises between the Company and a Designer, the Company and the Designer agree to try to resolve it informally. If the Company has a dispute with you, it will send a Notice of Dispute by U.S. Mail to the mailing address affiliated with your account, with written confirmation of delivery and request for a response. In the event Designer has a dispute with the Company and has been unable to reach an acceptable resolution through communication with their Advisor or the Company, the Designer must send a Notice of Dispute by U.S. Mail with written confirmation of delivery to Chalk Couture, 389 West 12800 South, #510, Draper, UT 84020, which must include the Designer's name, address, contact information, description of the dispute, and requested action from the Company. The Company will acknowledge receipt of the Notice of Dispute using the designated method of contact within 5 business days and provide a timeline for resolution. The Designer and Company will attempt to resolve any dispute through informal negotiation within 60 calendar days from the date the Notice of Dispute is sent, as evidenced by its postmark. This informal negotiation is a condition precedent to the right to commence arbitration or other legal action permitted by the Agreement.

### **9.2.2 - Arbitration**

If no resolution is reached within the 60-day pre-arbitration window, the dispute will be resolved by binding individual arbitration before the American Arbitration Association ("AAA") under the Federal Arbitration Act ("FAA") (to the exclusion of state law inconsistent with the FAA), under the Commercial Rules of the American Arbitration Association with arbitration to occur in Utah County, Utah, in accordance with the process set forth below in Section 9.2.4.

### **9.2.3 - Opt-Out**

No matter will be resolved in court in front of a judge or jury except for those small claims specifically allowed under the Small Claims Option set forth below in Section 9.2.5 or those disputes relating to the enforcement of intellectual property rights, confidentiality obligations, non-competition, non-solicitation, or impairment or good will, unless you opt-out of arbitration within 10 business days of submitting the Enrollment Application by sending a written Notice to the Company stating that you are exercising your right to opt-out of arbitration.

Notwithstanding the foregoing, nothing in the Agreement will 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.

### **9.2.4 - Arbitration Procedure; Rules**

Arbitration Rules. The AAA will conduct any arbitration under its Commercial Arbitration Rules (or if the value of the dispute is \$75,000 or less, its Consumer Arbitration Rules). For more information, see [www.adr.org](http://www.adr.org) or call 1-800-778-7879. To start an arbitration, submit the form available at [https://www.adr.org/sites/default/files/Commercial\\_Demand\\_for\\_Arbitration042020.pdf](https://www.adr.org/sites/default/files/Commercial_Demand_for_Arbitration042020.pdf) to the AAA and mail a copy to the Company. In a dispute involving \$25,000 or less, any hearing will be telephonic (e.g., by telephone, video conference, or other long-distance means of communication) unless the arbitrator finds good cause to hold an in-person hearing instead. Any in-person hearing will take place in Salt Lake City, Utah. The arbitrator

may award the same damages to you individually as a court could. The arbitrator may award declaratory or injunctive relief only to you individually to satisfy your individual claim. The arbitrator will not have the authority to award non-economic, consequential, punitive, exemplary, or incidental damages, or lost profits. Each of Company and Designer agrees to keep confidential the existence, content, and results of any arbitration commenced under this Agreement unless it obtains the prior written consent of the other party, except for disclosures required by law or legal duty and disclosures to pursue a legal right or to enforce or challenge an award in legal proceedings.

Notwithstanding the rules of the AAA, unless otherwise stipulated by the Parties, the following will 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 three hundred and sixty-five (365) calendar days from the date on which the arbitrator is appointed, and will last no more than five (5) business days.
- The Parties will be allotted equal time to present their respective cases.
- The arbitration will 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 proceedings.
- All arbitration proceedings will be held solely and exclusively in Salt Lake City, Utah.
- There will 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 will 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 will be appointed as the arbitrator. In the event of a tie, the tying arbitrator selected by the Company will be appointed. Each Party to the arbitration will be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator will 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 will survive the cancellation or termination of the Agreement.
- Unless otherwise stipulated by all parties thereto, the Parties and the arbitrator will maintain the confidentiality of the arbitration proceedings and will 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.

**Disputes Covered.** The term “dispute” is as broad as it can be and includes any claim or controversy between you and the Company arising out of or relating to the Chalk Couture Independent Designer Agreement, the Policies, the Compensation Plan, any advertising, marketing, or communications, any products or services offered or sold, and any purchase transactions or billing, under any legal theory including contract, warranty, tort, statute, or regulation.

Must File Within One Year. You and the Company must file in arbitration any claim or dispute within 1 year from when it first could be filed. Otherwise, the claim or dispute is permanently barred.

Intellectual Property and Trade Secrets. Notwithstanding anything to the contrary in this Agreement, you understand, acknowledge, and agree that (a) infringement of Company's intellectual property rights, (b) breach of my confidentiality obligations, non-competition obligations, and non-solicitation obligations (including, but not limited to, those provided in Sections 5.3, 4.2, 8.5 of these Policies), (c) impairment of Company's good will, or (d) non-compliance with the Intellectual Property and Confidential Information sections of the Policies will cause immediate and irreparable injury, loss, and harm to Company, and that Company will be entitled, without waiving any other rights or remedies, to injunctive relief and specific performance and may apply at any time for an injunction or specific performance before any court of competent jurisdiction.

Small Claims Court Option. Instead of mailing a Notice of Dispute, you may sue the Company in small claims court in your county of residence (or, if a business entity, your principal place of business) if you meet the court's requirements.

Applicability; Severability; Conflict with AAA Rules. This agreement to arbitrate applies to Chalk Couture as well as to all owners, officers, directors, employees, or principals of Chalk Couture, and all others who claim any rights or benefits based upon or relating to the Company/Designer relationship or who make any claim or defense based upon or relating to Agreement. You may reject any change Chalk Couture makes to this Binding Arbitration and Class Action Waiver (except address changes) by sending the Company Notice within 30 calendar days of the change by U.S. mail with written confirmation of delivery to Chalk Couture, 389 West 12800 South, #510, Draper, UT 84020. If you do, the most recent version of this Binding Arbitration and Class Action Waiver provision before the change you rejected will apply. If the class action waiver is found to be illegal or unenforceable as to all or some parts of a dispute, then those parts will not be arbitrated but will proceed in court, with the remaining parts proceeding in arbitration. If any other provision of this Binding Arbitration and Class Action Waiver is found to be illegal or unenforceable, that provision will be severed but the rest of this Binding Arbitration and Class Action Waiver still applies. These terms outlined in this Agreement govern to the extent they conflict with the AAA's Commercial Arbitration Rules or Consumer Arbitration Rules.

Jurisdiction; Venue; Applicable Law. Designer and Company consent to the non-exclusive jurisdiction before any federal or state court having jurisdiction in Salt Lake County, Utah, for purposes of compelling arbitration or enforcing an arbitral award, for the enforcement by Company of intellectual property rights, confidentiality obligations, non-competition, non-solicitation, impairment of good will, other equitable relief, or any other matter not subject to arbitration as specified in the Policies. The laws of the state of Utah will govern any and all disputes arising out of or relating to this Agreement, excluding its conflict-of-laws rules. Louisiana Residents: Notwithstanding the foregoing, a Louisiana resident is entitled to bring an action against the Company with jurisdiction and venue as provided by Louisiana law. For purposes of enforcing provisions in this Agreement or the Policies that may be considered as covenants of non-competition or restraint in trade and deemed substantially non-enforceable under the law of the state in which I reside, I agree that the law of the state in which I reside, or in which the cause of action arose, shall govern.

#### **9.2.5 - Class Action Waiver**

IMPORTANT – PLEASE NOTE: Company and Designer waive all class action lawsuits, class-wide arbitrations, private attorney-general actions, and any other proceeding where someone acts in a representative capacity. The arbitration clause and class action waiver affect Designer rights about how to resolve any dispute with Chalk

Couture. All disputes and claims relating to or arising from the Agreement, Designer's rights and obligations, or any other claims or causes of action relating to the Company or Designer's performance as an Designer under the Agreement will be settled as specified in the Policies. DESIGNERS WAIVE ALL RIGHTS TO A COURT OR JURY TRIAL EXCEPT AS SPECIFIED IN THE POLICIES. Any claim relating to the Agreement must be filed within 1 year of the conduct or action giving rise to such claim.

Prior to submitting an Enrollment Application, all applicants are required to read and acknowledge that they have read the Mandatory Arbitration and Class Action Waiver Policy in these Company Policies and understand that they are waiving any right to commence or participate in a class action against Chalk Couture.

#### **9.2.6 - Post Termination Enforcement of the Contract**

The Agreement contains provisions that survive termination of the Agreement, regardless of the reason for the termination. Such provisions include, for example, the Company's rights to protect its confidential information and intellectual property. Chalk Couture reserves the right to enforce the terms of the Agreement following termination using any available legal means, whether at law or in equity.

### **SECTION 10: INACTIVITY, CANCELLATION, AND EXIT**

#### **10.1 - Effect of Cancellation**

So long as a Designer remains Active and complies with the terms of the Agreement, including these Policies, and the Agreement has not been terminated by either Chalk Couture or the Designer, Chalk Couture will pay commissions to such Designer in accordance with the Compensation 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 their Agreement, Cancellation for inactivity, or voluntary or involuntary Cancellation of their Agreement (all of these methods are collectively referred to as "**Cancellation**"), the former Designer will have no right, title, claim, or interest to the marketing organization which they operated, or any commission, bonus, or Product credits from the sales generated by the Team. **A Designer whose Designership is Cancelled will lose all rights as a Designer. This includes the right to sell Chalk Couture Products (including those in on-hand inventory) 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 their former Team.**

Following a Designer's Cancellation of their Agreement, the former Designer agrees to not represent themselves as a Designer and will not have the right to sell Chalk Couture Products or services, including any Chalk Couture Products remaining in their inventory. A Cancelled Designer is permitted to personally use (including creating Finished Goods) on-hand inventory, to give to individuals who have no intent to redistribute or sell, or donate to a charity. A Designer whose Designership is Cancelled will receive commissions and bonuses only for the last full pay period they were Active (as defined herein) prior to Cancellation (less any amounts withheld during an investigation preceding an involuntary Cancellation).

When an Agreement is Cancelled, the Designer's downline organization is permanently moved to the Designer's then-current Advisor after the then-current month's commission has been processed.

### **10.1.1 - Re-Enrollment**

Designers who wish to re-Enroll may do so immediately after the Cancellation of their Designership, provided they agree to sign up under their original Advisor (if that Advisor is no longer a Designer with the Company, the Designer will be placed in the appropriate roll-up position).

Designers who wish to re-Enroll under a new Advisor may do so 3 months after the Cancellation of their original Designership, provided that they pay the Activation Fee or purchase a new Starter Kit. Designer's original account must be closed for over 3 months in order for them to qualify as a Personally Sponsored Designer for their new Advisor, and no re-Enrollee (completed within 24 calendar months) will generate incentive trip program points for their Advisor or upline Team.

All re-Enrolling Designers will be allowed to participate in the Designer Début program again no matter how long their account has been closed.

### **10.2 - Involuntary Cancellation**

Chalk Couture reserves the right to terminate any or all Agreements upon 30 calendar days written notice in the event that it elects to: (i) cease business operations; (ii) dissolve as a corporate entity; or (iii) terminate distribution of its Products via direct selling.

Chalk Couture reserves the right to terminate any Designer Agreement effective immediately for a material breach of the Agreement, including without limitation a violation of Section 30, Non-Competition, of the Designer Agreement (where such enforcement is allowed under applicable law), and/or violation of the Confidential Information or Non-Solicitation sections of these Policies.

If a Designers 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 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 will be terminated from the Company's organizational network, and the downline organization shall roll up to the immediately upline Designer.

### **10.3 - Voluntary Cancellation**

A Designer has a right to cancel the Agreement, without penalty or obligation, within 3 business days of the date of submitting the Enrollment Application. To cancel, the Designer must notify Chalk Couture before 12:00 a.m. (Central Time) of the third business day after submitting the completed Enrollment Application via telephone, mail, or e-mail, to receive a full refund. The Federal Trade Commission provides a form that can be used, which is available online at <https://www.ecfr.gov/current/title-16/chapter-I/subchapter-D/part-429>.

A participant in the Compensation Plan has a right to Cancel at any time, regardless of reason.

Cancellation must be either:

- Submitted by form request via the Cancellation Request form, found in the Fix-It-Fast FAQ. This form must (i) be submitted with the Designer's email address on file with Chalk Couture and (ii) contain the Designer's name, address, and Designer ID Number; OR
- 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. Communication should be sent to the attention of the Advisory Department.

In addition to written Cancellation, Designers who have consented to Electronic Contracting will Cancel their Agreement should they withdraw their consent to contract electronically. See Effect of Cancellation, Policy 10.1 for other criteria that may apply to resignation.

#### **10.4 - Non-Renewal**

The Company may, for any or no reason, elect not to renew a Designer's Agreement during the April renewal period.

#### **10.5 - Discontinuance of All Branding and Names Upon Cancellation**

If a Designer's Agreement is terminated and their Chalk Couture Designership is Cancelled for any reason, the affected Designer must immediately discontinue using the Chalk Couture name, and all of Chalk 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 Social Media and External Websites that such Designer utilizes. If Designer posts on any Social Media site on which Designer had previously identified themselves as a Chalk Couture Designer, they will conspicuously disclose that they are no longer a Chalk Couture Independent Designer. If the Designer established a Social Media site for the purpose of advertising, promoting, or managing their Designership, the Designer must take all reasonable steps to protect the Confidential Information of the Company, which may include deleting the Social Media site and/or deleting the contact information of certain Chalk Customers and Designers associated with the site (e.g., as followers, followed, friends, or the like) upon the request of the Company.

#### **10.6 - Return of All Confidential Information**

Upon the Cancellation of an Agreement, whether voluntary, involuntary, or otherwise, the Designer must immediately cease using all Confidential Information, 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, take all actions reasonably required by the Company relating to the protection of the Confidential Information, and must certify to the Company in writing that this obligation has been fully and completely discharged.

This Section will survive termination of the Agreement.

#### **10.7 - Succession**

Upon the retirement, death, or incapacitation of a Designer, their Designership is considered Cancelled and the account terminated.

## SECTION 11: DEFINITIONS

**Active** - Designer account is in good standing.

**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. The Advisor may also be the Designer's "Sponsor," or individual who Recruited the Designer. See definition for Sponsor.

**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, the Chalk Couture Compensation 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."

**Bonus Buying** - The act of buying Product personally, referring or directing the purchase of Products by others whether Team or Enterprise members or Customers, or in any way manipulating Product orders for the purpose of reaching a Title or commission payout. Bonus Buying activities may include but are not limited to:

- buying more Product than can reasonably be sold within a month for the purpose of commissions Levels,
- directing Customers to purchase from multiple or Designers other than themselves, or
- placing orders on behalf of other Designers or using credit cards other than those within their own Household.

**Business Documents** - A collection of marketing, training, and media assets provided to a Designer via a website repository. This repository may also be called "Business Documents" or "Resources Library".

**Cancel (Cancelled, Cancellation)** - The termination of a Designer's business. Cancellation may be voluntary, involuntary, through non-renewal or inactivity, or as otherwise provided herein.

**ChalkPay** - The program and platform Chalk Couture uses to remit earned compensation to Designers. This is a branded third-party service that is accessible via a Designer's Designer Office and may be set up by the Designer for transfers to their banking institution and to manage compensation-related activities with Chalk Couture.

**Chalk Site** - A Chalk Couture-sponsored website that Designers use to sell and market Chalk Couture Products to Customers and to have new Team members Enroll. Included with an active Designer Access Pass.



**Compensation Plan** - The Chalk Couture document that defines the structure and terms by which Designers may qualify to receive financial compensation, advance in Title, and earn additional incentives. See the Chalk Couture Compensation Plan for additional details.

**Customer** - An individual (retail customer, Club Couture subscriber, or Perks Member) or entity who purchases Chalk Couture Products or but who is not a Designer.

**Customer Sales** - Sales to a Customer.

**De-Stashing** - When a Designer has significant amounts of Product on hand, typically from Bonus Buying, and attempts to sell large quantities to other Designers or Customers, whether at retail or discounted pricing.

**Designer Access Pass** - A collection of support tools and services including, but not limited to, access to the Designer Office, access to Designer Services, access to monthly Club Couture products, and a Customer-facing replicated website that is required for every active Designer (optional in Canada, IN, MN, HI, MD, and ND) to have, paid for by Designer in a recurring automated monthly fee.

**Designer Office** - The Chalk Couture-sponsored website that Designers use to manage their Chalk Couture activities.

**Designership** - The activities and rights to order and sell Product, Recruit and support Team members, participate in corporate-sponsored events, and other such activities that comprise active status as an Independent Designer at Chalk Couture. Designership is granted to Designers so long as they uphold Policies and other requirements for eligibility of participation, including meeting Compensation Plan requirements.

**Designership Opportunity** - The opportunity an individual has to participate in the programs and plans offered by Chalk Couture by committing to the terms of the Agreement. The opportunity includes the ability to buy Product at Designer price, receive the benefits of the Designer Office and monthly fees, attend events, build a Team, and participate in the Company's Compensation Plan. Any individual who participates in the Designership Opportunity understands that they do so as an independent contractor.

**Enroll (Enrolling, Enrollment)** - To complete the Enrollment Application and agree to the terms of the Agreement. Individuals who Enroll become Designers participating in the Designership Opportunity.

**Enterprise** - A Designer's entire organization, beginning with themselves and radiating down through all Levels, regardless of commissions eligibility.

**Enterprise Volume (EV)** - A Designer's entire organization's collective Personal Volume, beginning with themselves and radiating down through all Levels, regardless of commissions eligibility. Also referred to as "EV".

**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 Business Page or other business page, application for mobile phones and similar devices, YouTube account page, or any social networking site.

**Finished Goods** - Artwork created by an Independent Designer using Chalk Couture Products. These Finished Goods may be sold by the Designer at a price of their determination, used as Team or Customer incentives, for personal use, or other means to be determined by the creating Designer.

**Good Standing** - A Designer who is current on all subscriptions and any other potential fees, has no holds to due compliance issues, complaints or other issues, and may participate fully in all Designer programs and events.

**Household** - Spouses, dependent children, and other individuals living at or doing business at the same address.

**Inventory Order** - An order type open only to Designers, where a Designer may purchase Products at Designer price with sales tax collected based on whether the order is designated as personal use or for resale.

**Level** - The layers of downline Designers in a particular Designer's Team or Enterprise. 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 Enrollment/Sponsorship. For example, if A Enrolls B, who Enrolls C, who Enrolls D, who Enrolls E, then E is on A's fourth Level.

**MAP (Minimum Advertised Price)** - 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.

**Passive Stacking** - The practice of "placing" using artifice, any new Team member under another Designer for the purpose of advancement, commissions advantage, incentive, or recognition.

**Personal Email Address** - An email address associated with you, not another individual, business, or entity.

**Personally Sponsored** - A First-Level Team member who was personally Recruited, Enrolled, or "Sponsored" by an Advisor who is still Active.

**Personal Volume (PV)** - Measurement of monthly sales volume. See the definition set forth in the Compensation Plan. Also referred to as "PV".

**Pop-Up Shop** - An in-home (or comparable location) open-house style selling event typically conducted in partnership with a Customer acting as a "host," who may be eligible to receive hostess rewards based on sales (at the Designer's discretion). Typically, the Designer shows packaged Products for resale from inventory and/or collects Customer orders and payments on site. Some Finished Goods may be incorporated as project samples or for-sale items, at Designer discretion.

**Recruit (Recruited, Recruiting)** - For purposes of Chalk Couture's Conflicts of Interest Policy, the term "Recruit" means the actual or attempted 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 or other business opportunity. 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 shall be deemed "Resalable" if each of the following elements is satisfied: (i) they are unopened and unused; (ii) packaging and labeling has not been altered or damaged; (iii) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; (iv) they are returned to Chalk Couture.

**Resources Library** - The repository for Chalk Couture-produced marketing, training, and media assets provided to Independent Designers for their review, learning, and use. These documents are referred to collectively as "Business Documents" and may be stored with the Business Documents.

**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, Pinterest, Snapchat, Twitter, TikTok, LinkedIn, and YouTube.

**Solicit** - The term "Solicit" means actual or attempted product sampling, Solicitation, enrollment, encouragement, or effort to influence either directly, through a third party, or indirectly (including but not limited to the use of a website, social media platform, or social messaging applications), another Chalk Couture Designer or Chalk Couture customer to purchase products from, enroll with, or participate in another network marketing opportunity.

**Sponsor** - The individual who has personally Recruited and Enrolled a Team member. A Sponsor is always that Team member's Advisor. However, if the Sponsor exits the Company, the Team member will roll up to a new Advisor who will never hold the designation of "Sponsor" to that Team member.

**Team** - A Team is an organization of Designers that shares a common Advisor, directly or indirectly, specifically Levels 1 through 3.

**Team Volume (TV)** - The volume generated by a Designer's first through third-level Team members, including themselves. See the definition set forth in the Compensation Plan. Also referred to as "TV".

**Title** - The Title a Designer holds pursuant to the Chalk Couture Compensation Plan. This Title may be either "paid as" or "recognition title".