



BEDROOM KANDI
BOUTIQUE PARTIES

POLICIES & PROCEDURES

Bedroom Kandi Boutique Parties Policies and Procedures

Thank you for caring enough to read these Policies & Procedures. By doing so you are demonstrating a professionalism that is rare within the direct sales industry. In fact, only a small percentage of new Consultants take the time to even glance at the policies that they've agreed to adhere to by their signature. This is an agreement that protects us both, as well as your fellow business partners in Bedroom Kandi Boutique Parties. You are now the President of your own business, and you should be proud that you are taking your new business seriously enough to review this important document.

If you have any questions about any section of this document, please follow these steps, in order:

1. Visit the Bedroom Kandi Boutique Parties web site at <http://www.BKParties.com> and review the FAQ's.
2. Ask your sponsor.
3. Call Bedroom Kandi Boutique Parties Customer Service at 866.678.4443 or email the Compliance Department at CustomerCare@BedroomKandi.com.

A. THE COMPANY

Bedroom Kandi Boutique Parties, hereinafter also referred to as the "Company," is a direct sales company supplying products to the consumer through independent Consultants.

1. Use of Company Name.

1.1

When using or creating any materials other than those provided by the Company, Consultants are not allowed to use the company name, trademark and logos without the written consent of the Company. This includes, but is not limited to, print advertising, business cards, websites, and domain names (i.e. CathysBedroomKandi.com, BedroomKandi4You.com, etc.).

1.2

Any promotion of the Bedroom Kandi products or income opportunity by you must always include the term "Independent Consultant." This includes, but is not limited to, business cards, letterhead, advertising (written or verbal), websites, telephone listings, etc..

2. Confidential Information.

Information concerning a Consultant's own downline organization beyond their personally sponsored Consultants is proprietary information. This information shall not be used for purposes unauthorized by Bedroom Kandi Boutique Parties and shall never be disclosed to a third party. For example, if you wish to promote a non-Bedroom Kandi Boutique Parties product to your downline, you may contact only those you personally sponsored, but you may not contact those they personally sponsored, or their downline.

3. Organizational Information.

All Bedroom Kandi Boutique Parties corporate-generated information (i.e. Commission reports, downline genealogies, etc.) is the property of Bedroom Kandi Boutique Parties and cannot be sold or otherwise distributed in any way without prior written permission from Bedroom Kandi Boutique Parties.

B. CONSULTANTSHIP

4. The Consultant.

A Consultant is someone who has submitted a Consultant Agreement that has been accepted by the Company. The Company reserves the right to accept or reject anyone as an individual Consultant or co-owner of a Consultantship, however such acceptance will never be unreasonably withheld. Once an application has been accepted and a Consultantship granted, the Consultantship will be renewed annually at the discretion of the Consultant.

5. Independent Contractor.

A Consultant is an independent contractor and is not an employee, agent, officer, or partner with Bedroom Kandi Boutique Parties, and is prohibited from representing him/herself as such.

6. Authorized Consultant.

Only authorized Bedroom Kandi Boutique Parties Consultants may sell Bedroom Kandi products or participate in the Bedroom Kandi Boutique Parties sales compensation programs.

7. Consultant Requirement.

7.01

The requirements to become a Bedroom Kandi Boutique Parties Consultant are the filing of a Consultant Application (also herein referred to as a Consultant Agreement), the purchase of a Consultant Kit, and passing a brief online quiz after viewing training videos available in the Consultant Resource Center.

7.02

A Bedroom Kandi Boutique Parties Consultantship may be in the name of a business entity of any form (Corporation, LLC, partnership, etc.).

7.03

By clicking on the online Consultant Agreement you have accepted the terms and conditions set forth in the Consultant Agreement, also found here in the resource center.

7.04

The initial establishment of your Consultantship, and the payment of your annual Renewal Charge (see Section #10 below), entitles each Consultant to receive, among other things, regular Bedroom Kandi Boutique Parties communications, an at least monthly accounting of organizational sales volume, and the administration of all commissions, bonuses and profits due them.

7.05

Any purchases of, sales aids, literature, supplies or technology services is strictly optional.

8. Consultantship Identification Number.

8.01

Each Consultant must furnish Bedroom Kandi Boutique Parties with at least one of the following:

- a) A social security number (SSN) if a United States residence not operating as a Corporation (i.e. an individual, legal partnership, Limited Liability Company (LLC), etc.);

- b) An Employer Identification Number (EIN) if a Corporation registered in the United States;
- c) The appropriate government identification number used for tax purposes, if any, within the country the Consultantship is located.

8.02

Bedroom Kandi Boutique Parties will not grant more than one Consultantship per individual SSN, corporate EIN, or other government issued identification number. Such numbers will only be used for reporting purposes required of Bedroom Kandi Boutique Parties by law, and will otherwise be held strictly confidential.

8.03

Consultants will be assigned a unique Consultant Identification Number upon acceptance of their Consultant Agreement and may, at their discretion, use this ID number for public distribution (i.e. on business cards, product catalogs, etc.).

9. Consultantship Name.

In the event the Consultantship is to be recognized by any other name besides the legal name of the individual (i.e. a team, partnership, business or corporate name), Bedroom Kandi Boutique Parties management has the right to disallow such names which they feel are offensive, misleading, violative of trademark law, or in any way may negatively impact the image, reputation and/or legal standing of the company.

10. Annual Renewal.

In order to retain your rights and privileges as a Bedroom Kandi Boutique Parties Consultant, Bedroom Kandi Boutique Parties requires the payment of a nominal annual administration fee of 100.00 (plus applicable tax, if any) due upon the anniversary date of which the original Consultant Agreement was accepted. If the renewal fee is not received within 15 days of the due date the Consultantship will be canceled. The renewal fee may change from year to year, however this fee will:

- a) always be the same for all renewing Consultants;
- b) be clearly stated in the Consultant's back office at least 30 days in advance of its due date;
- c) never increase from one year to the next by more than \$5.00.

11. Non-Renewal.

If a Consultant chooses not to renew his/her Consultant Agreement, all rights to compensation, rank, and wholesale purchases shall cease, and the Consultant's hierarchical Bedroom Kandi Boutique Parties Consultantship position shall be vacated. Any directly sponsored team members under a non-renewing consultant will roll up one level of leadership if it exists.

12. Minimum Age.

A Consultant must be at least 18 years of age, or the age of legal contractual consent within the jurisdiction which they reside.

13. Territorial Limits.

Bedroom Kandi Boutique Parties does not recognize any exclusive territories. Therefore, Consultants are not restricted from conducting business anywhere in the countries in which Bedroom Kandi Boutique Parties operates.

14. Second Consultantship.

No individual Bedroom Kandi Boutique Parties Consultant may have a financial interest, or derive any benefit directly or indirectly from, any second or subsequent Bedroom Kandi Boutique Parties Consultantship without the expressed written permission of the Company. Example: Under no circumstance will any Consultant be allowed to manipulate the Bedroom Kandi Boutique Parties compensation plan by establishing multiple positions for the purpose of receiving matching bonuses on their own commissions.

15. Spouses.

The spouse of existing Consultants may be a co-applicant on the original Consultant Application, but may not apply for, nor have, a financial interest in any other Bedroom Kandi Boutique Parties Consultantship.

16. Consultantship Status Changes.

The company reserves the right of approval of any changes in the Consultant's business name only. The Consultant may at any time, for any reason, change their Consultantship to a sole proprietor business, business partnership, corporation (of any type), or to a trust for taxes, estate planning and limited liability purposes. Bedroom Kandi Boutique Parties has no standing to disallow such legal changes and company approval is not necessary. However, the name of all parties who are financially involved, directly or indirectly, with this Consultantship, along with their past or current Consultant Identification Numbers (if applicable), must appear on the newly revised Consultant Application along with written instructions to the company authorizing this identity change signed by all parties involved. This written notification must be submitted to the Bedroom Kandi Boutique Parties home office ten (10) days in advance of the effective date of the change. Bedroom Kandi Boutique Parties has the right to disallow only those individuals who already hold current positions within the Bedroom Kandi Boutique Parties sales program, have been terminated, or who have not been inactive for less than six months, from participating in the newly revised Consultantship.

17. Consultant Information.

It is the responsibility of the Consultant to provide and update Bedroom Kandi Boutique Parties with current and accurate information about the Consultantship, including but not limited to the name(s), addresses, telephone/fax number(s) and e-mail address (if any). All information changes must be submitted to the Bedroom Kandi Boutique Parties home office either in writing or via the Consultant's online profile. Changes which would impact mailings, commissions, or bonuses should be received at least ten (10) days in advance of the effective date of the change.

18. Selling a Consultantship.

18.01

A Consultant may sell, assign or transfer his or her Consultantship without approval by Bedroom Kandi Boutique Parties (it's your business). However, Bedroom Kandi Boutique Parties reserves the right to approve or deny individual participants. For example, the potential buyer must not be a currently active, or previously terminated Consultant.

18.02

Bedroom Kandi Boutique Parties must be fully informed of all pertinent details, including (but not limited to) the full name, address, phone number and SSN of the buyer(s), at least fifteen (15) business days in advance of the transfer of ownership. This written notification must be signed and notarized by the selling (departing) Consultant and must be accompanied by a new Consultant Agreement signed by the buying (incoming) Consultant.

18.03

A Consultant who sells his/her Consultantship shall not be eligible to reapply as a Bedroom Kandi Boutique Parties Consultant for a period of 180 full days (about six months).

19. Successors.

Upon the death of the Consultant, Consultant's rights, compensation and responsibilities shall pass to the Consultant's heirs, upon written notification to the Bedroom Kandi Boutique Parties home office. The successor(s) must fulfill the responsibilities of the Consultant. Per section 4 above, Bedroom Kandi Boutique Parties has the right of approval of all new individuals participating, whether by voluntary application or inheritance, in the Bedroom Kandi Boutique Parties sales program. No reasonable applicant will be withheld.

20. Incapacitation or Incarceration.

20.01

In the event the Consultant becomes mentally and/or physically incapacitated and unable to perform their duties per their Consultant Agreement, they may elect to continue the operation of their Bedroom Kandi Boutique Parties business using a proxy. Their proxy must be identified to the Company in advance of their installment as proxy. Bedroom Kandi Boutique Parties has the right to disallow only those individuals who already hold current positions within the Bedroom Kandi Boutique Parties sales program, have been terminated, or who have not been inactive for less than six months, from participating as a proxy for any Consultantship.

20.02

An incapacitated Consultant, or their proxy, may elect to sell or assign their Consultantship per Section 18 above.

20.03

If Power of Attorney is granted to anyone who assumes control of the affairs of any Consultant, that person will act as proxy for that Consultantship. If Power of Attorney is granted to anyone who is not eligible to assume the roll of proxy, per 20.01 above, another proxy must be assigned.

20.04

In the event the Consultant is convicted of a crime and incarcerated for any period of time, their Consultantship will continue to operate under all rules and policies as agreed to by the Consultant. All rules and qualifications within the Bedroom Kandi Boutique Parties compensation plan will continue to be enforced.

20.05

An incarcerated Consultant may elect to sell or assign their Consultantship.

21. Cancellation.

The Consultant Agreement (Consultantship) may be canceled at any time, for any reason, by a Consultant upon notarized notification to the Consultant's sponsor and the Company by registered mail. This is to prevent fraudulent cancellations. All Consultantships will automatically cancel upon the anniversary date of the application if the annual renew fee is not paid. If a Consultant cancels their Consultantship, their directly sponsored team members will roll-up one level of leadership if it exists.

22. Pay Period and Payments.

22.01

Commissions and other bonuses are based on a calendar month. Orders must be received at Bedroom Kandi Boutique Parties's order department by 12:00 AM Midnight PST (3:00 AM EST) on the last day of any month to be credited to the previous month's pay cycle.

22.02

Bedroom Kandi Boutique Parties will track your sales volume and that of your entire downline, and once a month commission and bonus payments will be sent by check directly to the address specified by the Consultant. Consultant will allow fifteen (15) days from the conclusion of the monthly pay period for commission checks to arrive. In the event that you have not received your commissions after this amount of time, or the commissions are not what you expected it to be, please consult your online back office account first, then if necessary notify the Bedroom Kandi Boutique Parties home office. Replacement payments will be issued after the required investigative procedures are completed.

22.03

Commission checks left uncashed for more than 180 days (about six months) will not be honored. If a replacement check is later requested an additional processing fee of \$20.00 will be charged to reissue a replacement payment.

22.04

A minimum commission amount of \$10.00 is required for paper checks sent by mail. In the event you are due a check for less than \$10.00 the amount owed will carry over to the next week and continue to accrue until such time as the \$10.00 minimum is met, or you request the amount owing in writing.

23. Other Taxes.

Bedroom Kandi Boutique Parties does not deduct any taxes from the commission payments it sends Consultants. As Independent Contractors you are responsible for paying the appropriate income taxes (if any). On or before established dates of each year, the company provides the Consultant and, if applicable, the appropriate governmental agency, a form which reflects the total paid to the Consultant by the Company during the previous year (all United States based Consultants will be issued a Form 1099).

24. Retail Customer Complaints.

Consultants shall promptly and courteously investigate any and all retail customer complaints, and shall take appropriate action to remedy all such complaints.

A Consultant will reply to an e-mail or phone message from the Bedroom Kandi Boutique Parties Home Office within 48 hours.

25. Retail Customer Refunds.

25.01

All retail customers shall receive a 100% refund on all returned product within one year of purchase per the manufacturers return policy ie. Warranty against defects or workmanship. A Consultant shall honor the Bedroom Kandi Boutique Parties Retail Customer refund policy by courteously and promptly informing the Customer of the appropriate product return procedures.

25.02

In the event product is returned for a refund directly to you by a Retail Customer in such a way that prevents you from explaining the proper return process (e.g. by mail), you will proceed to return the product to the Company on behalf of the Customer per the proper return procedures.

C. SPONSOR ISSUES

26. Sponsor Responsibilities.

26.01

Consultants are expected to serve, motivate, train and otherwise assist those whom they sponsor. Sponsors have the ongoing responsibility to provide leadership, support Bedroom Kandi Boutique Parties' policies and programs, and to promote the Bedroom Kandi Boutique Parties opportunity and products. Consultants should be able to provide evidence of ongoing fulfillment of these expectations to Bedroom Kandi Boutique Parties if requested.

26.02

Consultants are expected to assure awareness of, and compliance with, all Bedroom Kandi Boutique Parties and governmental regulations for those Consultants within their organization. A sponsor who becomes aware of any violations of these policies must promptly bring them to the attention of Bedroom Kandi Boutique Parties' Compliance Department. Failure to do so is a violation of this policy.

27. Consultant Produced Tools and Training.

Bedroom Kandi Boutique Parties has conducted a great deal of research and testing in the development of their marketing tools and training systems. Therefore, Consultants are prohibited from producing their own marketing tools, sales aids, and training materials without the expressed written permission of the Company.

28. Changing Sponsors.

Changing sponsors, or downline placement of your Business Center, is allowed only under the following two conditions:

- a) You may change sponsors with the written and notarized approval of your current sponsor;
- b) You may change the position of your Business Center only by formally resigning (per Section B.21 above) and waiting 180 full days (about six months) to rejoin as a Consultant under a new sponsor. If you elect this option you are essentially starting over with a new Consultantship, and no rank or sales volume will carry over to your new Business Center.

29. Sponsor Disputes.

Occasionally one individual may contact the same prospect resulting in a dispute over sponsoring rights. Bedroom Kandi Boutique Parties will not mediate such disputes, and will recognize the Consultant whose name appears on the Consultant Agreement. If two applications are submitted, the one received first will be recognized. Every new Consultant has the right to choose his or her sponsor and the choice should be made carefully due to the fact that changing sponsors is not permitted (per Section 29 above).

30. Orphan Orders/Applications.

No product order or Consultant Application will be accepted that does not include a sponsoring Consultant's Identification Number. Should an "Orphan" application or product order be received, Bedroom Kandi Boutique Parties' support staff will make every effort to determine who referred the customer/prospect including, but not limited to, contacting the customer/prospect and asking them. In the event that there was no referring Consultant, the customer/prospect may be assigned to an active Consultant on a case-by-case basis.

31. Customer Affiliation.

Retail Customers are not bound to any particular Consultant, and may purchase Bedroom Kandi Boutique Parties products from any Consultant whom they choose to do business with.

D. PURCHASE AND SALE OF PRODUCT

32. Purchasing Products.

Consultants must purchase all of their Bedroom Kandi Boutique Parties produced product, literature, sales tools, Consultant manuals, technology services etc., directly from Bedroom Kandi Boutique Parties.

33. Resale of Products.

Consultants must direct all Customer orders through the Bedroom Kandi Boutique Parties ordering process (i.e. allow Bedroom Kandi Boutique Parties to accept the order and drop ship the product to your Customer).

34. Customer Age of Majority.

34.01

Consultants are prohibited from presenting or selling Bedroom Kandi Boutique Parties merchandise to minors. Consultants shall only allow those who are of the Age of Majority (i.e. age of legal adulthood) in their state to be present at any in-home party, or any other type of sales event. Age of Majority is 18 in all U.S. states except: Alabama (19), Nebraska (19), and Mississippi (21).

34.02

Age of Majority may change from time to time in various states. It is the Consultant's responsibility to know the Age of Majority in their state at all times.

35. Taxes on Product and Sales Aids.

35.01

Where taxes are applicable, Bedroom Kandi Boutique Parties collects those taxes from the Consultant when the Consultant orders product and sales aids. The taxes paid by the Consultant to the Company are based on the suggested retail price of all resalable products. Bedroom Kandi Boutique Parties pays the taxes to the appropriate authorities, and the Consultant is reimbursed by the ultimate consumer (whenever the products are resold).

35.02

Virtually all network marketing companies apply sales taxes (when applicable) on the suggested retail cost. This is done because the primary purpose of your product purchases should be for resale. If you are charged sales tax on the wholesale amount (or not at all), and then you mark up and resell the products at retail and collect sales tax from your customer at retail, you essentially make a profit on the sales tax and it must be reported to all applicable local, state and federal agencies. Bedroom Kandi Boutique Parties will charge the Consultant sales taxes based on applicable state and local sales tax rates and remit these taxes on behalf of the Consultant.

36. Currency.

All orders are processed in USD (United States Dollars) Currency.

E. DISTRIBUTOR ETHICS, COMPLIANCE AND ENFORCEMENT

37. Consultant Conduct.

Consultants agree to conduct themselves with the highest ethical, professional, and business standards. Consultants agree to refrain from any conduct which may be harmful to Bedroom Kandi Boutique Parties' reputation or to the marketing of Bedroom Kandi Boutique Parties products or income opportunity. Consultants found to be engaged in deceptive, unethical, discourteous, misleading, coercive, illegal or immoral conduct may be subject to disciplinary action including suspension and/or termination of their Consultantship.

38. Compliance.

It is mandatory that all Policies and Procedures be complied with. These regulations have been established to protect the rights of the Company, the Consultant, and the Consultant's customers. Bedroom Kandi Boutique Parties will always strive to be a fair and friendly company. However, actions that may be harmful to the welfare of our company, employees, customers, and most importantly our Consultants, are considered very serious and will be addressed accordingly.

39. General Claims.

39.01

Bedroom Kandi Boutique Parties Independent Consultants will not make any claims, statements, representations,

or warranties, either verbal or written, regarding Bedroom Kandi Boutiue Parties products, income opportunity, company management, or support services, other than those contained in current Bedroom Kandi Boutiue Parties produced or approved materials. If there is ever any doubt about what you may or may not say, please contact Bedroom Kandi Boutiue Parties' corporate office for guidance.

39.02

Bedroom Kandi Boutiue Parties Consultants must always be candid and forthright about the nature of the Bedroom Kandi Boutiue Parties products and income opportunity. When inviting prospective customers to home sales parties, or any type of event where Bedroom Kandi Boutiue Parties products will be discussed, Consultants should always make clear that some products being presented are of a sexual nature and that attendance is restricted to adults only.

40. Medical Claims.

No claims as to any therapeutic or curative effect of Bedroom Kandi Boutiue Parties products may be made except for those approved by the Company or as contained in official Bedroom Kandi Boutiue Parties literature. Consultants may not make medicinal claims that relate to the treatment, prevention, mitigation, or cure of disease. This prohibition includes claims made as part of a personal testimonial. In particular, the suggestion or insinuation that any physician prescribed medication may be discontinued in lieu of a Bedroom Kandi Boutiue Parties product will be considered an egregious violation of this policy. If the Consultant wishes, he or she can recommend that the customer consult with his/her physician prior to using any Bedroom Kandi Boutiue Parties products.

41. Earnings Claims.

False or misleading representations of earnings or potential earnings is strictly prohibited. Whenever earnings examples are included in advertising or verbally, the Consultant must include the following income disclaimer: "Actual earnings will vary significantly between Consultants. This is only a hypothetical example to illustrate the mechanics of the Bedroom Kandi Boutiue Parties compensation plan. Individual earnings as a Bedroom Kandi Boutiue Parties Consultant depend upon the individual effort of that Consultant."

42. Investment Claims.

It is strictly forbidden for any Consultant to refer to, or imply that, the Bedroom Kandi Boutiue Parties income opportunity is, or requires a, financial "investment". Although Consultants may discuss or describe the "residual income" opportunity provided by Bedroom Kandi Boutiue Parties' network marketing program, it is a violation of this policy to suggest, directly or indirectly, that such income is "effortless", involves little or no work, is created primarily or solely by the effort of others, or any other such language that implies the absence of work, training and perseverance in the initial creation of such "residual income".

43. Franchise/Business Opportunity Claims.

It is strictly forbidden for any Consultant to refer to, or imply that, the Bedroom Kandi Boutiue Parties income opportunity is, or is similar to, a "franchise". It is also strongly advised that Consultants refrain from using the term "Business Opportunity" when describing Bedroom Kandi Boutiue Parties' network marketing program. The suggested alternative is "Income Opportunity". Although "Business Opportunity" is a common term used to describe a network marketing program, and thus greater discretion will be applied by Bedroom Kandi Boutique Parties when enforcing this policy regarding this term, under no circumstances should the term "franchise" be used within any context. Certain state and federal agencies within the United States, including the Federal Trade Commission, make a distinction when applying certain regulations and laws to "Franchise" and "Business" opportunities that do not otherwise apply to network marketing programs. It is the Consultant's responsibility to maintain this distinction.

44. Governmental Endorsement.

International, Country and state regulatory agencies do not approve or endorse direct selling programs. Therefore, Consultant's may not represent or imply, directly or indirectly, that the Bedroom Kandi Boutique Parties program has been approved or endorsed by any governmental agency.

45. Procuring Volume.

Consultants may not purchase Bedroom Kandi Boutique Parties products through any Consultanship other than their own, nor may they purchase product for the primary purpose of artificially meeting sales volume quotas or contest qualifications.

46. Retail Outlets.

46.01

Consultants are prohibited from displaying or selling Bedroom Kandi Boutique Parties products in any retail outlet. However, Consultants may display Company approved marketing material promoting Bedroom Kandi Boutique Parties products and income opportunity within appropriate retail establishments, with the expressed written permission of the owner or manager.

46.02

Consultants are strictly prohibited from selling product to any person who will then resell those products through or to a retail establishment.

46.03

Under no circumstances may Bedroom Kandi Boutique Parties products be sold through online social, advertising and auction sites including, but not limited to, Facebook, Craigslist, and eBay respectively.

47. Representing Other Direct Sales Programs.

47.01

Bedroom Kandi Boutique Parties strongly discourages the practice of working within more than one network marketing company within the same industry. However, the Company recognizes the Independent Contractor status of its Consultants and that this is your business decision. Therefore, there is no general prohibition against having a Consultanship with another network marketing, affiliate, or commissioned sales program (all of which are here after referred to as "Sales Program"). However, the following specific practices are prohibited:

- a) Promoting or selling the opportunity or products of any other Sales Program to any Bedroom Kandi Boutique Party Consultant other than those you have personally sponsored;
- b) Co-mingling the products or services of another Sales Program(s) with Bedroom Kandi Boutique Parties products during in-home parties, meetings, trade shows, fairs, or in any other venue, media or situation;
- c) Offering any type of contact information connected to any Bedroom Kandi Boutique Parties Consultant to another party with the intent of having the other party solicit that Consultant to consider any product or income opportunity unrelated to Bedroom Kandi Boutique Parties;
- d) Publicly or privately state, by any written or verbal means, that the products or income opportunity of the other Sales Program is superior to Bedroom Kandi Boutique Parties' products or income opportunity.

47.02

Sponsoring represents an important commitment of time and money. Bedroom Kandi Boutique Parties feels that those valuable relationships should be protected. Furthermore, it is Bedroom Kandi Boutique Parties' fiduciary responsibility to

protect the integrity of every Consultant's sales organization. Therefore, cross-sponsoring between Sales Programs offering competing products is universally prohibited, and in the case of non-competing products is allowed only within the limits of those the Consultant has personally sponsored. The spirit and intent of this section is designed to protect your rights to openly promote complementary and beneficial secondary Sales Programs to those you have sponsored (such as lead suppliers, generic training, communication services, etc.) as well as to support the products and services of other non-competing network marketing programs (which Bedroom Kandi Boutique Parties encourages).

48. Reporting Violations.

Every Consultant has the duty and responsibility to investigate and report any and all violations of the Policies and Procedures to the Bedroom Kandi Boutique Parties home office. However, such reports will carry little weight if submitted anonymously. Any allegation of policy violations must be sourced and verified. Intentionally filing false or misleading violation reports are in itself a severe policy violation.

49. Enforcement Procedures.

49.01

Bedroom Kandi Boutique Parties will never arbitrarily or unfairly enforce its policies. However, since infractions potentially jeopardize the orderly operation of the Company as well as its legal standing and reputation, the Company must occasionally be prepared to take firm action. Bedroom Kandi Boutique Parties will fully investigate any alleged policy violations, including the defense of the accused party, before any formal action is taken. Utmost care will be taken to ensure that the complaint is accurate. Bedroom Kandi Boutique Parties considers all complaint information to be strictly confidential.

49.02

Upon learning of a violation, a Consultant should inform the violator of the pertinent section of the Bedroom Kandi Boutique Parties Policies & Procedures and/or Consultant Agreement. The matter should be discussed calmly and professionally. Point out the basis of that particular policy. Be sure the alleged violator knows how their conduct was a violation of the policy and what the appropriate conduct is. Most violations are due to a lack of information and educating the offender usually settles the matter.

49.03

Unless the infraction was serious in nature (e.g. involves potentially illegal activity), if the violator understands the policy and agrees to comply, it is not necessary to inform the Company of the violation.

49.04

If the alleged violator refuses to cooperate, then the Consultant should send a letter to the Bedroom Kandi Boutique Parties home office stating the nature of the violation along with the details (i.e. names, addresses, telephone numbers of all persons involved, dates, times, location, etc.). The letter must be signed by the Consultant(s) reporting the violation(s). The source of this information will be held confidential, unless revelation is required by law.

49.05

When the complaint is received by Bedroom Kandi Boutique Parties, all parties will be afforded the opportunity to be heard, either through correspondence or in person. Evidence may be presented and a decision will be rendered after all relevant facts have been reviewed. Once a decision is reached, all parties will be notified.

50. Disciplinary Actions.

In the event that a Consultant has violated any of the provisions within the Consultant Agreement, the Policies & Procedures Manual, or any applicable local, state or country laws, or in any way compromises the integrity of Bedroom Kandi Boutique Parties, the Company may elect to suspend or terminate, at its sole discretion, the offending Consultant depending on the nature of the violation.

51. Suspensions and Terminations.

51.01

The Company will send the Consultant an official notice of suspension or termination by registered US mail, or whatever delivery confirmation method is available in the offending Consultant's country, to the address on file. Copies of this notification may also be sent by fax or email, if available. This notification will include the basis for the action and length of the suspension (if applicable).

51.02

The Consultant will have thirty (30) days from the date of mailing in which to appeal the suspension or termination. The Consultant's appeal must be received by the Bedroom Kandi Boutique Parties home office within the 30 day period. If the appeal is not received within the 30 day period, the suspension or termination will stand and is final.

51.03

Bedroom Kandi Boutique Parties management will carefully review the Consultant's written appeal and, if appropriate, conduct a follow up conversation. Bedroom Kandi Boutique Parties management may, at its discretion, request a review of the suspension or termination by the Consultant Advisory Council (CAC) for additional guidance. Bedroom Kandi Boutique Parties will then render its final decision and notify the Consultant by fax or Priority Mail.

51.04

During the time that the initial investigation is taking place, but previous to any formal suspension or termination, the Consultant will retain all rights as an active Consultant in good standing. Bedroom Kandi Boutique Parties follows the policy of "Innocent until proven guilty."

51.05

While under suspension, or following termination, the Consultant agrees to immediately cease representing himself/herself as a Bedroom Kandi Boutique Parties Consultant, may not directly or indirectly contact current Consultants, may not attend Consultant meetings or Company events, may not attend or host in-house parties, and may not enroll new Consultants nor sell Bedroom Kandi Boutique Parties products. No financial compensation of any kind will be paid or accrued to the Consultant during suspension or after date of termination. No additional sales volume will be accrued within the Bedroom Kandi Boutique Parties compensation program during the suspension period.

51.06

In the event that a Consultant resigns, is suspended, or is terminated, Bedroom Kandi Boutique Parties maintains the right to hold any forthcoming commissions or bonus generated during the current commission month (the month in which the resignation, suspension or termination formally begins). Under no other circumstance will commissions or bonus be withheld.

51.07

Terminated Consultants are not eligible for future application as a Bedroom Kandi Boutique Parties Consultant.

52. Non-Disparagement

52.01

Negative comments and remarks made by Consultants about the Company, its management, products, or compensation plan serve no purpose other than to diminish the confidence and enthusiasm of other Bedroom Kandi Boutique Parties Consultants. For this reason, and to set the proper example for their sales organization, Consultants must not disparage Bedroom Kandi Boutique Parties, its directors, officers, or employees, other Consultants, or Bedroom Kandi Boutique Parties's products and compensation plan to anyone other than

Bedroom Kandi Boutiue Parties's Consultant Support personnel, or Bedroom Kandi Boutique Parties senior management.

52.02

There are several avenues to formally express constructive criticisms, concerns, or complaints to Bedroom Kandi Boutique Parties support and/or management. Consultants are encouraged to take advantage of these communication devices and the Company welcomes such input.

52.03

Consultants should not, either verbally or in writing, disparage any competing network marketing program, its products, management or compensation plan, by name. For the purpose of this section, "disparage" is defined as: To speak of in a slighting or disrespectful way, or to belittle. Bedroom Kandi Boutique Parties does not condone gratuitous "competition bashing." This section is not meant to discourage or prevent a professional, candid discussion of specific advantages and benefits offered by Bedroom Kandi Boutique Parties compared to other network marketing programs, nor does it prohibit or discourage the revelation of alleged advantages posed by competing programs when those advantages are verifiably false, misleading or overstated. Bedroom Kandi Boutique Parties recognizes your right to defend yourself against competitor "hype", and to fairly and accurately contrast and compare various aspects of the Bedroom Kandi Boutiue Parties program to that of specific competitors. This is all part of a healthy, competitive environment. However, you must never attempt to position Bedroom Kandi Boutique Parties as having the "best" opportunity or products by tearing down all other competitors.

F. ADVERTISING

53. Media Advertising.

53.01

All advertising including, but not limited to, flyers, press releases, promotional statements made on telephone answering machines or voice mail, direct mailing pieces, radio, TV, or newspaper advertising copy, or promotional statements made on internet message boards or websites, must be approved by the Bedroom Kandi Boutiue Parties home office before being disseminated or published.

53.02

Bedroom Kandi Boutiue Parties Consultants may not represent Bedroom Kandi Boutique Parties in the media (in advertising, news or special interest features or in any other category) without the express written consent of Bedroom Kandi Boutique Parties. All media inquiries are to be referred immediately to the Bedroom Kandi Boutiue Parties home office.

54. Sales Materials.

Only sales, promotional and advertising materials approved in writing or supplied by Bedroom Kandi Boutique Parties can be used (see section #27: Consultant Produced Tools and Training).

55. Displays.

55.01

Bedroom Kandi Boutiue Parties Consultants may display the Bedroom Kandi Boutiue Parties products and income opportunity at trade shows, expos, and similar exhibitions for the purpose of attracting potential Consultants and selling products. Participation in any such event must receive prior written approval from the Bedroom Kandi Boutiue Parties home office. An Event Registration Form can be found in the resource center and must be submitted to the BKBP home office at least 30 days prior to participation in an event for approval.

55.02

Consultants are prohibited from setting up exhibits in shopping malls, at farmers' markets or at flea markets, or any other such venue where minors may be in attendance.

56. Telemarketing/Fax Broadcasting/Spamming.

56.01

Consultants may not use or transmit unsolicited faxes, unsolicited email, or "spamming" relative to the operation of their Bedroom Kandi Boutique Parties business. The terms "unsolicited faxes" and "unsolicited email" mean the transmission via telephone facsimile or electronic mail of any material promoting Bedroom Kandi Boutique Parties, its products, its income opportunity, or any other aspect of the Company. The only exceptions are fax or email to:

- a) any adult person with that person's prior express invitation or permission; or
- b) any adult person with whom the Consultant has an established business or personal relationship.

56.02

Telemarketing calls may only be made to:

- a) any adult person with that person's prior express invitation or permission; or
- b) any adult person with whom the Consultant has an established business or personal relationship; or
- c) any adult person residing in the United States that the Consultant is certain is not on the Federal Do Not Call Registry.

56.03

Telemarketing laws differ from country to country and from state to state. There are various penalties (some severe) imposed by regulators for violation of these laws. It is the Consultant's responsibility to understand the laws of their land as they relate to all forms of marketing which they intent to use. For example, it is the Consultant's responsibility to verify that any lead supply source has "scrubbed" (omitted) from their lead lists for sale all those who reside in the United States and are on the Do Not Call Registry, as mandated by the U.S. Federal Trade Commission.

G. ORDERING & SHIPPING

57. Order Forms.

Bedroom Kandi Boutique Parties products and sales aids must be ordered using an official Bedroom Kandi Boutique Parties order form via the online ordering system.

58. Form of Payment.

58.01

Each order must be prepaid in full. Accepted Methods of Payment are Credit/Debit Card (Visa, MasterCard, American Express, Discover). Bedroom Kandi Boutique Parties does not ship orders on a C.O.D. (cash on delivery) basis.

58.02

In the event that a credit card purchase is unable to be processed, a support staff member will first call or e-mail the Consultant to alert them of the problem. Discreet voice mail messages will be left when possible. Bedroom Kandi Boutique Parties assumes no responsibility for the repercussions of the order not being processed.

59. Processing Deadline.

All product orders are applied to the month in which they are received. To be included in a particular month's sales

volume the order must be received by Bedroom Kandi Boutique Parties no later than 12:00 AM Midnight PST (3:00 AM EST) on the final day of the month so as to be credited to the just concluded month's pay cycle.

60. Ordering Policies.

On internet orders where a credit card is used, only the owner or spouse of the owner of the credit card may place the order. Each order can only stipulate one shipping address (orders can not be split). Cash payments via normal mail will not be accepted and Bedroom Kandi Boutique Parties cannot assume responsibility in the event the cash is lost or stolen if this is done.

61. Credit Card Disputes.

61.01

The ability to accept payment by credit card is a privilege and one Bedroom Kandi Boutique Parties takes very seriously. Unnecessary, avoidable or frivolous credit card charges backs can seriously jeopardize the Company's ability to accept such payments. Therefore, if any dispute or question should arise regarding a charge to a Consultant's credit card, Bedroom Kandi Boutique Parties requires the Consultant to immediately contact the Bedroom Kandi Boutique Parties home office before any other action is taken. The Consultant must allow Bedroom Kandi Boutique Parties thirty (30) full days to make all reasonable effort to investigate and resolve the challenge before initiating a formal credit card charge back request with your credit card supplier or bank. Consultants who take such action without first contacting the Company and allowing Bedroom Kandi Boutique Parties to resolve the issue, or within the 30 day resolution period, will be subject to suspension.

61.02

All Consultants should be aware that complaints made against Bedroom Kandi Boutique Parties filed with any other dispute resolution entity including, but not limited to, the Better Business Bureau, a local, state, province or country regulatory or legal agency (e.g. a state's Attorney General's office in the United States), without first contacting the Company and allowing Bedroom Kandi Boutique Parties to resolve the issue, or within the 30 day resolution period, will be subject to suspension.

61.03

Any dispute or criticisms related to any aspect of Bedroom Kandi Boutique Parties, directly or indirectly, posted to any dispute publicizing website or message board, will be considered a violation of the Non-Disparagement clause (Section 54) of these Policies and subject the Consultant to suspension or termination.

61.04

If you have a complaint or dispute, related to charges or otherwise, please contact Bedroom Kandi Boutique Parties first at 866.678.4443, or secondarily by email to CustomerCare@BedroomKandi.com. We will always make every effort to resolve the issue as fairly and quickly as possible.

62. Electronic Orders.

When placing orders by internet, you must receive an Order Confirmation Number upon approval of your order. If you fail to receive such confirmation, or the transaction does not complete for any reason, do not resubmit the order again. Instead, wait thirty (30) minutes, then either call the Bedroom Kandi Boutique Parties order department or check your "Recent Orders" page within your back office to verify the status of the order.

63. Back Orders.

63.01

In the rare event that an item is temporarily out of stock, the Consultant will receive a "back order" notice with his/

her order. Back orders are filled as soon as new inventory arrives, but are credited to the month in which they were ordered.

63.02

If only part of your order is on back order the available products will be shipped and the back ordered products will be shipped separated when they become available. Consultants/end customers will not be charged any additional shipping fees for the second shipment.

64. Shipping Information.

64.01

Bedroom Kandi Boutique Parties will ship your order via UPS. Consultants residing within the 48 contiguous states should allow (but not expect) up to 10 days from the date of order before contacting the Bedroom Kandi Boutique Parties home office to locate the order. Multiple parcel shipments may arrive on separate days. Allow up to two (2) days after the first parcel arrives before contacting Bedroom Kandi Boutique Parties to locate the second parcel.

64.02

Bedroom Kandi Boutique Parties requires that all orders have a complete shipping address. Shipments are made only to street addresses. Orders cannot be directed to Post Office (P.O.) Boxes or General Delivery. All orders must have a contact name (and business name if applicable). Any incomplete or inaccurate address will delay or prevent delivery of the shipment and may result in additional shipping charges.

65. Shipping Charges.

All shipping charges are indicated on the official Bedroom Kandi Boutique Parties order form. Minimum charges may apply. These charges are paid by the purchaser.

66. Receiving Deliveries.

Should a Consultant or Customer make arrangements with the delivery company to leave the package(s) on their property without a person present to accept it, or agree to such delivery, Bedroom Kandi Boutique Parties will not be held responsible for any damage or theft that may occur. Should damage or theft occur, it will be the sole responsibility of the Consultant or Customer to file a claim directly with the shipping company or their property insurance company.

67. Product Returns.

67.01

If a Consultant desires to terminate his or her Consultantship, he or she may qualify for a refund on all unsold and unused sales aids purchased within the last 30 days, in unopened and resalable condition, less any rebates or discounts paid on personal purchases (if applicable), and less a 10% restocking fee. All bonuses and commission previously paid on such returned volume will be deducted from the applicable upline enroller's commissions the following pay cycle(s). In the event Bedroom Kandi Boutique Parties is unable to deduct commissions previously paid to the upline, these amounts will be forfeited by Bedroom Kandi Boutique Parties.

67.02

A resigning Consultant will qualify for a refund on unsold sales aids if:

- a) The sales aids was purchased directly from Bedroom Kandi Boutique Parties and is returned within 30 days (one year for residents of Montana and Wyoming; no time limit in Massachusetts on sales aids and marketing materials) of its original purchase;

- b) Product returned is intact, unopened and in resalable condition (regardless of whether the product is still in the current Bedroom Kandi Boutique Parties product line);
- c) Product returned must be accompanied by a "Return Authorization Number" (RAN) clearly displayed on the outside of each package. The RAN is obtained by calling the Bedroom Kandi Boutique Parties home office;
- d) Product returned must be accompanied by a signed letter stating the reason for your return, and the original receipt(s);
- e) Products returned to Bedroom Kandi Boutique Parties must be shipped prepaid;
- f) Products are not among those that are non-refundable, as listed in Section 68 below.

67.03

A Montana resident may terminate his or her Consultant Agreement within 15 days from the date of enrollment, and may return all products and sales aids for a full refund within such time period.

68. Return Exceptions.

68.01

Some products cannot be returned if they have been opened. Such products will be identified on the product order form.

68.02

No refunds will be issued for the original shipping and handling paid on returned product.

69. Exchanges.

Product exchanges will be considered on a case-by-case basis and accepted at the sole discretion of the Company.

70. Lost Shipments.

If after fifteen (15) days of ordering you have not received your shipment, contact the Bedroom Kandi Boutique Parties home office for assistance. Consultants have twenty (20) days from the date on the invoice to report any undelivered parcels. After 20 days from the date on the invoice the order will be considered delivered in full.

H. LEGAL ISSUES

71. Amendments.

71.01

Bedroom Kandi Boutique Parties will make every effort to notify Consultants of any and all significant changes to the Bedroom Kandi Boutique Parties program as much in advance of such changes as is possible. Bedroom Kandi Boutique Parties further commits to utilizing the Consultant Advisory Council (CAC) and various other Consultant feedback systems when considering significant changes to the Bedroom Kandi Boutique Parties Program.

71.02

Bedroom Kandi Boutique Parties reserves the right, at its sole discretion and when absolutely necessary, to make amendments to Company policies, the Consultant Agreement, product pricing, or the marketing and

compensation plans without prior notification. By signing the Consultant Agreement, the Consultant agrees to abide by any such amendments.

71.03

The Consultant has the right to negotiate any part of their Consultant Agreement and these Policies & Procedures. All such negotiations must take place before either document is signed by the Consultant. Addendums, deletions or revisions to the Consultant Agreement and/or Policies & Procedures must be mutually agreed to by both parties (the Consultant and the Company) in writing.

72. Indemnification.

72.01

Consultants are fully responsible for all of their verbal or written statements regarding Bedroom Kandi Boutiue Parties products, services, and compensation plan which are not expressly contained in official company material. As such, Bedroom Kandi Boutiue Parties Consultants agree to indemnify Bedroom Kandi Boutique Parties, and its directors, officers, agents, and employees, and hold them harmless from any and all claims, damages, or liability. This includes, but is not limited to, judgments, civil penalties, refunds, legal fees, court costs, damages or lost business incurred by Bedroom Kandi Boutique Parties as a result of the Consultant's unauthorized representations or actions. This provision shall survive the termination of the Consultant Agreement.

72.02

Bedroom Kandi Boutique Parties is responsible for all verbal or written statements regarding Bedroom Kandi Boutiue Parties products, services, and compensation plan which are expressly contained in official company material, or which has been properly submitted to Bedroom Kandi Boutique Parties for review and approval, and such approval has been granted. As such, Bedroom Kandi Boutique Parties agrees to indemnify Bedroom Kandi Boutiue Parties Consultants, and hold them harmless from any and all claims, damages, or liability that may arise from their use of such Company produced and/or approved materials. This includes, but is not limited to, judgments, civil penalties, refunds, legal fees, court costs, damages or lost business incurred by Bedroom Kandi Boutiue Parties Consultants as a result of the Consultant's use of such authorized material. This provision shall not survive the termination of the Consultant Agreement.

73. Partial Invalidity.

If any portion of these Policies & Procedures or the Consultant Agreement is declared invalid by a court of competent jurisdiction, all other parts shall remain in full force and effect.

74. Length of Agreement.

All policies agreed to within the Consultant Agreement and the Policies & Procedures transcend and survives the date of termination or resignation for a period of two (2) years, unless otherwise stated.

75. Governing Law, Jurisdiction and Venue.

These Policies and Procedures, the Compensation Plan, and the Consultant Agreement are governed by the laws of the state of New Hampshire unless the laws of the state or province in which a Consultant resides expressly require the application of its laws. The parties agree the proper jurisdiction and venue of any matter not subject to arbitration shall be in any court of competent jurisdiction within the state of New Hampshire unless the laws of the state in which a Consultant resides expressly require the application of its laws, in which case that state's laws shall govern all issues related to jurisdiction and venue. The Consultant Agreement shall be binding upon the successors and assigns of both parties.

76. Arbitration

76.01

Any controversy or claim relating to these Policies & Procedures, the Compensation Plan, or the Consultant Agreement or any breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. If a Consultant wishes to bring an action against Bedroom Kandi Boutique Parties for any act or omission relating to the Consultant Agreement, such action must be brought within 90 full days from the date of the alleged conduct giving rise to the cause of action. Failure to bring such action within 90 full days shall bar all claims by Consultant against Bedroom Kandi Boutique Parties for such act or omission. Consultant waives all claims that any other statute of limitation applies to. Consultants waive all rights to trial by jury or to any court.

76.02

All arbitration proceedings shall be held in state of New Hampshire unless the laws of the state or province in which a Consultant resides expressly require the application of its laws, in which case the arbitration shall be held in the capital of that state. The parties shall be entitled to all discovery rights allowed under the Federal Rules of Civil Procedure. No other aspects of the Federal Rules of Civil Procedure shall be applicable to an arbitration. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions with a thorough understanding of the direct selling industry, selected from the panel which the American Arbitration Panel provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of the Consultant Agreement. Nothing in the Consultant Agreement shall prevent Bedroom Kandi Boutique Parties from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction or other relief available to safeguard and protect Bedroom Kandi Boutiuqe Parties's interest prior to, during or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

76.03

The intent of this section is to significantly reduce the cost of any legal proceeding to both parties as well as to increase the speed in which it proceeds.

77. Entire Agreement.

The Consultant Manual, Consultant Agreement, the Policies & Procedures, and all forms, applications and other related documents mentioned herein are incorporated into the Consultant Agreement and constitute the entire agreement of the parties.

78. Examples.

All examples provided within the Consultant Manual, Consultant Agreement, and the Policies & Procedures, are not meant to be all inclusive and are provided for clarification purposes only.

79. Corporate Contact.

All Policies herein that require "in writing" notification to Bedroom Kandi Boutique Parties should be sent to: Bedroom Kandi Boutique Parties, 45 Lafayette Road #332, North Hampton, NH 03862. Verbal notification should be directed to 866.678.4443.