

# Dream Tree Family Policies and Procedures

The Policies and Procedures are effective and binding upon Associates of Dream Tree Family, Inc. (hereinafter referred to as Dream Tree) as of September 1, 2009. Dream Tree may change any of its Policies and Procedures at any time at its discretion and such changes shall be effective and binding after publication of reprints of the Policies and Procedures or on the publication of the Policies and Procedures on the Dream Tree website.

The Policies and Procedures govern the way an Associate does business with Dream Tree, other Associates, and retail customers. The Dream Tree Compensation Plan (the "Compensation Plan"), the Associate Application/Agreement (the "Associate Agreement"), the Terms and Conditions and the Policies and Procedures constitute a complete contract (the "Contract") between Associates and Dream Tree. Any interpretation, clarification, exclusion, or exception to this Contract in order to be effective must be in writing and signed by an authorized officer of Dream Tree.

## THE DREAM TREE FAMILY CODE OF ETHICS

As an Associate of Dream Tree, I promise and agree that: I will be friendly, considerate, truthful, and fair in all of my dealings while acting as a Dream Tree Associate, and I will perform my Dream Tree activities in a manner that will enhance my reputation and the positive reputation of Dream Tree.

I will carry out my leadership responsibilities as an Enroller by training, assisting, and otherwise supporting the Associates in my sales organization. I will respect the Sponsor relationship of every Associate in the Dream Tree family, and I will not attempt to interfere with or change these relationships or make disparaging or misleading claims about other Dream Tree Associates. I will not misrepresent the Dream Tree products or the Compensation Plan, nor will I engage in any other deceptive or illegal practice. I will follow the Policies and Procedures to the best of my ability, making an effort to follow the spirit, as well as the letter, of the Policies and Procedures. I will make no claim for any Dream Tree product that is not contained in current official Dream Tree publications, nor will I misrepresent the income potential of the Compensation Plan.

## SECTION 1 – DEFINITIONS

**A. Compensation Plan.** The "Compensation Plan" is the Dream Tree Compensation Plan and the method by which an Associate is compensated for product purchases and product sales. The Compensation Plan consists of commission on product sales and performance bonuses as well as other short-term incentive programs instituted from time to time.

**B. Associate.** An "Associate," is an independent contractor who has completed and signed an Associate Agreement either on line electronically, and whose Associate Agreement has been accepted by Dream Tree. Retail Customers are not Associates. Any person who has obtained through marriage or any other means any beneficial interest in or presumption of a beneficial interest in a Dream Tree position is bound by the duties and obligations of an Associate hereunder.

**C. Associate Agreement.** The Dream Tree Family Associate Application/Agreement is a legally binding contract between the Associate and Dream Tree. The Associate Agreement is to be completed and signed by the person or entity applying to become an Associate or so indicated by checking the box

on the on-line application and is subject to acceptance or rejection by Dream Tree. Also, when checking the, I agree box on the Dream Tree website for the online application you are under the same legal binding contract agreement. The Policies and Procedures contain important information that a prospective Associate should read and understand. The Terms and Conditions found on the website are incorporated herein by this reference.

**D. Associate.** The right granted to sell Dream Tree products under the Terms and Conditions of the Contract.

**E. Sales Organization.** The "Sales Organization" consists of other Associates who are directly or indirectly enrolled by an Associate.

**F. Personal Group.** An Associates "Personal Group" includes all members of an Associates Sales Organization.

**G. Team Volume (TV).** An Associates "Team Volume," "TV" or "Group Volume" is the Associates Personal Sales Volume plus the Personal Sales Volume of any other Associate within the Associates Sales Organization.

**H. Personal Sales Volume (PV).** An Associates "Personal Sales Volume" or "PV" is the cumulative PV earned from the Associates individual Dream Tree product purchases and the product purchases of all personal retail sales.

**I. Product Point Value.** The "Product Point Value," "PV" is also attributed to each Dream Tree product that an Associate earns when the Associate purchases Dream Tree products. The PV amount for each Dream Tree product is specified in the most current Dream Tree Associate Wholesale Price List. The PV for any Dream Tree product may be changed at any time in the discretion of Dream Tree.

**J. Retail Customer.** A "Retail Customer" is the end consumer who purchases Dream Tree products for personal consumption. Associates may not be Retail Customers nor order products as if they were Retail Customers. Retail Customers may purchase Dream Tree products, but they may not participate in the Compensation Plan.

**K. Enroller.** An "Enroller" is either an Associate who directly refers a person to become a Dream Tree Associate and is identified as the Enroller on the Associate Agreement. Your active Enroller may change with compression of active Associates.

**L. Compression.** Compression presses up the next active Associate in your sales organization. All active Associates will compress or roll-up to the next active level available allowing you to earn all commissions on each of your qualified levels.

**M. Upline.** An "Upline" includes those Associates who are either identified as the Associates Sponsor/Enroller or those entitled to compensation based upon the Associates Upline sales team as set forth in the Compensation Plan.

**N. Downline.** A "Downline" includes those Associates who are personally enrolled by you and each of your Associates personally enrolled Associates to infinity.

**O. Active ASSOCIATE.** An Associate who satisfies the minimum 90 Day PV requirements, as set forth in the Dream Tree Compensation Plan, to ensure that he or she is eligible to receive bonuses and commissions.

**P. Rank/Title** This term refers to the relationship of an Associate relative the leadership level he or she has performed according the Compensation Plan. The commissions you earn from your downline are relative to the Rank/Title they are on in your organization.

## **SECTION 2 - THE ASSOCIATE APPLICATION PROCESS**

**A. Application.** A person may become a Dream Tree Associate by completing, signing, and returning an Associate Agreement to Dream Tree. No initial product purchases are required to become a Dream Tree. Associates wishing to be compensated in the Dream Tree Program must qualify for compensation by placing a 100 PV order. Dream Tree reserves the right to reject any Associate Agreement. Dream Tree will not knowingly or accepts or allow inaccurate or false information on an Associate Agreement. Incomplete, inaccurate, or unlawful Associate Agreements are voidable by Dream Tree. An Associate is responsible for informing Dream Tree of any changes affecting the accuracy of the Associate Agreement. The Associate Agreement becomes binding after the receipt or website enrollment and acceptance by Dream Tree.

**B. Territory.** Acceptance by Dream Tree of the Associate Agreement authorizes the Associate to conduct business only in countries official opened and/or licensed by Dream Tree.

**C. Associate ID Number.** Every Associate must have a unique identification number ("ID Number"). All individuals or entities (corporations, partnerships, or trusts) must provide Dream Tree with a Social Security Number or a Federal Tax Identification Number for the individual or entity or, when applicable, a Trust.

**D. Beneficial Interests.** While partnerships, corporations, and trusts may become Associates, an individual may not have a legal beneficial interest or be listed in more than one position without the written consent of Dream Tree. Dream Tree shall grant consent in the event of inheritance by an existing good standing Associate of a position belonging directly or indirectly to a family member of that Associate upon the death of the family member owner of such position. If the inheriting Associate elects to hold and maintain an interest in both the Associate current position and the Associate inherited position, each such position must be separately qualified in accordance with the Compensation Plan. An Associates spouse is deemed to have a beneficial interest in a position. Associates who initiate positions and Downlines in violation of this policy will lose such positions and Downlines and in the case of fraud may lose the Associates original position as well.

**E. Corporations.** Corporation Associate applications must be signed by a duly authorized Officer and contain the name and Tax Identification Number for the Corporation along with the names of the principal Corporate Officers, Directors, and Shareholders. Further, the Corporation shall warrant that the Corporation is in good standing and that neither the corporation nor any of its Shareholders acts on behalf of or holds a beneficial interest in any other Associate position. Dream Tree may require a copy of the Articles of Incorporation, a certificate of good standing, or such other information about the Corporation that is necessary to protect the interests of Dream Tree.

**F. Partnerships.** Partnership Associate Applications must be signed by a duly authorized Partner and contain the name and Tax Identification Number or Social Security Number for the Partnership along with the names of the Partners. Further, the Partnership shall warrant that neither the Partnership nor any of its Partners acts on behalf of or holds a beneficial interest in

any other Associate position. Dream Tree may require a copy of the Partnership Agreement or such other information about the Partnership that is necessary to protect the interests of Dream Tree.

**G. Trusts.** A duly authorized Trustee must sign Associate applications and contain the name and Tax Identification Number for the Trust along with the names of the current Beneficiaries of the Trust and the Trustees. Further, the Trust shall warrant that the Trust is valid and that neither the Trust nor any of the current Beneficiaries of the Trust acts on behalf of or holds a beneficial interest in any other Dream Tree Distributorship. Dream Tree may require a copy of the Trust Document or such other information about the Trust that is necessary to protect the interests of Dream Tree.

**H. Sole Proprietors and Other Entities.** Sole Proprietors, Limited Liability Entities and Registered DBAs (i.e., Doing Business As) with a Tax Identification Number may be required to submit a signed statement of ownership or other necessary documentation.

**I. Position Status Changes.** An Associate who wishes to change the Associates status from that of an individual Associate to a participant in a corporation, partnership, or trust under the same Sponsor may do so, subject to the written approval from Dream Tree, which will not be unreasonably withheld.

**J. Distributorship Spousal Additions.** If an Associates spouse wishes to become an Associate, the spouse may either be added to the Associates original position or apply for a separate position, provided that the new position shall be placed under the same Sponsor/Enroller as the original spouse position. For tax purposes only one SS# or Fed ID# will be recognized.

**K. Associate Marriage.** If two Associates choose to marry, they may maintain their Associate separate positions. However, after marriage, the rights of married Associates to make account or enrollment changes will be limited.

**L. Associate Divorce or Partnership Dissolution.** If married Associates or partners, who share in a position, obtain a divorce or wish to dissolve the Associate partnership, Dream Tree will continue to treat the position pursuant to the original Associate Agreement until such time as Dream Tree receives written notice from both parties directing otherwise. The written notice must be signed by all parties and notarized. Such notice will be subject to Dream Tree approval. Divorced Associates or dissolved partnerships should submit to Dream Tree a certified copy of any legal judgment or decree, specifying how future bonus checks should be paid.

**M. Associate Death.** In the event of an Associates death, the position may be assigned to the Associates heirs, devisees, or assigns. In order to assign a position after the death of an Associate, the heirs, devisees, or assigns must submit to Dream Tree a certified death certificate along with a certified copy of the will or court order as well as an amended Associate Agreement in the name of Associate receiving the position. In the case of Intestacy, Dream Tree will deem the position nontransferable if the heirs, devisees, personal representative, or executor of the decedent does not contact Dream Tree within six (6) months of the Associates death.

**N. Position Transfers.** An Associate may not convey, sell, assign, or otherwise transfer a position without the written consent of Dream Tree. When a transfer or sale of a position is

allowed, Dream Tree may require any or all of the following information, together with any other documents or information Dream Tree may request:

- a) A newly signed Associate Agreement from the buying or receiving party with a written statement explaining the reason(s) for the sale or transfer;
- b) A copy of the Sales Agreement. The seller prior to the consummation of sale must execute the Sales Agreement and a notarized copy must be submitted to Dream Tree;
- c) A termination notification from the buying party, if such party has an existing Dream Tree position;
- d) Any active Associate desiring to acquire an interest in another Associates business must first terminate or deactivate the existing position if they are not in the same line of sponsorship and wait six (6) months before becoming eligible to purchase another position;
- e) After six (6) months, the buying party may reapply for a Dream Tree position by submitting an original Associate Agreement;
- f) A signed statement from the selling Associate promising the following: "I will not raid or recruit from any Dream Tree Downline. I will not 'cross-sponsor' or recruit any of the Downline of the position into any other direct selling organization;" And
- g) As part of the Sales Agreement, the seller of a position must agree to not engage in any activity that would cause the position being sold to be diluted or weakened through activities such as Downline raiding.

**O. Account Changes to Position.** Account changes, such as changes or corrections to the Associate Application or name of record, may be accomplished by submitting a new Associate Agreement form (with the word "Amendment" written at the top) to the Associate Compliance Department. All amended forms must be completed and signed by all parties of the position. Name changes require appropriate legal proof of the change.

**P. Legal Age.** Associate applicants must be of legal age in the jurisdiction of the applicant's residence.

### **SECTION 3 - ASSOCIATE RESPONSIBILITIES**

**A. General.** An Associate agrees to comply with the Dream Tree Code of Ethics, the Policies and Procedures, the Associate Agreement, the Compensation Plan, all contractual obligations and applicable state and federal laws. Dream Tree will not tolerate unethical Associate activity and may intercede when unethical behavior is discovered or reported. Dream Tree reserves the right to use its judgment and discretion in determining whether certain Associate activities are unethical. Any breach or violation of these Policies and Procedures may be deemed unethical. Any action that may cause Dream Tree or its Associates the loss of good reputation, or that is detrimental to the Dream Tree business, will be considered an unethical business practice and may be grounds for disciplinary action.

**B. Independent Contractor Status.** An Associate is an Independent Contractor and is not an agent, employee, partner, or party in a joint venture with Dream Tree, and an Associate may not represent that such arrangement exists. An Associate is responsible for the Associates own business decisions and expenditures and for satisfying all federal, state, and local laws and regulations applicable to the residence of the Associate. Because Dream Tree's Associates are independent contractors, Associates are not eligible to claim unemployment compensation as a result of having been a Dream Tree Associate.

**C. Unfair Competition and "Cross-Sponsoring."** An Associate may not enroll or solicit another Dream Tree Associate into any other network marketing or direct selling company with the exception of those individuals the Associate has personally enrolled. Such prohibited solicitation is unfair competition with Dream Tree and also is known as "Cross-Sponsoring."

An Associate may not solicit the participation of any Dream Tree Associate, to purchase any non- Dream Tree product that is competitive with any Dream Tree product. Participation in another non competitive Home Based Business is not prohibited by Dream Tree.

However, Cross Sponsoring may be grounds for termination.

**D. Position Renewal.** An Associate in good standing must renew the Associate Agreement and status annually by paying an annual renewal fee and remaining in good standing. The renewal and fee payment is due on the anniversary of the day the Associates application is entered into the Dream Tree Computer Database. The current renewal fee is \$59. The renewal fee may be waived if an Associate has met the volume requirement set fourth by the company. If an Associate fails to pay the renewal fee and has exceeded 12 months without a purchase of a minimum of 60 product points in the 12-month period, their position will be terminated. If person chooses to participate in the Dream Tree program they may enroll as a new Associate – after 12 months you may not activate your old position.

Failure to purchase the minimum quarterly requirements will require Associates to reactivate to earn commissions in the Compensation Plan. Responsibility for renewal rests on each Associate. Dream Tree will have an Option in the shopping cart for Renewal Fees. Dream Tree will attempt to remind all Associate of their upcoming renewal date. It is the responsibility of the Associate to have a current address and email on file with the Dream Tree Corporate Office. An Associate's who do not renew the Associate Agreement voluntarily resigns as an Associate. After such resignation, a position may not be reinstated or regain its rank or Sales Organization existing at the time of termination.

**E. Reporting Unethical Behavior.** An Associate who has a specific complaint about another Associate or is aware of any violation of these Policies and Procedures by another Associate should direct such complaint in writing to the Dream Tree Corporate Compliance Officer.

**F. Talent Release.** An Associate hereby consents to Dream Tree's use of the Associates image (including the Associates name, photograph, testimonials, likeness, title, positions, voice, voices, biography and any film footage, video tapes, audio tapes, recordings, and interviews of the Associate) when created in connection with any Dream Tree events, promotion, and conventions to advertise, promote, and publicize Dream Tree products or opportunities as Dream Tree sees fit in its discretion.

**G. Policy Enforcement.** Dream Tree endeavors to enforce the Contract on a uniform and nondiscriminatory basis. However, the failure of Dream Tree to enforce any of the provisions of the Contract with one Associate does not waive the right of Dream Tree to enforce any such provision(s) with that same Associate or any other Associate.

**H. Associate Lists.** Dream Tree desires to protect its Associates and the company from inappropriate and unfair competition. Lists of Dream Tree Associates ("Lists"), whether partial or complete, provided by or originating from Dream Tree are the confidential and proprietary property of Dream Tree.

**I. Genealogies.** Your Dream Tree Downline Family is available for your viewing on line in your back office. Your Downline Family may be provided by various media including, but not limited to mail order, fax, email, and the Internet. Information is provided for the exclusive and limited use of the Associate to facilitate training, support, and service of the Associates Downline Family to further the Associates Dream Tree business only.

Each Associate agrees that the use of Dream Tree Associate or Customer Lists or other Lists constitutes an exclusive agreement between the Associate and Dream Tree to hold confidential and not disclose any portion of any third party, including but not limited to existing associates, competitors, and the general public. Any use or disclosure outside of those authorized, constitutes misuse, misappropriation, and a violation of the Associate Agreement, and may cause irreparable harm to Dream Tree. Upon any violation under this section, the Associate will stipulate to injunctive relief, enjoining such use under applicable national or local law, and retrieve and return to Dream Tree all existing Lists previously provided to the Associate. Any intended or unintended misuse of a List is cause for termination of a position, whether or not such misuse causes irreparable harm to Dream Tree or one of its Associates. The obligations under this section will survive the termination of the Associates Agreement and the Contract. Dream Tree reserves the right to pursue all appropriate remedies under applicable national or local laws to protect its rights to the Lists as proprietary and trade secrets of Dream Tree. Any failure to pursue such remedies will not constitute a waiver of those rights.

#### **SECTION 4 – ENROLL/SPONSOR**

**A. Enrolling.** Enrolling/Sponsoring is an important part of being a Dream Tree Associate and carries with it many benefits and responsibilities. An Associate may act as the Enroller for an Associate applicant so long as the Enroller is in good standing with Dream Tree. If more than one Associate claims enrollment of the same person, Dream Tree will honor the first Associate Agreement received and accepted by Dream Tree.

**B. Prospective Associate Information.** A Enroller/Sponsor must clearly state in all presentations to prospective Associates that no product purchase is required to become an Associate and that there is no Direct compensation paid to any Associate solely for enrolling/sponsoring new Associates. Compensation is based solely on the sale of products and services.

**C. Duties of an Enroller/Sponsor.** A Enroller has various duties and responsibilities toward the Associate sales organization, which include the following: Offer support, information, and assistance as well as bona fide supervisory, marketing, selling, and training support; To do the Associate best to ensure that all Downline Associates understand and comply with the most current Terms and Conditions of the Associate Agreement, the Policies and Procedures, and the Compensation Plan; and attempt to resolve disputes arising between persons related to the Associate organization, including Retail Customers and any Downline Associates, promptly and

amicably, being sure to shed a positive light and refraining from expressing negative views and opinions with other Downline Associates or any other persons.

**D. Change of Enroller/Sponsorship.** Dream Tree strongly discourages changes of Enroller/Sponsorship. An Associate may not attempt to persuade other Associates to change Enrollers. This is known as "Downline Raiding," and an Associate who engages in Downline Raiding may be subject to suspension and/or termination by Dream Tree. Dream Tree may, in limited cases, allow an Associate to change Enrollers under the following conditions (requests to change Enroller that do not comply with the following requirements should not be submitted):

- a) The present Enroller/Sponsor and the prospective Enroller/Sponsor must be in the same Personal Group;
- b) The proposed change of Enroller/Sponsor must not adversely affect any other Associate, including that of the prospective Enroller/Sponsor; and
- c) The Associate desiring the change must submit the following five (5) items to Dream Tree Corporate Relations Officer: 1) A Enroller/Sponsor Change request to Dream Tree, which explains any desires or reasons for the change; 2) A letter from the present Enroller/Sponsor releasing the Associate to change Enrollers/Sponsors; 3) An acceptance letter from the prospective Enroller/Sponsor; 4) A revised Associate Agreement with the new Enroller/Sponsor information listed; and 5) The payment of the required transfer fee.

## **SECTION 5 - ORDERING PRODUCTS AND SALES MATERIALS**

### **A. Ordering, Receiving, and Payment Guidelines.**

1. An Associate may order products by placing an order to Dream Tree and making proper payment. Shipments will be complete and in marketable condition at the time they leave the Dream Tree Fulfillment Center.

2. Upon receipt of an order, Associates should immediately inspect shipments to determine whether orders are complete and in good condition. If an order is not delivered in a complete or proper condition, Associates should ask the shipper's representative to show them how to file a claim for damaged or missing materials. Dream Tree Customer Service must be notified of any claim within ten (10) business days.

3. Before assuming a shipment is lost or missing, an Associate should wait at least fifteen (15) working days from placing a mail order and ten (10) working days from placing a telephone, facsimile, or Internet order. If a shipment is lost or missing, the Associate should then notify Dream Tree's Customer Service Department. Lost shipments, if later found and/or delivered, must be reported to the Dream Tree Customer Service Department within seven (7) days of delivery.

4. An Associate who signs a delivery release with a common carrier authorizing the carrier to deliver an order without a signature agrees to release Dream Tree from responsibility for such delivery.

5. All Dream Tree products should be stored in a cool, dry, and hygienically safe area or as otherwise directed by the label.

6. An Associate who has had at least one check, bank draft, debit card, or credit card returned for any reason may lose ordering privileges until the sufficiency of funds is resolved. In some cases, an Associate may lose privileges. This also may be grounds for termination. An Associate agrees that Dream Tree will assess a handling fee for each rejected draft.

7. An Associate understands that the Associate is not entitled to a money refund for product purchased nor entitled to the Retail Customer Product Guarantee. An Associate may

exchange product for like product or for product of equal value within sixty-days (60) of purchase and in compliance with the 70% rule. A terminating Associate may return product pursuant to Section 8(G) of these Policies and Procedures.

**B. Order Guidelines, Retail Sales, Purchasing and the 70% Rule.**

A "retail sale" is defined as the sale to an ultimate consumer (retail customer) who is purchasing the product for his or her own use.

1. By placing any product order, the Associate certifies that the Associate has sold or consumed a minimum of 70% of all previous orders (the "70% Rule"). An Associate may purchase Dream Tree products for resale to consumers as well as for personal consumption.

2. An Associate should carefully document all retail sales. Dream Tree may, at any time, require an Associate to produce all completed retail sales receipts for the previous thirty days (30). All sales receipts should include the Associates name, address, and phone number.

**C. Mail Orders.** An Associate may order product by mail. The Product Order Form is required for all product mail orders and must be fully completed and submitted to Dream Tree. Two or more Associates may not combine orders on the same order form. Orders must conform to the following requirements:

1. Orders submitted without payment in full may be returned to the Associate by mail. Orders submitted with an insufficiency of funds may be fulfilled with products in the dollar amount that does not exceed the funds submitted with the order minus shipping and tax. If payment for an order is insufficient, Dream Tree reserves the right, in its discretion, to withhold products from the order. Any negative consequences arising out of the return or partial fulfillment of an incomplete order fall upon the Associate who placed the order.

2. Payment must accompany all orders. Payment for orders should be by personal check, certified check, money order, bank draft, debit card, or credit card. Dream Tree will not accept COD (cash on delivery) orders.

3. Dream Tree is not responsible for orders that are delayed in transit or for orders that do not arrive at the appropriate Dream Tree warehouse complete with a valid form of payment.

**D. Telephone, Facsimile, and Internet orders.** Credit Card orders may be placed by telephone, facsimile or Internet. If an order is made by one of these methods, it is not necessary to mail in the original order form. Double shipments occurring due to an Associate placing of an incorrect order is the financial responsibility of the Associate. Orders placed via telephone, facsimile, and Internet are subject to the following provisions:

1. The funds for any purchase must be approved prior to a sale. If Dream Tree is informed that an Associates credit card is declined or not approved, the product order will be deleted unless the Associate has provided an alternate payment method. An Associate assumes full responsibility for any and all consequences that may result when Dream Tree receives notice that the credit card transaction is declined, including failing to qualify in the Compensation Plan.

2. An Associate who initiates credit card "charge backs" is deemed to have "Disputed Balances." The Associate receiving credit for the order in question will have commissions suspended and applied toward the Disputed Balance until the dispute is resolved to the satisfaction of Dream Tree.

3. Orders must be received and time stamped by Dream Tree on or before 5:00 pm Central Time on the last business day of your qualifying cycle week to be counted for your qualifying purchases for the week.

**E. Sales Tax.** Dream Tree products may be subject to sales and use tax in most jurisdictions. If Dream Tree collects and remits tax in any jurisdiction, Dream Tree may advise Associates that such taxes are required to be collected on the Associate behalf. The collection of tax by Dream Tree does not relieve the Associates of the responsibility and duty to comply with any and all tax regulations appropriate to the Associates.

## **SECTION 6 - PROMOTION OF DREAM TREE FAMILY PRODUCTS AND OPPORTUNITIES**

**A. Advertising.** Dream Tree encourages Associates to promote Dream Tree products and marketing opportunities pursuant to appropriate guidelines. These guidelines are required in order for Dream Tree to ensure compliance of the company and Associates with the myriad of laws that govern advertising of the products and opportunity of Dream Tree. Failure to follow these guidelines can result in violations of local and national laws, which may result in damage to the reputation of Dream Tree as well as restrictions upon Dream Tree, Associates, and Dream Tree products that can trigger undesirable publicity and possible legal action.

1. An Associate agrees to send any self-produced promotional items bearing the name of Dream Tree and/or its products to the Dream Tree Corporate Compliance Officer for approval prior to any use by the Associate.

2. Dream Tree encourages and assists its Associates to promote the Associates business in any legal and ethical manner. Dream Tree may allow an Associate to use Dream Tree names, logos, or trademarks provided the Associate has obtained prior approval from Dream Tree. Any advertising misrepresentation contained in a "blind" ad (one in which neither Dream Tree nor its products is mentioned) may be a violation of these policies.

**B. Copyrighted Materials.** All Dream Tree literature, audio CD, DVD, and programs are copyrighted by The Dream Tree Corporation and may be duplicated only by obtaining the prior written consent of Dream Tree

**C. Proprietary Names.** An Associate may not use Dream Tree's trademarks, names, logos or trade names, or any distinctive phrases used by Dream Tree to promote the Associates business prior to receiving written permission from Dream Tree. To protect the proprietary rights of Dream Tree, an Associate may not obtain, through filing for a patent, trademark, Internet domain name, or copyright, any right, interest, or title to the names, trademarks, logos, or trade names of Dream Tree and its products. As Dream Tree changes or abandons any of its trade names or marks, an Associate agrees to also change or abandon such trade name or mark. An Associate may request the right to use the name of Dream Tree or one of the Dream Tree trademarks, trade names or service marks on independently produced and noncompetitive promotional items (the "Promotional Items") that include, but are not limited to, the following: clothing, jewelry, printed material, posters, CD, DVD, and the like. Dream Tree may, in its discretion, allow an Associate to offer for sale approved Promotional Items and charge the Associate a royalty fee for the right to sell such Promotional Items. More information regarding the use and sale of Promotional Items may be obtained by calling Dream Tree Corporate Compliance Officer.

**D. Product Claims.** An Associate may not make medicinal and/or therapeutic claims for any Dream Tree products or specifically prescribe Dream Tree products as suitable for the treatment of any ailment. Dream Tree does not endorse the use of diagnostic or medical devices in connection with the sale of Dream Tree products because such devices tend to have as their principal purpose the diagnosis of health conditions and the prescribing of remedies. Associates

who use medical devices, whether approved or unapproved by a regulatory agency, in connection with the sale of Dream Tree products will be subject to disciplinary action. No representation or sales offers may be made relating to Dream Tree products that are not accurate or truthful as to grade, quality, performance, and availability. Appropriate product information is contained in authorized Dream Tree literature and is subject to periodic review and revision by Dream Tree. It is the Associates responsibility to obtain and use current literature only. All product representations made by an Associate must be the same as those found in current Dream Tree literature.

**E. Sale or Promotion of Non-Dream Tree Family Products, Opportunities, or Materials.**

An Associate shall not sell, promote, or advertise non-Dream Tree products or materials that are competitive with Dream Tree products at Dream Tree functions or to Dream Tree Associates. An Associate may sell, promote or advertise non- Dream Tree products (which are not competitive with Dream Tree products) or materials including, but not limited to, CD, DVD, incentive trips, travel, insurance etc., to Associates or at Dream Tree functions only after receiving written consent from Dream Tree, which may be granted or withheld in the sole discretion of Dream Tree. Unless otherwise stated therein, any consent granted by Dream Tree may be revoked at any time in the sole discretion of Dream Tree. Dream Tree may charge a reasonable fee for permitting an Associate to sell non-Dream Tree products or materials to Dream Tree Associates or at Dream Tree functions. A Dream Tree function is a convention, meeting, seminar, or similar event prepared by Associate or the company for Dream Tree Associates, prospective Associates, or employees of Dream Tree.

**F. Income and Opportunity Claims.** No unreasonable, misleading, or intentional misrepresentation of earnings or potential income may be made by an Associate. Income guarantees of any kind are prohibited, as is the exhibition of actual or copies of bonus checks or earnings statements. Specific dollar claims or "average" earnings claims must be avoided.

**G. Future Growth Claims.** An Associate shall not imply or assert that additional products or services will be added to the products and services currently offered by Dream Tree or that enhancements to the Compensation Plan are forthcoming or that specific territories or areas are about to be opened or added to territories or areas of Dream Tree operation unless or until the change or event has been officially announced by Dream Tree in writing.

**H. Governmental Claims.** An Associate may not represent that the Compensation Plan or any Dream Tree product has been approved or endorsed by any governmental agency.

**I. International Sales.** An Associate may not sell any Dream Tree products in countries where the sale of such Dream Tree products have not been authorized by Dream Tree.

**J. Electronic Media Advertising.** An Associate may not utilize electronic media advertising or the advertising of Dream Tree or its products on television, radio, or on an Internet commercial site without written permission from Dream Tree.

**K. Internet Use.** An Associate may use the Internet to promote the Dream Tree opportunity by creating a web page, home page, or website subject to the following requirements:

1. An Associate may only promote the Dream Tree business opportunity on the Internet and may not make product claims about any Dream Tree product. An Associate may link their

web page to the Dream Tree Corporate page so that Internet users obtain current and accurate Dream Tree product information.

2. An Associate must notify Dream Tree and obtain written approval prior to any use on the Internet. An Associate agrees that a website may not use any Dream Tree name(s), trademark(s), logo(s), or product name(s) in the URL address or Domain name.

3. The website should be identified as the website of an Associate of Dream Tree and may not give any user the impression or any reason to believe that they have reached the corporate office website of Dream Tree, Inc.

4. The use of the words "Dream Tree Family, INC." or " Dream Tree Family " as a title or heading on a web page must be preceded or followed by the words "Associate."

5. An Associate may use any "Associate -approved" Dream Tree logo by placing the words Associate directly below the logo in accordance with the specifications provided by the Dream Tree Marketing Department.

6. An Associate may not advertise on the Internet by purchasing space on any other web page such as a search engine, "banner," or commercial website without the express written permission of Dream Tree.

7. An Associate may not use mass E-mailings to promote the Dream Tree opportunity or products. Associates are encouraged to follow all Internet etiquette and to be good "Net" citizens.

8. A website may not make prescriptive or therapeutic claims. All product information may be relayed to Internet users by "linking" or "framing" to the Dream Tree Corporate web page.

**L. Company Recordings.** An Associate may not reproduce for sale, distribution, or personal use any recording of Dream Tree-produced audio CD or DVD presentations.

**M. Associate Recordings.** An Associate may make or prepare CD or DVD presentations that contain the Dream Tree name(s), logo(s), or trademark(s) after obtaining written consent from Dream Tree. Prior to the sale or distribution of any audio, visual or other recording device or materials that use Dream Tree name(s), logo(s), product names, or other intellectual property, An Associate will submit such recording item for review by Dream Tree Corporate Relations Officer.

**N. Media Inquiries.** In order to ensure accuracy and consistency of information, an Associate who receives any inquiry from the press or other media regarding any aspect of Dream Tree, its products, or its Associates should refer such inquiry to the Dream Tree Corporate Relations Officer, as soon as possible after receiving the inquiry.

**O. Dream Tree Family Associate Organizations, Meetings, General Fees, and Training Fees.** An Associate may not charge a for-profit fee for any general material, newsletters, services, training seminars, or materials about Dream Tree, its business opportunity, its products or marketing materials, services, or training on Dream Tree products or marketing materials. An Associate may not charge another Dream Tree Associate a membership fee for participation in any other program or organization without the prior written consent of Dream Tree. An Associate may not offer to pay or pay other Dream Tree Associates compensation, i.e., commissions or rebates, for purchases of non-Dream Tree products, opportunities, or other materials without the prior written consent of Dream Tree. An Associate may not preclude or stop any other Associate from having access to a Dream Tree-sponsored event, store, staff member or other Associates.

**P. Telephone Book Advertising.** Telephone book advertising is only allowed by obtaining prior written approval from Dream Tree. The approved advertisement may be placed in two (2) locations in the yellow pages in the categories of: 1) Health, Herbs, Fitness, or Nutrition and; 2) Water. All listings for telephone publications should read as follows: "Dream Tree Family Associate," followed by the Associates name, address, and telephone number.

**Q. Toll-free Telephone Numbers.** An Associate listing a toll-free telephone number may not use the Dream Tree name(s), logo(s), or product name(s) for such listing.

**R. 900 or Surcharge Telephone Numbers.** An Associate agrees to not use 900 numbers, surcharge numbers, or other similar toll numbers for the purpose of marketing either the Dream Tree opportunity or its products.

**S. Telephone Answering.** An Associate may not answer the telephone in any manner that would give callers a reason to believe that they have reached the corporate or any other offices of Dream Tree. Specifically, an Associate shall not answer the telephone by saying "Dream Tree Family, Inc." or "Dream Tree Family." Answering machines and voice mail must also comply with this policy.

**T. Revised Company Literature.** The Associates and Dream Tree shall work together to notify their organizations of new Dream Tree information. New Dream Tree policies, forms, and literature replace old policies, forms, and literature. An Associate should destroy outdated or invalid literature and forms. Dream Tree is not obligated to reimburse any Associate for outdated materials in the Associates possession.

**U. Repackaging.** An Associate agrees to not alter, repackage, distribute samples, re-label, or otherwise change any Dream Tree product or sell any such product under any name or label other than that authorized by Dream Tree.

## **SECTION 7 - ASSOCIATE COMPENSATION AND FEES**

**A. Associate Compensation and Fees.** An Associate is compensated pursuant to the Compensation Plan and other programs related to the Compensation Plan. The Compensation Plan is more fully set forth and may be found on the website. The following policies outline the guidelines for payment of earnings under the Compensation Plan and the fees charged to Associates.

**B. Earnings Guarantees.** An Associate is neither guaranteed a specific income nor assured any level of profit or success. An Associates profit and success can come only through the successful sale, use, and consumption of Dream Tree products and the retail sales, use, and consumption of Dream Tree products by other Associates within the Associates sales organization. An Associate is not guaranteed a specific income on a monthly basis and may not assign commissions that may or may not accrue from Dream Tree to cover bankruptcies, alimony, child support, or any other judgments or legal requests.

**C. Replacement Checks.** Upon request, Dream Tree will issue a replacement check for a lost or stolen check; however, a service fee may be assessed on any request made within three weeks of

the issue date of the check. After three weeks time, a replacement check may be reissued at no cost to the Associate.

**D. Returned or "Stale" Dream Tree Family Checks.**

Dream Tree makes every effort to ensure that Dream Tree Associates receive their bonus checks. However, when a Dream Tree Bonus Check is returned to Dream Tree because an Associate has moved without a forwarding address or the check is returned or not presented for payment for some other reason beyond Dream Tree's control, the check amount shall be credited to the Distributorship account ninety (90) days after its date of issue and may be subject to a credit maintenance fee. Check credits that are not claimed within one year of issuance will be rescinded.

**SECTION 8 - ASSOCIATE TERMINATION**

**A. Voluntary Resignation.** An Associate may, at any time, voluntarily resign as a Dream Tree Associate. An Associate who voluntarily resigns may reapply for a new position in six (6) months. An Associate who resigns loses all rights to any Downline genealogy, Associate privileges, and Associate rank.

**B. Involuntary Termination.** An Associate may be terminated by Dream Tree for cause. An Associate agrees that Dream Tree has the right to take fast and decisive action in limiting or terminating a position that is found in violation of the Policies and Procedures, the Associate Agreement, the Compensation Plan, or any state or federal laws, statutes, and/or regulations that pertain to the business of Dream Tree. Dream Tree also reserves the right to pursue reasonable legal recourse, as well as reimbursement by an Associate for any expenses, including attorney's fees and legal fees generated from a violation.

**C. Disciplinary Process.** Failure to abide by the Policies and Procedures may lead to appropriate disciplinary action. After a disciplinary action is complete, Dream Tree may announce details of such disciplinary action. Policy violations that do not lead to immediate termination may be dealt with in the following manner (the disciplinary process may involve, but are not limited to, any or all of these steps):

1. Informal warning. Associate may be notified, verbally or in writing that the Associate is in violation of Dream Tree policies.

2. Formal warning. A formal written warning may be sent to the offending Associate stating that failure to discontinue the stated violation may result in further disciplinary action.

3. Suspension. Suspension is the temporary withdrawal of a position. An Associate and position may be suspended for serious violations, and a suspension may last for a period of days or months depending on each case. In the event of a Suspension, a Suspension Letter will be sent to the Associate and considered a final warning. This notice will list actions that must be taken by the Associate in order for the Associate and position to be reinstated. These actions may include the following: a) The immediate cessation of all violations; b) The submission of a written statement from Dream Tree responding to the suspension; and c) Such other action as may be necessary to resolve the suspension.

4. Failure to respond to a Suspension Letter may cause an Associate and position to be terminated. An Associate may appeal a Suspension in writing within the specified time period outlined in the Suspension Letter. Suspended Associates are not eligible to receive compensation from Dream Tree or participate in any functions or programs of Dream Tree. Dream Tree

reserves the right to withhold compensation until the disciplinary process has been completed. Because suspended Associates may not place product orders, they may not qualify for compensation during their term of Suspension.

**D. Notification of Termination.** When a decision is made to terminate an Associate for cause, Dream Tree will send notification by mail to the terminated Associate at the most recent address on file at the Home Office. Upon receipt of notice from Dream Tree, the Associate will immediately cease all Associate activities. Notice will be deemed received within five (5) days certified returned receipt or a maximum of ten (10) days after mailing.

**E. Appeal of Termination.** If an Associate wishes to appeal a termination, Dream Tree must receive the written appeal within the time period specified in the termination letter (not less than fifteen [15] days). If the appeal is not received within this time period, the termination will be final. Dream Tree will review the timely appeal and notify the Associate of the final decision of Dream Tree.

**F. Results of Termination.** Whether an Associate is terminated through voluntary resignation or through involuntary termination by Dream Tree, which Associate's rights and privileges are revoked and the Associate is no longer entitled to sell Dream Tree products or to Enroll other prospective Dream Tree Associates. In addition, a terminated Associate shall lose all rights to the existing Downline and shall no longer be entitled to receive sales commissions, overrides, rebates, bonuses, awards, or any compensation whatsoever from Dream Tree, nor shall the Associate be entitled to any rights to Associate Lists. Involuntarily Terminated positions are the property of Dream Tree and will be treated in a manner that considers and serves the best interests of Dream Tree as well as the interests of the Downline Associates of the terminated Associate and the Upline of the terminated Associate. A terminated Associate may not reapply for a Dream Tree Distributorship for twelve (12) months after being terminated for cause.

**G. Product Buy-Back.** An Associate who is voluntarily terminating may return with the resignation letter all "Currently Marketable," unencumbered, reusable, unopened, and otherwise resalable inventory in the Associates possession. Dream Tree will refund 85% of the net cost to the Associate, less any consideration received (i.e., rebates, bonus payments, freight, or promotions, etc. paid to the Associate) by the Associate for purchase of the goods. Dream Tree will also repurchase any initial mandatory sales materials that are returned, shipping prepaid, in reusable and resalable condition for 100% of the cost to the Associate. Dream Tree will not issue any refunds on products previously certified as sold under the 70% Rule.

1. For purposes of this policy, products shall not be considered "Currently Marketable" if returned after the products' commercially reasonable, usable, or shelf-life period has passed; nor shall products be considered "Currently Marketable" if Dream Tree clearly discloses to Associates, prior to purchase, that the products are seasonal, discontinued, or special promotional products.

2. If bonuses were paid to a terminating Associates Upline on volume represented by returned products, such volume will be debited from the Upline beneficiaries' accounts. Although certain requirements may vary by law in some jurisdictions, Associates seeking a refund must do the following

:a) Call the Dream Tree Customer Service Department and request a Return Merchandise Authorization (R.M.A.) form and number;

b) Request in writing a refund from Dream Tree (this document must be accompanied by copies of the original product invoices and the R.M.A. form); and

c) Return the package with the R.M.A. number clearly marked on the outside of the package, near the return address. Shipping costs to return the products must be paid by the Associate. The Associate is responsible for any damage or loss in the shipping process. Goods damaged en route, and therefore, not marketable, will be rejected. After full verification of all submitted paperwork and returned items, Dream Tree will issue the terminating Associate a refund check.

**H. Arbitration and Jurisdiction.** The parties to this Contract agree that any claim, dispute, or other difference between them shall be exclusively resolved by binding arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association with arbitration to occur in Maricopa County, Arizona, in the United States of America. Any Arbitration hereunder shall be binding on the parties, any successors, and assigns and the arbitration decision may be enforced in a Texas court of competent jurisdiction in accord with the laws of the State of Texas. Proper jurisdiction and venue shall be in the State and Federal courts in Hidalgo County, Texas.

**I. Limitation of Liability.** The parties to this Contract agree that regardless of the form of claim, whether in tort, contract, or other, any party and the officers, employees, and agents of such party, shall not be liable for any consequential, incidental, special, or punitive damages, including lost profits or any claims against any other party. Either party may bring no legal action to this Agreement more than one year after the event-giving rise to the cause of action has occurred.