

**TOTAL LIFE CHANGES, LLC INDEPENDENT BUSINESS OWNER AGREEMENT**  
**Total Life Changes Terms and Conditions for Independent Business Owners**

I hereby apply to become an independent distributor for Total Life Changes, LLC. ("TLC"). If I am accepted as an independent distributor, also known as an Independent Business Owner or IBO for Total Life Changes, I agree to be bound by all terms and conditions below. I am interested in using and/or promoting Total Life Changes products and services and understand that it is possible to be rewarded, although there are no guarantees and any rewards are based purely on sales results. If I do not agree with these terms and conditions and/or the TLC Policies and Procedures, which are incorporated by reference, then I will not apply to become an IBO and I will not transact business with TLC. I understand, warrant and agree that:

1. I am of legal age in the state, country or jurisdiction in which I reside, but at least 18 years old, and I am legally competent to enter into this Agreement.
2. I am not prohibited from entering into this Agreement for any reason and my entering into this Agreement does not violate any other non-compete clause, agreement or order that may apply to me.
3. I understand that no state Attorney General or other regulatory authority approves or endorses TLC or any TLC product or service and I will not claim otherwise to anyone.
4. I understand that I shall become a TLC IBO only upon acceptance of this application by TLC at its sole discretion. As an IBO, I will be able to use and/or promote products and services offered by TLC, but only in accordance with the TLC compensation plan, these terms and conditions, and any policies and procedures, rules and regulations, etc., which are published and available on the TLC corporate website ([www.totalifechanges.com](http://www.totalifechanges.com)) and which may be amended, revised and/or changed from time to time at TLC's sole discretion. I understand that TLC reserves the right to reject this application or any application to become an IBO for any reason within thirty (30) days of TLC's receipt of such application.
5. I have reviewed and acknowledge that the TLC compensation plan, as well as any policies and procedures, rules and regulations or other applicable instructions as published on the TLC corporate website as they exist now and as they may be amended, are incorporated by reference as part of these terms and conditions.
6. Upon notification to IBOs by publishing on the TLC corporate website, TLC, at its sole discretion, may amend the compensation plan, terms and conditions, rules, regulations, policies and procedures, etc. and I agree to be bound by any such changes.
7. My continued use and/or promotion of TLC products and services, and/or my logging in to any TLC or TLC-related website, and/or my transaction of any business with TLC, and/or my acceptance of any compensation from TLC, indicates my continued agreement with these terms and conditions as they exist now and as they may be modified or amended in the future.
8. I understand that as an IBO, I must be sponsored into TLC by another IBO. If I was not introduced to TLC by another IBO, then TLC, at its sole discretion, may assign me to an appropriate sponsor.
9. I understand that TLC is not obligated to offer any specific products or services and may update, expand, decrease, change, revise or modify the availability of any products and/or services at any time and at its sole discretion.

10. The term of this IBO Agreement is for one year from the date of acceptance. I understand and agree that TLC, in its sole discretion, may amend or revise the IBO Agreement during the one year term of the IBO Agreement, and that I must agree to the amended or revised IBO Agreement to continue as an IBO of TLC.
11. I understand that no IBO is under any obligation to participate in the compensation plan and may cancel at any time, for any reason, with written notice to TLC. Once an IBO notifies TLC of his/her resignation or cancellation, that IBO will immediately cease to accrue any rewards, privileges, rights, benefits, compensation or commissions, and must immediately cease all TLC-related activity. An IBO, if applicable, will be able to return, and TLC will re-purchase, any unopened, unused, good and re-sellable inventory of supplies, sales materials, physical products, etc. at the price paid by the IBO, less shipping/handling and a 10% re-stocking fee, and less any commissions earned as a result of any qualifications attributed to the returned product, for a period of six months from original purchase, or longer if required by law. This clause does not apply to digital or virtual electronic products, services or downloads. IBO will be responsible for any freight charges incurred in returning any unused materials to TLC. TLC will not be responsible for lost or damaged materials. TLC at its sole discretion will determine if returned product meets the standards and requirements for buy-back. This clause only applies to IBOs otherwise in good standing and in compliance with this Agreement and all applicable laws, statutes, codes, rules or regulations.
12. As a TLC IBO, I will be an independent contractor responsible for my own business, my own conduct and any expenses or costs of maintaining my independent distributorship. I will not be an employee of TLC. I will not be treated as an employee in regards to any laws covering employees, including but not limited to, the Federal Insurance Contributions Act, the Social Security Act, the Federal Unemployment Tax Act, or income tax withholding for any federal, state or local tax laws. It is my responsibility to pay self-employment, federal, state, or local taxes of any type as required by law. I am responsible for complying with any federal, state or local laws or regulations that may be applicable to my independent distributorship.
13. I will not promote TLC in conjunction with any other direct sales, network marketing, or multi-level marketing company or opportunity, unless specifically authorized in writing by TLC's current CEO or COO.
14. I will not use TLC trade names, trademarks or copyrighted material in any form, verbal, printed or otherwise, except in promotional or advertising material that has been prepared by TLC or has received prior written approval from TLC.
15. I will not directly or indirectly disparage, discredit or otherwise defame TLC, TLC employees, owners, officers or directors, other TLC IBOs and/or any person or entity associated with TLC. This includes any statements, written or oral, on the Internet, on social media or otherwise.
16. I acknowledge that I may only have a financial interest in one IBO position within TLC. I will not, either as an individual, corporation, LLC or other entity, apply for or become a TLC IBO separate from this application. I understand that should I be found to have any financial interest in multiple IBO positions, TLC, at its sole discretion, may terminate or re-assign any of those IBO positions and I will have no recourse against TLC.
17. A married couple should maintain one IBO position between them. However, if both spouses of a married couple desire to each maintain their own IBO position, then they both must be

sponsored by the same sponsor. They cannot sponsor each other or be sponsored by anyone other than the original sponsor. If a married couple each have their own IBO position, then they are each separately required to meet any requirements or qualifications of their respective IBO positions.

18. If I sponsor other IBOs into TLC, I will fulfill the obligation of performing a bona fide supervisory, distributing and selling function in the sale or delivery of product to the ultimate consumer and in the training of those sponsored. I will have ongoing contact, communication and leadership supervision with my sales organization, including, but not limited to, telephone contact, e-mail contact, text message contact, training sessions, etc. If TLC requests it, I will be prepared to provide documentation of the satisfaction of my sponsor responsibilities to TLC.
19. I understand that the TLC program is built upon sales to the ultimate consumer. TLC also recognizes that IBOs may wish to purchase product in reasonable amounts for their own personal or family use. A retail sale for bonus purposes shall include sales to non-participants in the compensation plan. The IBO will be responsible for complying with the Retail Compliance Program as instructed from time to time. This includes keeping accurate records, including receipts, for all retail sales. Further, although there may be no specific product purchases required, nor are you required to stock any inventory, you will be asked to certify that you have used, consumed or sold at least 70% of your previous inventory prior to re-ordering. Monthly commissions on your organization and sales bonuses are contingent upon TLC receiving any requested verification in a timely fashion. It is TLC policy to strictly prohibit the purchase of product or large quantities of inventory in unreasonable amounts solely for the purpose of qualifying for bonuses or advancement in the marketing program. IBOs must fulfill, and it is each IBO's responsibility to meet all applicable published personal and downline retail sales requirements, as well as supervisory responsibilities, to qualify for commissions, bonuses, overrides or advancements.
20. I acknowledge and agree that I will never reveal, during or after termination of this Agreement, any confidential TLC data or information to any third party, including, but not limited to, information pertaining to any other TLC IBOs, other than in the furtherance of promoting TLC under this Agreement. I will not attempt to solicit, directly or indirectly, any TLC vendors, associates, employees, consultants or agents into any other venture, company or business relationship. This clause will not apply to individuals that I have personally-sponsored into TLC.
21. I agree that during the time I am an active or inactive TLC IBO and for a period of twelve (12) months following the termination for any reason of this Agreement, I will not, directly or indirectly attempt to encourage, solicit, persuade or otherwise attempt to recruit any other TLC IBO to leave TLC, terminate his/her Agreement with TLC or compete in any way with the business of TLC. Further, during this period, I will not attempt to solicit any TLC employee, agent, vendor or consultant into pursuing any business or opportunity other than TLC business.
22. I acknowledge that as an independent distributor, I am a wholly independent marketing representative who establishes and services wholesale and/or retail customers for TLC products and services. My independent distributorship does not constitute either a purchase of an investment, a franchise, exclusive distributorship or exclusive territory, and absolutely no fees have been or will be required from me or anyone for the right to promote TLC products and services and earn commissions, pursuant to this Agreement. I understand that there may

be a monthly or yearly, non-commissionable, administrative fee for database maintenance and software updating. This Agreement is not intended and shall not be construed to create a relationship of employer-employee, agency, partnership, or joint venture between any person, entity, IBO, sponsor and/or TLC. As an independent contractor, I shall:

- a. Abide by any and all federal, state, county and local laws, rules and/or regulations pertaining to this Agreement and/or the acquisition, receipt, holding, selling, distributing, promoting or advertising of TLC products and services.
- b. At my own expense, make, execute or file all such reports and obtain such licenses or permits applicable to me as may be required by law or regulation with respect to this Agreement and/or the receipt, holding, selling, distributing, promoting or advertising of TLC products and services.
- c. Be solely responsible for declaration and payment of all local, state and federal fees or taxes as may accrue, including, but not limited to, sales taxes, business taxes, income taxes due to Associate activities in connection with this Agreement.
- d. Never attempt to obligate or bind TLC into any contract, agreement or obligation, other than if I have been specifically instructed to do so in writing by TLC.

23. I acknowledge that no purchase or investment is necessary to become a TLC retail customer and neither TLC nor any person or entity has indicated otherwise.

24. I acknowledge that TLC, at its sole discretion, will determine whether qualifications have been met with respect to ranks, commissions, bonuses or compensation.

25. I acknowledge that should I purchase any products or services from TLC, that payment made is solely for that product or service purchase. I understand that I am not making an investment in TLC, I am not purchasing a franchise, territory or security, and this is not a passive income generator. Further, I will never attempt to purchase products or services from TLC with an invalid or improper form of payment.

26. I acknowledge that neither TLC nor any individual or entity has made any claim, guarantee, warranty or assurance that I will earn or achieve any level of success or income as a result of promoting TLC products and services. I understand that any potential commissions, bonuses or earnings that I may be entitled to under the TLC compensation plan are based on the actual sales results of my promotion efforts and are affected by factors such as expertise, training, time spent promoting TLC products and services, etc.

27. I warrant and agree that I will not attempt to manipulate the compensation plan or defraud TLC in any way, including the creation of phantom or invalid IBO positions or business. TLC, at its sole discretion, may terminate or re-assign any IBO or IBO positions determined to have been created to manipulate the compensation plan or increase potential commissions to anyone without valid purpose.

28. I warrant and agree that I will not make any purchase, nor will I cause anyone else to make a purchase of any TLC product or service without valid purpose. Any attempt to manipulate compensation, generate additional, extra or unreasonable compensation, or insincerely achieve a particular rank or bonus shall be considered invalid purposes.

29. I acknowledge and agree that TLC will have the right to reverse, recoup, recover or chargeback any commissions or earnings that I have previously received on business that may have been reversed, credited back, cancelled, charged back or not validly paid for. I further acknowledge and understand that TLC shall have the right, at its sole discretion, to withhold

the payment of any potential commissions or bonuses, pending the verification of the validity of the underlying sale. TLC, at its sole discretion, may determine the validity or invalidity of any given sale or transaction.

30. TLC will investigate potential violations of this Agreement and may take appropriate action, at its sole discretion, up to and including my termination as an IBO, for any violation that cannot be immediately and appropriately corrected. Actions taken may include suspension of an IBO, reversal of commissions, removal of invalid or fraudulent IBOs from a downline, termination of an IBO, or other action reasonably required by TLC to resolve the violation. I understand that TLC has the right to suspend or hold back any unpaid commissions, regardless of date earned, pending the outcome of any investigation and determination of the validity of such commissions.
31. I understand that it is expressly prohibited to entice or encourage anyone to join, transact business, purchase products, sales aids or literature by confusing them, misleading them, pressuring them, making false or misleading income claims, or showing unreasonable hypothetical situations. No false, confusing, misleading or exaggerated claims of any type may be made under any circumstances, even if true.
32. I understand that I cannot insinuate or imply that someone will achieve a specific level of income or success, even if I have previously achieved it. I understand that results achieved by any IBO will be based on many factors, including, but not limited to, expertise, time spent promoting TLC products and services and other factors.
33. This Agreement constitutes the entire agreement between the IBO and TLC and no other additional promises, representations, guarantees or agreements of any kind shall be valid unless in writing and signed by an authorized representative of TLC or otherwise referenced in this Agreement.
34. I agree to attempt to resolve any dispute under this Agreement in an amicable and reasonable way directly with TLC. If I feel additional actions are necessary, I agree that any claim, dispute and/or legal action surrounding the terms and conditions of this Agreement shall be resolved solely and exclusively by arbitration in accordance with the Federal Arbitration Act and under the rules and auspices of the American Arbitration Association (AAA). Any arbitration shall be held in St. Clair County in the State of Michigan, under the Commercial Arbitration Rules of the AAA and conducted by a single arbiter who is an attorney with knowledge of direct sales. This Agreement shall be governed by the laws of the State of Michigan, excluding those relating to conflicts of law.
35. I agree that there will be no group or class action proceedings of any type against TLC or its officers, directors, employees, consultants or agents for any reason stemming from this Agreement. I agree not to initiate or participate in any group or class action proceeding against TLC, whether in a state or federal court, arbitration or mediation proceeding. I affirmatively waive all rights to become a member of any certified class in any lawsuit or action against TLC. Any arbitration stemming from this IBO Agreement shall be conducted solely between me and TLC. I also agree to keep any arbitration proceedings confidential and agree not to disclose any aspect of any arbitration proceedings except as required by law.
36. I understand that my agreement to arbitrate will survive the termination of this Agreement. I further understand that nothing in this Agreement shall prevent TLC from applying to and obtaining from a court of applicable jurisdiction, a writ of attachment, garnishment, temporary

injunction, preliminary injunction, permanent injunction and/or any other equitable relief available to protect TLCs interest prior to, during or following any arbitration or other proceeding.

37. If any portion of this Agreement is found to be invalid in a particular jurisdiction, the balance of all terms and conditions, policies and procedures, the compensation plan and any rules, regulations or requirements shall remain in full force. Any required exclusions, amendments or modifications made pursuant to this paragraph shall only apply in the jurisdiction where required.
38. I agree that portions of this Agreement and accompanying Policies and Procedures pertaining to disparagement, confidentiality, arbitration, use of the trade names, trademarks, copyrighted material, internet use and/or the sale and distribution of TLC products and services will survive the termination of this Agreement and/or my relationship with TLC.
39. I understand that should I voluntarily terminate my relationship with TLC, assuming I was otherwise in good standing, that I must inform, in writing, to TLC of my decision to resign. The resignation document must include, Name, Customer ID and formal date of resignation, with signature which should be sent to [info@totallifechanges.com](mailto:info@totallifechanges.com). I also understand that I must remain inactive and wait a minimum of six months, from the date of resignation letter is received by TLC, before attempting to become an IBO again. If I do ever re-apply to become an IBO, I understand that I would be starting from scratch and have no rights, privileges, benefits, ranks, level or standing that I may have previously achieved or attained. Should I be involuntarily terminated, I understand that I may not ever again become an IBO for TLC, whether as an individual or as part of another entity.
40. I acknowledge that there are no guarantees, warranties or assurances that I can or will earn any amount of income or attain any level of success as an IBO for TLC. I further acknowledge that there are no guarantees, warranties or assurances, express or implied, in connection with any TLC product, service, documents, materials, and/or websites. TLC specifically disclaims all warranties, express or implied, in connection with any products or services, including, without limitation, any implied warranties of merchantability and/or fitness for a particular purpose.
41. I acknowledge that participation in any Autoship or monthly recurring order or subscription is optional, but may be available for convenience or added-value. Should I choose to participate, I authorize TLC to process my credit card on file for the amount I opt for.
42. I authorize TLC to use my name, image, likeness and/or story in any TLC-related materials, advertising, promotion, websites or other media. I understand that I am not entitled to any compensation or remuneration for such use.
43. I authorize TLC or any TLC authorized representative to contact me by e-mail, text message, instant message, fax, telephone or other appropriate device or media, for any purpose or matter relating to my being an IBO for TLC. I understand that should I not wish to be contacted, I must affirmatively opt-out by contacting Distributor Support.
44. I understand that no TLC product or service may be copied, duplicated, reverse engineered, modified, altered, revised or changed in any way by me or on my behalf, other than by written, explicit permission of TLC.
45. I agree that I will not, during the term of this Agreement or for a period of twelve months after its termination, attempt to start or assist in the creation of a company whose intention it is to manufacture, distribute or sell products similar to those sold by TLC.

46. I agree to defend, indemnify and hold TLC harmless, as well as TLC's owners, officers, directors, employees, agents, consultants or any affiliated people or entities, from and against any and all claims, suits, damages, obligations, losses and expenses, including, but not limited to legal fees, arising out of my conduct, the violation of any of these terms and conditions, the violation of any other obligation or agreement that I may be bound by or the violation of any applicable law, regulation or statute.
47. I understand and agree that under no conditions, shall TLC and/or its owners, officers, directors, employees, agents, consultants or any affiliated people or entities be liable to me or any IBO for any claim whatsoever related to this Agreement or the relationship between TLC and IBO for any amount other than the amount of unused products and services that IBO is otherwise entitled to a refund for. In no event shall TLC be liable to any IBO for any incidental, special, exemplary, punitive, indirect or consequential damages.
48. Any notice required in connection with this Agreement may be made by notice to the last known physical address or e-mail address that I have maintained with TLC and I may send notice to TLC at its then current corporate address or at the designated e-mail address for that purpose.
49. TLC's failure to exercise any rights under this Agreement does not constitute a waiver of TLC's rights to insist on compliance with this Agreement.
50. I agree that I may not transfer or assign any rights or privileges granted under this Agreement without the express written consent of TLC at its sole discretion and that there may be a fee involved.
51. This agreement is not in force until accepted by TLC. I warrant that I have no financial interest in, nor will I acquire any financial interest in another TLC distributorship.
52. Under penalty of perjury, I certify that the social security number, tax identification number or applicable taxpayer identification number that I have submitted to TLC for commission reporting purposes is the valid and correct taxpayer identification number applicable to me.
53. Unless I notify TLC otherwise, I certify that I am not subject to backup withholding because I am either (a) exempt from backup withholding; (b) the Internal Revenue Service (IRS) has not notified me that I am subject to backup withholding; (c) the IRS has informed me that I am no longer subject to backup withholding, and I am a U.S. Citizen or other authorized U.S. person.
- 54. NOTICE OF RIGHT TO CANCEL: I understand that I may cancel this transaction, without penalty or obligation, within the initial THREE DAYS of my initial purchase, or longer if required by law. I will receive a full refund of products and services purchased during the three day period, less commissions earned. Physical products will be refunded under paragraph 9.**

**I unconditionally agree to all terms and conditions contained herein: initials\_\_\_\_\_**



UNITED STATES

# **POLICIES & PROCEDURES**

MARCH 2018

## **Total Life Changes**

Total Life Changes, LLC (“TLC”) is a direct sales company dedicated to providing quality products and services promoted through your home-based business. We pride ourselves on our integrity in dealing with our independent distributors and customers will continue to do so. We provide a compensation plan based on sales of our products to end-users and those of you who wish to help us promote and sell our products can be rewarded under that plan. TLC does not require, nor do we tolerate “inventory loading” and you will never be forced to make large purchases. All distributors, or Independent Business Owners (IBOs) as we refer to them, must agree to conduct themselves with the utmost honesty and integrity in the promotion of their independent TLC distributorship. This includes abiding by the terms and conditions of the IBO Agreement, the Policies and Procedures listed below and fulfilling the requirements and qualifications of the Compensation Plan as they exist now and as they may be amended from time to time.

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## Introduction

### 1.1 Purpose

Total Life Changes, LLC has developed these Policies and Procedures, which may sometimes be referred to as the IBO Manual, to guide its Independent Business Owners (IBO) in the successful promotion of Total Life Changes products and services. These Policies and Procedures will help provide the following benefits:

- 1) Protect the rights of all Independent Business Owners by providing a guidelines and a framework within which each Independent Business Owner may work in an ethical, effective and secure manner.
- 2) Provide an equal and level playing field of opportunity to all Total Life Changes Independent Business Owners. All IBOs will be treated fairly, reasonably and professionally.
- 3) Clearly define the relationship between Total Life Changes and its Independent Business Owners.
- 4) Inform Independent Business Owners regarding compliance issues and regulatory requirements. Total Life Changes requires that all Independent Business Owners understand and abide by these Policies and Procedures as we work together in promoting the Total Life Changes products and opportunity. Of course if any IBO has any questions with respect to Policies and Procedures, you may contact TLC for clarification.

TLC will apply these Policies and Procedures fairly and equitably to all IBOs but understands that there may be certain cases or circumstances that require special handling or consideration. Any exceptions or extenuating circumstances that may apply will be determined by TLC at its sole discretion and will not automatically apply in any other situation or matter unless the applicable policy or procedure is officially modified or amended.

### 1.2 Conduct

Regardless of the specific policies and procedures stated within, all IBOs will conduct themselves honestly, ethically, morally and professionally with respect to their TLC business and all promotion and sales activity. No IBO may take any action with respect to TLC or that affects TLC in any way other than in the fulfillment of their IBO Agreement. No conduct that negatively impacts TLC will be permitted. TLC will not tolerate high-pressure sales tactics or the use of any misleading, confusing, false or exaggerated statements or claims with respect to TLC or TLC products and services.

### 1.3 Policies and Procedures Incorporated By Reference

These Policies and Procedures, in their present form and as amended from time to time at the sole discretion of Total Life Changes, LLC (“Total Life Changes®” or the “Company” or “TLC”), are incorporated into, and form an integral part of, the Total Life Changes Independent Business Owner Agreement. Throughout these Policies and Procedures, when the term “Agreement” is used, it collectively refers to the Total Life Changes Independent Business Owner Agreement and its Terms and Conditions, these Policies and Procedures and the Total Life Changes Compensation Plan. These documents are incorporated by reference into the Total Life Changes Independent Business Owner Agreement. **It is the responsibility of each Independent Business Owner to read, understand, adhere to and ensure that he or she is aware of and operating under the most current version of these Policies and Procedures.** When enrolling a new Independent Business

Owner, it is the responsibility of the Enroller (as further defined below) to provide the most current version of these Policies and Procedures and the Total Life Changes Compensation Plan (which can be done by directing the applicant to the website) to the applicant prior to his or her execution of the Independent Business Owner Agreement.

#### **1.4 Amendments, Revisions and Changes**

In order to ensure that TLC is always in compliance with applicable federal, state and/or local laws, as well as being able to adapt to changing or evolving business environments and markets, TLC reserves the right, in its sole discretion, to amend, revise or change the IBO Agreement (including, without limitation, the Independent Business Owner Agreement, Terms and Conditions, Policies and Procedures and the Compensation Plan) and its prices and product offering. TLC will notify IBOs by posting any amendments, revisions or changes on the TLC corporate website. The most current and controlling version will always be posted on [www.TotalLifeChanges.com](http://www.TotalLifeChanges.com) or other applicable website as noticed. It is the responsibility of all IBOs to regularly review the company website as well as stay current on all notices given through the various communications between TLC and IBOs. An IBO's continued use of any TLC- related website, product or service, conduct of any TLC related business or the acceptance of any compensation under the Compensation Plan will indicate acceptance of any published amendments, revisions or changes. An IBO not wishing to be bound by such amendments, revisions or changes must resign and will not be able to conduct any TLC business.

#### **1.5 Delays**

TLC shall not be responsible for delays or failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, acts of providence, severe weather, riot, war, fire, death, curtailment, reduction, limitation or unavailability of a source of supply, or government decrees or orders.

#### **1.6 Severability**

If any provision of the Agreement or these Policies and Procedures, in its current form or as may be amended, is found to be invalid or unenforceable for any reason, only the invalid or unenforceable portion of the provision shall be severed and only in the applicable jurisdiction that requires it. The remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid or unenforceable provision never comprised a part of the Agreement or these Policies and Procedures.

#### **1.8 Waiver**

TLC reserves the right to demand compliance with all terms and conditions under the Agreement and/or these Policies and Procedures at any time. No failure of TLC to exercise any right or power under the Agreement or to insist upon strict compliance by an IBO with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of TLC's right to demand exact compliance with the Agreement. Waiver by Total Life Changes can be affected only in writing by an authorized officer of the Company. Total Life Changes waiver of any particular breach by an Independent Business Owner shall not affect or impair Total Life Change's rights with respect to any subsequent breach, nor shall it affect in any way the

rights or obligations of any other Independent Business Owner. Nor shall any delay or omission by Total Life Changes to exercise any right arising from a breach affect or impair Total Life Changes rights as to that or any subsequent breach. The allegation or existence of any claim or cause of action of an Independent Business Owner against Total Life Changes shall not constitute a defense to Total Life Changes enforcement of any term or provision of the Agreement.

## **SECTION 2 BECOMING AN INDEPENDENT BUSINESS OWNER**

### **2.1 Becoming a TLC Independent Business Owner**

To become an independent TLC Business Owner, you must be a minimum of 18 years of age or the legal age of majority in the state, country or jurisdiction you reside in, whichever is higher, and you must be legally capable of entering into a contract. You must be legally entitled to earn income in the United States or in the appropriate country or jurisdiction you intend to do business in as we expand internationally. You must submit a valid, complete and accurate Independent Business Owner Agreement, whether online or in paper form, to TLC, and that application must be accepted by TLC, at our sole discretion. All information requested, including a valid social security number or tax ID number where applicable must be provided. You may not have a financial interest in more than one distributorship. A husband and wife are only permitted to have one distributorship between them unless they follow the procedure for a husband and wife to have separate distributorships as explained in these Policies and Procedures. A validly formed business entity may become an IBO, provided it can submit valid documentation as may be requested by TLC. An individual may not participate in multiple distributorships through the use of business entities. No “ghost” distributorships (false distributorships set up to maintain a position in the genealogy) are permitted.

### **2.2 Remaining a TLC Independent Business Owner**

In order to remain an TLC IBO in good standing, you must abide by all terms and conditions, policies and procedures, rules, regulations, requirements and/or qualifications that exist now or as may be modified from time to time. This includes complying with the renewal policy as may exist at the end of your applicable distributorship term. The initial distributorship term will be for a period of one year. You must only conduct TLC business in jurisdictions where we are legally permitted to conduct business. Further, you must comply with any laws, codes, rules, regulations and/or statutes that may be in effect in any jurisdiction you reside in or do business in. Your conduct or the conduct of anyone acting for or on your behalf may not discredit or bring any harm to TLC or any associated person or entity. Under no circumstances may any TLC IBO bad-mouth, disparage or discredit TLC, its products and services, any associated entities or people, any owners, directors, employees, agents or independent distributors. Any distributorship found to exist for reasons detrimental to TLC or the compensation plan, including, but not limited to “stacking” or manipulating the compensation plan, may be suspended or terminated at TLC’s sole discretion.

## **Section 3 Operating a TLC Distributorship**

### **3.1 Independent Contractor Status**

All TLC IBOs, regardless of rank or level within the compensation plan, are independent contractors. There are no franchises, exclusive territories, exclusive distributorships, partnerships, joint ventures or strategic alliances created between any TLC IBO and TLC. All IBOs will have an equal opportunity to build their independent business, based on work ethic, hours put in to promoting your business, dedication to building your business, etc. Each independent distributor shall be responsible for paying any and all local, state or federal taxes or fees, including, but not limited to, income taxes, social security, and self-employment taxes. TLC IBOs are not entitled to employee benefits from TLC, including, but not limited to, unemployment benefits, worker's compensation or minimum wage. All TLC IBOs are responsible for their own fees, costs, expenses, supplies, tools or whatever is required, used or needed in building and promoting their business. No IBO may bind TLC or any associated person or entity into any contract or agreement, nor may any IBO imply that they are acting for or on behalf of the corporate entity. Further, no IBO may contact any media, seek out media coverage or appear on or in any media for or on behalf of TLC unless requested by TLC or approved by TLC in writing. All IBOs must properly identify themselves as independent contractors when conducting business. Any conduct or behavior that in any way implies a corporate relationship or is confusing or misleading as to a IBO's independent contractor status is prohibited.

### **3.2 Enrollment**

All new TLC IBOs must be referred or enrolled by an existing TLC IBO and that personal enrollment must be noted during the IBO enrollment process, whether submitted online or otherwise. It is each IBO's responsibility to ensure that they indicate the proper enroller when signing up and to ensure that new IBOs that they sign up indicate the proper enroller. If there is a problem with the enroller, it is the IBO's responsibility to immediately notify TLC. We pride ourselves on our integrity and the integrity of our compensation plan. In the event of a dispute over who is the enroller of a new distributor, TLC will make its reasonable and best effort to determine who the actual enroller should be, based on facts gathered. The final decision as to personal enrollment shall be at the sole discretion of TLC.

### **3.3 Business Entities**

A corporation, limited liability company, partnership, trust, or local equivalent (collectively referred to in this section as a "Business Entity") may apply to be a TLC Independent Business Owner by submitting a copy of the organizational documents to TLC. If an Independent Business Owner has enrolled online, all required documents and registration form must be submitted to Total Life Changes within thirty (30) days of the online enrollment. If required documents are not received within the 30-day period, the Independent Business Owner Application and Agreement shall automatically terminate. All members, partners, shareholders or stakeholders of the relevant Business Entity are jointly and severally liable for any indebtedness, liability or other obligation to TLC. An entity cannot have more than one distributorship or financial interest in another distributorship nor can an individual have any interest in multiple distributorships whether individually or as part of an entity. An individual or entity may only have a second and third position if earned as multiple "Business Centers" as described in the Total Life Changes Compensation Plan. Individuals or entities may only register as IBOs using legal names. An IBO cannot be signed up or registered with a fictitious business name.

### **3.4 Minors**

Under no circumstances may anyone under the age of 18, or who is considered a minor in any applicable jurisdiction become a TLC IBO. There are no exceptions and parents may not co-sign or operate on behalf of a minor. No existing IBO should attempt to enroll or sponsor a minor as a TLC IBO.

### **3.5 Limitations on Distributorships Per Household**

An IBO may only operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, member, owner or beneficiary in one TLC distributorship. So as to avoid any manipulation within the compensation plan, married couples or common-law couples (collectively "Spouse(s)") who wish to become separate TLC IBOs must sign a separate Independent Business Owner Application and Agreement and must have the same enroller. One spouse cannot enroll or sponsor the other spouse. A spouse may be "placed" under their spouse's Independent Business Owner as long as they have the same Enroller. An additional family member, not a spouse, residing in the same household and otherwise eligible to become an IBO may become any IBO under the enroller of his/her choice, as long as there is no intent to manipulate the compensation plan.

### **3.6 Actions of Household Members or Affiliated Individuals**

If any member of an IBO's immediate household engages in any activity which, if performed by the IBO, would violate any provision of the Agreement, such activity will be deemed a violation by the IBO and TLC may take disciplinary action pursuant to the Agreement against the IBO. Similarly, if any individual associated in any way with a Business Entity (collectively "Affiliated Individual") violates the Agreement, such action(s) will be deemed a violation by the entity, and Total Life Changes may take disciplinary action against the Business Entity.

### **3.7 Addition of Co-Applicant**

When adding a co-applicant (either an individual or a Business Entity) to an existing TLC distributorship, TLC requires a written request, as well as a properly completed Independent Business Owner Application and Agreement containing the applicant and co-applicant's Social Security Numbers and signatures. To prevent the circumvention of Section 3.9 (regarding transfers and assignments of a Total Life Changes Independent Business Ownership), the original applicant must remain as the main party to the original Independent Business Owner Application and Agreement. If the original Independent Business Owner wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her Independent Business Ownership in accordance with Section 3.9. If this process is not followed, the Independent Business Ownership may be cancelled by Total Life Changes upon the withdrawal of the original Independent Business Owner. All bonus and commission checks will be sent to the address of record of the original Independent Business Owner. Please note that the modifications permitted within the scope of this Section do not include a change of Enroller or Placement Sponsor. There is a processing fee for each change requested, which must be included with the written request and the completed Independent Business Owner Application and Agreement.

### **3.8 Roll-Up**

When a vacancy occurs in a Marketing Organization due to the termination of an IBO for any reason,



each IBO or Customer in the first level immediately below the terminated Independent Business Owner on the date of the Cancellation will be moved to the first level ("Front Line") of the terminated Independent Business Owner's Placement Sponsor (compresses up one level within the Placement Sponsor tree).

### **3.9 Sale, Transfer or Assignment**

An IBO may not sell, transfer or assign his/her independent business without the express written consent of TLC at TLC's sole discretion. The sale, transfer or assignment of an IBO business may not be utilized under any circumstances to effect a change of sponsorship, manipulate the compensation plan or negatively impact another IBO. An existing IBO may not purchase another TLC independent business. Any person or entity selling, transferring or assigning their independent business, assuming they are otherwise in good standing, must wait a period of six months before reapplying to become an IBO.

### **3.10 Separation Due To Divorce or Dissolution**

Under no circumstances will TLC be required to divide, breakup or partially reassign an IBO position or its downline due to a divorce between spouses or dissolution of any entity. TLC will recognize the IBO as it is registered with TLC and will pay any earned commissions or bonuses accordingly. TLC is under no obligation to take any actions to facilitate such divorce, breakup or dissolution, other than in the normal conduct of TLC business under the Agreement. Any split of commissions or bonuses between affected parties will be handled by the parties after receiving the appropriate payment from TLC. If the affected parties are unable to effectively conduct TLC business or there is any adverse effect to TLC or other IBOs, TLC reserves the right to involuntarily terminate the IBO independent business. A spouse or other party who gives up rights to a TLC IBO independent business as part of a divorce, breakup or dissolution must wait six months before reapplying to become an IBO.

### **3.11 Succession**

Upon the death or incapacitation of an IBO, his/her Independent Business Ownership may be passed to his/her heirs. Appropriate legal documentation, such as an original death certificate and notarized copy of a will, trust or other instrument establishing the successor's rights must be submitted to the TLC to ensure the transfer is proper. Accordingly, an Independent Business Owner should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever a Total Life Changes Independent Business Ownership is transferred by a will or other testamentary process, the legal successor in interest acquires all rights previously earned or held by the IBO but must continue to meet all requirements and qualifications. The successor(s) in interest must: 1) Execute an Independent Business Owner Application and Agreement; 2) Comply with terms and provisions of the Agreement; 3) Meet all of the qualifications for the deceased Independent Business Owner's status; 4) Bonus and commission checks of a Total Life Changes Independent Business Ownership transferred pursuant to this Section 4.11 will be paid in a single check jointly to the legal successor(s) in interest. Such successor(s) must provide Total Life Changes with an "address of record" to which all bonus and commission checks will be sent. 5) If the Independent Business Ownership is bequeathed to multiple legal successors in interest, they must form a Business Entity and acquire a federal taxpayer identification number. Total Life Changes will issue all bonus and commission checks and a Form 1099 as required by the IRS. TLC is under no obligation to divide any

distributorship among heirs and under no circumstances will TLC allow any IBO or IBO Successor to operate in any way other than as normally proscribed under the Agreement or Policies and Procedures.

### **3.12 Expenses**

No IBO is required to spend any specific amount in the operation or promotion of his/her independent business. How much may be appropriate for any IBO to spend on marketing or any other item related to TLC is entirely up to the IBO based on his/her given situation. Unless specifically provided for under these Policies and Procedures or through the TLC Compensation Plan, no IBO is entitled to reimbursement from TLC for any general or administrative costs, fees or expenses or any type generated in the conduct of IBO with respect to TLC or the TLC Agreement.

## **Section 4 Responsibilities of an IBO**

### **4.1 Maintain Accurate Information With TLC**

All IBOs must immediately notify TLC of any changes in the original application information. This includes, but is not limited to, actual address, mailing address, telephone number, e-mail address, etc. This may be done through your back office, in writing or via e-mail. Please allow for up to thirty days for all changes to be fully implemented.

### **4.2 Maintain Communication With Downline**

Any IBO who sponsors another IBO into TLC must perform a bona fide supervisory function to ensure that his or her downline is properly operating his or her TLC business. IBOs must have ongoing contact, communication, and management supervision with the IBOs in their Downline. Examples of such contact and supervision may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic or e-mail, and the accompanying of downline IBOs to opportunity meetings, training sessions, and other TLC functions. Upline IBOs are also responsible to motivate and train new IBOs in TLC product knowledge, effective sales techniques and the Marketing and Compensation Plan. IBOs must monitor the IBOs in their downlines to ensure they do not make improper product or business claims, or engage in any illegal or inappropriate conduct. Upon request, every IBO should be able to provide documented evidence to the TLC of his or her ongoing fulfillment of the responsibilities of a Sponsor.

### **4.3 Non-Disparagement**

TLC wants to reasonably provide its IBOs with the best products, compensation plan and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to the Distributor Support Department at [tlccompliance@totallifechanges.com](mailto:tlccompliance@totallifechanges.com). Independent Business Owners should not, however, disparage, demean or make negative remarks about TLC, other TLC IBOs or TLC directors, officers, employees or other associated individuals or entities, either verbally, written, online or in social media or other forums.

### **4.4 Reporting Policy Violations**

IBOs who become aware of a policy violation by another IBO should submit written report of the

violation directly to the attention of the TLC Compliance Department so a file can be opened and an investigation conducted. Details of the incidents such as dates, number of occurrences, persons involved and any supporting documentation should be included in the report.

#### **4.5 Company Status**

No IBO may claim or imply that he/she or any other IBO has advantages with or special privileges with TLC. Nor may any IBO imply that they or any other IBO is in any way exempt from the same obligations and requirements of every other TLC IBO.

#### **4.6 Personal Information**

Any IBO who receives personal information from or about prospective IBOs or customers, must take all reasonable steps to maintain its security. You should shred or irreversibly delete the personal information of others once it is no longer required. Personal Information is information that identifies, or permits you to contact, an individual or entity. It includes, but is not limited to a Customer's, potential Customer's, IBO's and prospective IBO's name, address, email address, phone number, credit card information, social security or tax identification number and other information associated with these details.

#### **4.7 Confidential Information**

"Confidential Information" includes, but is not limited to, the identities, contact information, and/or sales information relating to TLC IBOs and/or Customers: (a) that is contained in or derived from any IBO's respective Back-Office; (b) that is derived from any reports issued by TLC to IBOs to assist them in operating and managing their TLC business; and/or (c) to which an IBO would not have access or would not have acquired but for his/her affiliation with TLC. Confidential Information constitutes proprietary business trade secrets belonging exclusively to TLC and is provided to IBOs in strict confidence, solely for the purpose of promoting TLC in accordance with this Agreement. Confidential Information shall not be directly or indirectly disclosed to any third party nor used for any purpose other than for use in fulfilling the IBO Agreement and in building and managing a TLC business. Any violation of this policy shall cause TLC irreparable harm for which there is no adequate remedy at law. The parties further agree that the harm to TLC should IBO disclose confidential information outweighs any harm to the IBO in not disclosing that information such that injunctive relief should be granted to TLC. TLC shall be entitled to immediate and permanent equitable relief to prevent further violations of this policy and shall be able to obtain such relief in a court of law, despite the arbitration clause applying to disputes arising out of breach of the Agreement.

#### **4.8 Enrollment, Sponsoring, Placement**

IBOs in good standing may enroll (sponsor) and place others into TLC as a Direct Retail Customer, Preferred Customer or IBO. A prospective customer or IBO has the right to choose his/her sponsor and no IBO may pressure, harass, intimidate or force anyone to buy anything or take any action they do not otherwise wish to take. Further, no IBO may force or require any prospective or new IBO or customer to agree to anything or sign any agreement other than the standard TLC IBO Agreement. No IBO may attempt to sell or promote the products or services of any company, including TLC, to anyone not personally-enrolled by the IBO.

## **Section 5 Conflicts of Interest**

### **5.1 Participation in Other Direct Sales Companies**

IBOs may not participate in any other direct sales, network marketing, or multi-level marketing company or opportunity, unless specifically authorized in writing by TLC's current CEO or COO. Under no circumstances may an IBO present TLC products or business along with any other company's products, services or opportunities.

### **5.2 Non-solicitation**

During the term of the Agreement and for a period of twelve months after termination for any reason, an IBO shall not engage in any actual or attempted recruitment or enrollment of any TLC IBO for other network marketing, direct sales or similar ventures, either directly, indirectly or through a third party. This includes, but is not limited to, presenting or assisting in the presentation of another network marketing or direct sales company to any TLC IBO or Customer, or implicitly or explicitly encouraging any TLC IBO Business Owner or Customer to join another or do business with another company.

1) For a period of twelve months following the termination of an IBO Agreement for any reason, the former IBO is strictly prohibited from recruiting or attempting to recruit any TLC IBO or Retail Customer for another network marketing or direct sales venture, other than those originally personally enrolled in TLC. By agreeing to the IBO Agreement, each IBO acknowledges and agrees that TLC is trying to protect legitimate business interests by this prohibition and such prohibition is reasonable in its scope and duration.

2) During the term of the Agreement and for a period of twelve months after its termination or cancellation for any reason, an IBO may not: (a) Produce, offer or transfer any literature, tapes, CDs, DVDs or other promotional material of any nature for another network marketing or direct sales venture which is used by the IBO or any third person to recruit TLC IBOs or Retail Customers for that or any other network marketing venture; (b) Sell, offer to sell, or promote any competing non-TLC products or services to TLC IBOs or Retail Customers (any product in the same generic product category as a Total Life Changes product is deemed to be competing (e.g., any nutritional supplement is in the same generic category as Total Life Changes nutritional supplements, and is therefore a competing product, regardless of differences in cost, quality, ingredients or nutrient content); (c) Offer TLC products or promote the TLC Compensation Plan in conjunction with any non-TLC products, services, business plan, opportunity or incentive; or (d) Offer any non-TLC products, services, business plan, opportunity or incentive at any TLC meeting, seminar, launch, convention or other TLC function, or immediately following such event.

(3) During the term of the IBO Agreement and for a period of twelve months after its termination for any reason, IBO shall not contact any vendor, consultant, employee or agent of TLC for the purpose of starting a direct sales company or for the purpose of assisting or joining any existing direct sales company.

(4) During the term of the IBO Agreement and for a period of twelve months after its termination for any reason, IBO shall not attempt to copy, manufacture, reverse engineer or produce for sale or distribution any product sold, manufactured by, or produced for TLC.

### **5.3 Targeting Other Direct Sellers**

TLC does not encourage IBOs to target the sales force of another network marketing or direct sales company to sell TLC products or to become TLC IBOs, nor does Total Life Changes encourage IBOs to solicit or entice members of the sales force of another direct sales company to violate the terms of their contract with such other company. IBOs will be responsible for their own conduct and TLC will not indemnify or defend an IBO should another company bring any legal action alleging unethical or inappropriate business conduct.

### **5.4 Cross-Sponsoring**

Actual or attempted cross-sponsoring is strictly prohibited. "Cross-Sponsoring" is defined as the enrollment or attempted enrollment of an individual or entity which already has an Independent Business Owner Application and Agreement on file with TLC, or which has had such an agreement within the preceding twelve (12) calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, federal ID numbers, or fictitious ID numbers to circumvent this policy or any other provision of the Agreement is strictly prohibited. IBOs shall not demean, discredit or defame other TLC IBOs in an attempt to entice another IBO to become part of a different IBOs Marketing Organization. If Cross-Sponsoring is discovered, it must be brought to TLC's attention immediately. TLC may take action against the IBO who changed organizations and/or those IBOs who encouraged or participated in the Cross-Sponsoring. TLC may also move all or part of the offending IBO's downline to his or her original Downline organization if the Company deems it equitable and feasible to do so. However, TLC is under no obligation to move the Cross-Sponsored Independent Business Owner's downline organization, and the ultimate disposition of the organization remains within the sole discretion of TLC. IBOs waive any and all claims and causes of action against TLC arising from or relating to the disposition of the Cross-Sponsored Independent Business Owner's downline organization.

### **5.5 Bonus Buying and Stacking**

Bonus Buying and/or IBO Stacking is strictly prohibited and will not be tolerated under any conditions or circumstances. "Bonus buying" is manipulating the compensation plan to generate any bonuses and/or commissions for other than a legitimate product sale and includes, but is not limited to: (1) the enrollment of individuals or entities without their knowledge and/or execution of an Independent Business Owner Application and Agreement by such individuals or entities; (2) the fraudulent enrollment of an individual or entity as an Independent Business Owner or Retail Customer; (3) the enrollment or attempted enrollment of non-existent individuals or entities as Independent Business Owners or Retail Customers (4) the use of a credit card by or on behalf of an Independent Business Owner or Retail Customer when the Independent Business Owner or Retail Customer is not the account holder of such credit card; (5) purchasing Total Life Changes product on behalf of another Independent Business Owner or Customer or under another Independent Business Owners IBO number, or Customer ID to qualify for commissions, bonuses or incentives and/or (6) the creation of any order or volume not the result of a legitimate sale transaction in the normal course of business.

“Stacking” includes: (1) the failure to transmit applications to TLC in a timely manner or the holding of a member agreement in excess of (2) business days after its execution. (2) The manipulation of member agreements for the purpose of maximizing compensation pursuant to the Compensation plan (3) providing financial assistance to members, buying products, or drop shipping through another's account for the purpose of increasing the payout of your sales organization and/or (4) the placing of orders or volume so as to deprive an upline sponsor of commissions or bonuses they should otherwise be entitled to receive.

## **Section 6 Communication and Confidentiality Within TLC**

### **6.1 Downline Activity (Genealogy Reports)**

Downline Activity Reports are available for IBO access and viewing through the secure IBO Back Office. All Downline Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets and are owned exclusively by TLC. TLC will not be responsible for any errors, incorrect or missing information that may be included or excluded from any report. Downline Activity Reports are provided to IBOs in strictest confidence and are made available to IBO for the sole purpose of assisting IBOs in working with their respective Downline Organizations in the development of their TLC business under the IBO Agreement. IBOs should use their Downline Activity Reports to assist, motivate and train their Downline IBO and support their customers. The IBO and TLC acknowledge and agree that, but for this agreement of confidentiality and nondisclosure, TLC would not provide Downline Activity Reports to the IBO. An IBO shall not, on his/her own behalf, or on behalf of any other person or entity:

- 1) Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;
- 2) Directly or indirectly disclose the password or other access code to his/her Back Office or Downline Activity Report;
- 3) Use the information to compete with TLC or for any purpose other than promoting his/her TLC business;
- 4) Recruit or solicit any IBO, or Retail Customer of TLC listed on any report, or in any manner attempt to influence or induce any IBO or Retail Customer, to alter their business relationship with TLC;
- 5) Use or disclose to any person or entity any information contained in any Downline Activity Report. Upon demand by the Company, any current or former IBO will return the original and all copies of any Downline Activity Reports to the Company; and
- 6) It is a violation of the IBO Agreement and these Policies and Procedures for an IBO or any third party to access any data via reverse engineering, keystroke monitoring, hacking or by any other means.

### **6.2 Communication Opt-in**

IBOs agree that TLC or a party acting on its behalf may contact you by any means available, including, but not limited to a landline or cellular telephone using automated technology (e.g., an auto-dialer or pre-recorded messaging), text messaging or email. You consent and agree to TLCs contacting you in this manner at the address, telephone number(s) or email address that you

provided or as updated. You understand that your carrier's standard rates may apply for calls and/or text messages. You understand that you may opt-out of receiving text messages at any time by replying "STOP." You understand that your consent is not a condition of purchase. You consent and agree to the TLC Privacy Policy when you agree and submit this IBO Agreement.

### **6.3 IBO Media and Likeness Use Consent and Release**

By submitting the IBO Agreement, you authorize TLC to use your name, testimonials, and/or likeness in any TLC advertising or promotional materials in any media without remuneration. Additionally, you consent to and authorize the use and reproduction of any photographs taken by or supplied to TLC and further consent to the use and reproduction of any quotes, testimonials, stories, conversations on social networking media for any print or electronic publicity, marketing or promotional purposes, without remuneration.

## **Section 7 Advertising and Promotion**

### **7.1 General**

Any advertising or promotion must safeguard the good reputation of TLC and demonstrate good business practice. Under no circumstances is it ever permissible to use unprofessional, discourteous, false, deceptive, misleading, unethical or immoral conduct, claims or practices in the promotion of TLC and its products. IBOs must take all reasonable care to ensure that any advertising, promotion or postings are professional, grammatically correct and non-offensive. IBOs should only use the sales aids and support materials produced by TLC. We have carefully designed our products, product labels, Compensation Plan and promotional materials to ensure that the presentation of each aspect of TLC is professional, fair, truthful, substantiated, accurately presented and in compliance with applicable laws or regulations. TLC reserves the right, at its discretion, to edit or discontinue previously approved IBO materials. Total Life Changes further reserves the right to rescind approval for any sales tools, promotional materials, advertisements or other literature, and IBOs waive all claims for damages or remuneration arising from or relating to such rescission. As these compliance policies are vital to the long-term stability of TLC and the preservation of the opportunity for all, these advertising policies will be strictly enforced. Using non-approved material or failing to obtain approval for marketing materials of any kind may result in disciplinary actions set forth including, without limitation, the following:

- 1) Formal warning letter and/or probation;
- 2) Suspension of commissions;
- 3) Termination of the Independent Business Owner Agreement; and/or
- 4) Possible legal action

### **7.2 Trademarks and Copyrighted Material**

TLC does not allow the use of its trademarks, trade names, designs, symbols or copyrighted material by any person or entity, including IBOs, without prior written permission or unless such content is specifically prepared or approved for use. IBOs may not produce for sale or distribution, any recorded TLC events, speeches and/or presentations without express written consent from TLC. Further, IBOs

may not use any name or portion of any name exactly like, similar to or a variation of any TLC product, service, associated person or entity in the title, address, domain name, URL, social media page, username, team names, heading, handle or in any context that could be confusing, misleading or deceptive as to the origin or source of the given material or communication.

### **7.3 Identification as Independent Business Owner**

In instances where it is permitted under these Policies and Procedures to use the Total Life Changes name or other related material, it can only be done with proper identification as an Independent Business Owner. There can never be any situation where there could be confusion as to whether an IBO was acting as the corporate TLC entity. Where it is permitted for an IBO to use a TLC logo, we have made specific IBO versions of TLC logos available in your IBO Back Office.

### **7.4 IBO Websites**

IBOs may only utilize the TLC-provided replicating website to promote their TLC business. Any other website utilized by an IBO would have to be completely generic with no direct reference to TLC and otherwise compliant with any applicable laws, rules or regulations. The TLC replicated websites and corporate website contain professionally prepared material designed to help you promote and sell. Even generic or otherwise unidentified websites may not make any product or income claims which refer to TLC or TLC products and services.

### **7.5 E-Mail or Electronic Advertising**

An IBO may not advertise or promote TLC or TLC products and services or use any TLC trademarks or copyrighted material in any electronic media or transmission, including e-mail, the internet, social media or otherwise, unless specifically approved by TLC. Internet advertising and/or mass promotion must be generic, without use of TLC trademarks, trade names or copyrighted material. "Spamming" or the unsolicited mass distribution of e-mails, faxes or other media in violation of any applicable law, rule or regulation is absolutely prohibited. Neither shall any IBO ever publish, post, upload, distribute or communicate through any media, any unprofessional, inappropriate, profane, obscene, defamatory, misleading, untrue, false, indecent, infringing or unlawful statements, claims, material, information or data.

### **7.6 Online or Other Classified Ads**

IBOs may not use classified ads, whether published or online classifieds, including, but not limited to, Craigslist, to list, sell or retail specific TLC products, product bundles or the opportunity. Generic ads, designed to solicit responses, are permissible so long as otherwise compliant with any applicable laws, rules or regulations.

### **7.7 Online Auction Sites**

TLC and its products and services may not be listed on eBay or other online auctions, nor may IBOs enlist or otherwise allow or facilitate a third party to sell TLC products on eBay or other online auctions.

### **7.8 Online Retailing**

IBOs may not list or sell TLC products and services on any retail store or ecommerce site, including



Amazon.com, Ebay.com, Walmart.com or the like (with the exception of their own TLC-provided replicated website). Additionally, IBOs may not (1) enlist or otherwise allow a third party to sell TLC products through or on any online retail store or ecommerce site or (2) sell products to a third party that the IBO has reason to believe will sell such products on any online retail store, e-commerce site or other unauthorized method.

### **7.9 Banner Advertising**

IBOs may place approved banner advertisements on third-party websites. They may only use the TLC approved templates and images available through the resources section of their TLC Back Office. The banner must link directly back to the IBO's TLC replicated website and cannot be varied, altered, revised or contain any additional information such as pricing, discounts or promotions. Discretion must be used by the IBO in determining the appropriateness of the third party website that the banner may be posted on and TLC reserves the right to request that an IBO remove a banner ad from a website that TLC, in its sole discretion, determines to be inappropriate.

### **7.10 "Spam Linking"**

"Spam linking," or the multiple consecutive submissions of the same or similar content into blogs, wikis, guest books, websites or other publicly accessible online discussion boards or forums is not permitted. This includes blog spamming, blog comment spamming and/or spam-dexing. Any otherwise permissible comments an IBO may make on blogs, forums, guest books, etc., must be unique, informative, relevant and otherwise permissible.

### **7.11 Digital Media Submission**

IBOs may not upload, submit or publish TLC-related video, audio or photo content to any digital media or website such as Facebook, YouTube, iTunes, Photobucket or similar site.

### **7.12 Product Claims**

No claims, which include personal testimonials, as to therapeutic, curative or beneficial properties of any products offered by TLC may be made except those contained in official TLC materials. In particular, no IBO may make any claim that TLC products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases or signs or symptoms of disease. Not only are such claims violations of TLC policies, but they potentially violate applicable laws, including, but not limited to, federal and state laws and regulations, such as the Federal Food, Drug, and Cosmetic Act and Federal Trade Commission Act. An IBO that provides product experience testimonials in any medium should use care to disclose their affiliation with TLC, i.e., "Total Life Changes Independent Business Owner," be honest in their testimonial personal experience and assert that they are not claiming that their experience is the typical result experienced by consumers. Unless specifically warranted in writing by TLC, there are no specific results guaranteed to be achieved as a result of the use or consumption of TLC products and services.

### **7.13 Income Claims**

IBOs may not make income claims, representations or imply that anyone will achieve any specific level of income or success. Further, IBOs may not display commission checks, commission statements or other financial records in the promotion of TLC.

IBOs may truthfully, accurately and fairly explain the TLC Compensation Plan and show the possible ways an IBO can earn commissions or bonuses under the plan. However, guarantees, warranties or assurances that any specific results will be achieved are not permitted. Individual results will vary and no previous results should be stated or implied as typical. Hypothetical examples may not be unreasonable or exaggerated.

#### **7.14 Product Pricing**

IBOs may not advertise or offer to sell TLC products or services at any price lower than the suggested retail price of the applicable product. Further, no special offers or enticements beyond the normal TLC product offerings may be made or packaged with TLC products and/or services. Any offer to sell TLC products and/or services must be truthful and cannot contain misleading statements such as “lowest price available” which infers that an IBO is able to sell products at a lower price than other IBOs.

#### **7.15 Re-Packaging**

No IBO may re-package, re-brand or otherwise alter packaging or labeling in any way, any TLC product or service. The giving of tasting samples at a TLC home party or meeting is permitted.

#### **7.16 Use of Celebrity Name or Likeness**

No IBO may imply that TLC is associated with or endorsed by a particular person, entity or celebrity. No name or likeness of a celebrity, group or entity may be published by IBOs without prior written approval of TLC.

#### **7.17 Scientific Advisory Board and Other Consultants**

TLC has established relationships with many preeminent scientific, marketing, public relations, business, legal and other professionals. IBOs must refrain from contacting or attempting to contact any such professional or advisor unless specifically authorized in writing to do so by TLC. No IBO may claim or imply that he/she has any special relationship or privilege with any such professional or advisor.

#### **7.18 International Marketing**

IBOs are authorized to sell TLC products, enroll Retail Customers, or IBOs only in countries in which TLC is authorized to conduct business as announced in official TLC materials or on the TLC corporate website. However, before initiating any TLC-related activities in any authorized country, an IBO must first complete and submit the TLC International Enrollment Application to the Compliance Department. Once such application has been received and approved, as evidenced by written authorization by a member of the Compliance Department, the IBO may begin activities in any authorized country in accordance with the applicable terms and conditions of that country.

#### **7.19 “Pre-Market” International Marketing**

An IBO, in preparing for the opening of a new country, prior to the official opening of a country, but after its announcement, may provide business cards and conduct, organize or participate in meetings

with no more than five (5) attendees, including the IBO. Other attendees must be personal acquaintances or acquaintances of personal acquaintances. These meetings must be held in a home or a public establishment but may not be held in a private hotel room. IBOs are prohibited from any other Pre-Market conduct, including, but not limited to soliciting persons who are not prior personal acquaintances, importing, selling or distributing TLC products, placing unapproved ads or distributing promotional material, collecting money or other consideration, etc.

#### **7.20 Telemarketing**

IBOs may not use automated systems, including, but not limited to robo-dialers and computer-assisted devices, nor may they conduct any telephone, fax, computer or other telemarketing activity that does not comply with the Federal Telephone Customer Protection Act or any other federal and/or state laws pertaining to sales and solicitation via electronic devices.

#### **7.21 Spam**

IBOs may not send or transmit unsolicited e-mails or faxes related to TLC via telephone, facsimile, electronic mail or any similar method.

#### **7.22 Third Party Intellectual Property**

IBOs may not use the intellectual property, including the trademarks, trade names, service marks or intellectual property of any third party in any promotional materials or online postings without proper license or authorization of the owner of that intellectual property. When third party intellectual property is used with authorization, it must be properly identified as the property of the third party, and the IBO must adhere to any restrictions and/or conditions that the rightful owner of the intellectual property places on its use.

#### **7.23 Privacy**

An IBO must respect the privacy of others in any posting or promotion. IBOs are prohibited from using the name, likeness, testimonial, story or information relating to any individual or entity unless authorized to do so. IBOs should never engage in gossip, rumors or speculation with respect to people, entities, products or services. It is never permissible under any circumstances to post any false, misleading or unconfirmed information or statements about anyone, anything or any entity in any forum or media.

#### **7.24 Media**

IBOs may not promote TLC or TLC products through interviews with the media, whether audio, video, printed or verbal, regardless of distribution or broadcasting method, whether, private, public, local, national or international, unless specifically authorized in writing by TLC. Media inquiries should immediately be referred to the TLC Marketing Communications Department. Further, unless otherwise authorized, IBOs may not use any form of media or other mass communication or mass advertising to promote TLC or TLC products. This would include, but not be limited to television shows, podcasts, news or promotional pieces on television, radio or the internet, etc.

#### **7.25 Social Media**

TLC maintains a public Facebook page and other public social media forums which it uses to invite

potential customers and distributors to learn more about TLC. These are not intended to be used by IBOs to promote or sell. IBOs may not attempt to use such social media to otherwise promote, sell or advertise. TLC reserves the right at its sole discretion to remove any non-compliant postings or messages from TLC-controlled social media. TLC may also maintain private or closed social media forums for various purposes including education and open forum discussions. If an IBO is invited to join these password protected groups, that IBO may not allow access or otherwise disseminate the information contained or obtained from a private group

### **7.26 Other Internet Use**

IBOs otherwise complying with these Policies and Procedures may use the Internet, social networking sites, blogs, social media and applications and other sites with content based on user participation as a preliminary step to ultimately drive traffic to their TLC replicated website. The goal of such use should not be to close business through those sites, but only to generate interest in finding out more about TLC or TLC products and services through the replicated website or other TLC approved material.

### **7.27 Prohibited Advertising or Promotion**

Under no circumstances may any IBO ever publish, written or verbally, in any media or forum, post, state, distribute or provide any material or information that could be considered offensive sexually explicit, obscene, pornographic, profane, hateful, threatening, harmful, defamatory, libelous, harassing, racist, discriminatory based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability or otherwise. Further, an IBO may never publish graphically violent images, solicit unlawful behavior or engage in attacks on any individual group or entity. It shall be at TLC's sole discretion in determining whether such material is prohibited and the IBO must immediately take down the non-compliant material or face disciplinary action including termination.

### **7.27 Not-For Resale (or NFR Jurisdictions)**

There are certain countries or jurisdiction where residents of that jurisdiction are permitted to import TLC products for personal use only. TLC or TLC products may not otherwise be sold or re-sold in those jurisdictions

### **7.28 Negative Online Posts**

IBOs should not engage or converse online in response to or with respect to negative posts about them. You may report such negative postings to the TLC Compliance Department and if there is anything that can be done, TLC will take appropriate action.

### **7.29 Implied Approval or Endorsement**

An IBO may never state, imply or represent that TLC or TLC products are endorsed, approved or sanctioned by any agency or organization, including, but not limited to the Federal Trade Commission (FTC) or the Food and Drug Administration (FDA). Government regulatory agencies do not approve or endorse any direct selling companies or their products. It is also not permissible to imply the use of or endorsement of TLC products by any non-governmental agency, business, group or celebrity.

## **Section 8 Sales**

### **8.1 Commercial Outlets**

Direct sales are based on personal relationships and TLC strongly encourages the retailing of its products and services through personal contact. Therefore, IBOs may not display or sell TLC products or literature in general retail establishments. IBOs may, however, promote TLC and TLC products through appointment-based establishments such as hair salons, spas or chiropractic offices.

### **8.2 Trade Shows and Exhibitions**

IBOs may display and/or sell TLC products at trade shows or professional expositions. TLC limits this to one IBO per show, so prior, conditional approval must be obtained through the TLC Compliance Department. The Compliance Department will instruct the IBO what is necessary for final approval which will not be unreasonably withheld and will be based on the first fully-completed submission. TLC reserves the right to determine, in its sole discretion, whether a particular trade show or exhibition is inappropriate for displaying any TLC products or material. Swap meets, garage sales, flea markets and similar events are not appropriate venues for the promotion of TLC and its products.

### **8.3 Inventory**

IBOs are not required to carry an inventory of products or sales aids. Those may be purchased as needed to fulfill sales to IBOs or customers. An IBO may wish to carry a certain level of inventory for quicker fulfillment but this is optional and based on an IBO's individual situation. Nothing in this section shall be construed to prevent IBOs from maintaining reasonable product on hand to service their customers. The purchasing of inventory simply to qualify for bonuses or commissions is prohibited and no IBO should do so or encourage others to do so. Inventory levels should not unreasonably exceed amounts that can be used, sold or consumed within one month.

## **Section 9 Bonuses and Commissions**

### **9.1 Qualifications**

An IBO is responsible for legitimately fulfilling all requirements and/or qualifications as stated in the TLC Compensation Plan. Aside from the requirements and qualifications in the Compensation Plan, IBOs must otherwise be in good standing and in compliance with the terms and conditions of the IBO Agreement and all Policies and Procedures. TLC reserves the right in its sole discretion, to change, amend, modify or revise the Compensation Plan as appropriate. Any dispute as to whether a given requirement or qualification was met or achieved by an IBO will be resolved at the sole discretion of TLC.

### **9.2 Check Processing**

If an IBO chooses to receive a paper check, rather than electronic processing of a commission, bonus

or other payment, then a \$2.00 check processing fee will apply. Further, no check will issue until the net amount exceeds \$10.00. Commissions or bonuses lower than \$10.00 will accrue and will not be forfeited so long as an IBO remains active and in good standing.

### **9.3 Replacement Checks**

Any check having to be replaced or reissued through no fault of TLC, shall be subject to a \$35.00 charge.

### **9.4 Adjustments and Clawbacks**

TLC reserves the right to withhold, adjust or deduct commissions or bonuses from any IBO as necessary. This may be due to returned products, cancelled orders, orders with invalid payments, product buybacks, or qualification rollbacks (where a certain level is no longer achieved based on returned, cancelled or invalid orders). Deductions may continue for multiple periods until the full amount is recovered.

### **9.5 Unclaimed Commissions**

Any commission, bonus or other payment shall be void if not used or negotiated within six months from issuance. IBOs are responsible for negotiating any payment within six months. Further, account credits must be used within six months. Payments may be reinstated for valid reason at TLC's sole discretion, but a \$25 charge will apply.

### **9.6 Incentive Trips and Awards**

TLC may, in its sole discretion, provide incentive trips and other awards to qualified IBOs. TLC will determine the guidelines and criteria for such awards. Those awards cannot be deferred, will have no cash value and, if required, TLC will issue a 1099 for the applicable amount. TLC, other than providing the applicable award, will not be responsible for any additional costs, fees or expenses incurred by an IBO with respect to such award. The IBO will indemnify, defend and hold TLC harmless from any claim, injury, loss or damages sustained by IBO or guest of IBO with respect to participation in such trip or award.

### **9.7 "70 Percent Rule"**

TLC does not encourage nor does it require inventory loading or large inventory purchases. Therefore, in order to remain qualified to receive commissions or bonuses, IBOs must certify before placing a product order, that they have used, sold or consumed at least 70 percent of products previously purchased. This rule is not intended to discourage the maintaining of reasonable inventory to best service your retail customers.

### **9.8 Retail Customer Rule**

In order to stay qualified for any commissions or bonuses payable under the TLC Compensation Plan, IBOs must make retail sales, either directly or through TLC, to ten retail customers each month. All IBOs must keep records of such sales and may be subject to audit and verification.

## **Section 10 Product Ordering**

### **10.1 Purchasing Product**

IBOs should purchase products directly from TLC under his/her IBO number. IBOs are not required to purchase any specific amount of product or level or inventory. Any purchases made from other sources are prohibited and the IBO will not receive credit for sales volume associated with that order

### **10.2 General Ordering Policies**

It is the IBO's responsibility to ensure that all orders, through mail, internet, telephone or otherwise, contain valid and proper payment. When there is improper or invalid payment, TLC will make reasonable attempts to obtain valid payment, but if such payment is not received within 5 business days, then the order will not be processed. There are no payment plans, nor are charge-on-delivery, C.O.D. or other deferred payment methods available or accepted.

### **10.3 Shipping and Back Orders**

TLC always makes its best effort to expeditiously ship orders. If, however, an ordered item is out of stock, it will be placed on back order and shipped when received into TLC inventory. TLC will notify IBOs if there will be an unreasonable delay and, if so, IBOs will have the opportunity to cancel or revise the order. Keep in mind that no volume credit will be received, nor will commissions be paid, on cancelled orders.

### **10.4 Shipment Confirmation**

TLC takes pride in achieving the highest level of shipping efficiency and in the rare situations that there is an error in shipping, will take all reasonable steps to resolve the problem. It is the IBO's or recipient's responsibility, however, to confirm that a product shipment matches the shipping invoice and is undamaged. IBOs must immediately notify TLC of any shipping discrepancy or damage, but in no event can notice to TLC exceed more than five business days of delivery of shipment. IBOs who wait longer than five business days to notify TLC will be deemed to have waived the right to any correction of a shipping problem.

### **10.5 Customer Payment**

IBOs should not hold or accept monies from Retail Customers to be held in anticipation of future orders.

### **10.6 Insufficient Funds**

IBOs are responsible for ensuring that there are sufficient funds or credit available in his/her account to cover any monthly Autoship order or subscription. TLC is not obligated to contact IBOs for any scheduled Autoship order or subscription that does not process due to invalid or insufficient payment. Cancelled or unprocessed orders may result in failure to qualify at a given level. TLC reserves the right to charge a fee to cover the re-processing of any order due to invalid payment provided at original time of order.

### **10.7 Third Party Credit Card Use**

IBOs shall not allow other IBOs or Customers to use his/her credit card or other form of payment, nor shall any IBO use or attempt to use another person's credit card or other form of payment.

### **10.8 Sales and Use Tax**

TLC charges and collects applicable sales and use taxes, based on suggested retail price, on purchases made by IBOs or customers and will remit those taxes collected to the respective state taxing authority. IBOs who choose to accept responsibility for their own sales tax collection and remittance may submit a valid Sales Tax Exemption Certificate and Sales Tax Registration License. TLC in its sole discretion will determine whether such tax exemption papers apply to any given order and no sales tax exemption will ever be retroactive.

### **10.9 Chargeback Policy**

Chargeback Policy When TLC receives a chargeback notice, the account in which the service was purchased will be immediately blocked, and all associated services in the account will be terminated **immediately without exception and all pending bonuses will be held**. Clawbacks will be applied to any commissions earned by any qualifying affiliates. **A chargeback is grounds for immediate termination.**

## **Section 11 Product Returns**

### **11.1 Product Guarantee**

TLC offers its retail consumers a 30 day guarantee. Product and marketing materials returned within thirty (30) days after the purchase shall receive a 100% refund of the price actually paid, less shipping and handling costs. Consumers must provide any requested documentation relating to the sale and no refund shall apply to promotional products or samples. IBOs must refund any amounts collected by them and not by TLC.

### **11.2 Inventory Repurchase**

An Independent Business Owner who resigns, which resignation must be in writing, may return product or marketing materials purchased within the last six (6) months prior to resignation, or longer if required by law, that is otherwise in good condition and resalable subject to TLC's determination. Upon compliance with all applicable requirements, a full refund, less a 10% restocking fee and shipping and handling costs will be issued by the Company. Any product that cannot be sold or is opened, used, damaged, expired, or within three (3) months of expiration, will not be eligible for a refund. Please allow for up to twenty (20) days from the time that the product is received for the refund to be processed. TLC may withhold or deduct any commissions, bonuses or other compensation earned as a result of qualifications utilizing product now being returned. Distributor Support must be contacted prior to shipping product back, so that you may obtain a Return Merchandise Authorization ("RMA") number and properly identify the product being returned. The obtaining of an RMA does not mean that the product falls within the repurchase policy. That determination can only be made after product is received by TLC. TLC is not under any obligation to accept any returns not properly identified with an RMA number. Further, TLC is under no obligation to return any products received that do not fall under the repurchase policy.



### **11.3 Exceptions**

Previously paid bonuses or commissions may be reversed or adjusted as a result of the returns, cancellations and at the sole discretion of TLC. Any Commissions paid to the IBO and his/her upline for the product returned by an IBO or customer may be debited from the respective upline IBO's account or withheld from present or future commission payments. An Independent Business Owner agrees that he or she will not rely on existing downline volume at the close of a commission's period, as returns may cause changes to his or her title, rank and/or commissions payout.

## **Section 12 General**

### **12.1 Identification**

All IBOs are required to provide, and certify the accuracy of, their Social Security Number, Federal Employer Identification Number, (US & Territory Residents) or equivalent government issued identification number, to TLC on the Independent Business Owner Application and Agreement. Such number will be maintained securely by TLC and is required for proper tax reporting. Upon enrollment, TLC will provide a unique Independent Business Owner Identification Number (IBO number) to the IBO by which he/she will be identified. This number will be used to place orders and track commissions and bonuses.

### **12.2 Income Taxes**

Each IBO is responsible for paying all applicable local, state, and federal taxes on any income generated as a result of his/her TLC business. If a TLC IBO is tax exempt, the applicable federal tax identification number must be provided to TLC. Every year, as required, TLC will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. distributor who: (1) had earnings of over \$600 in the previous calendar year; (2) made purchases during the previous calendar year in excess of \$5,000; or (3) earned an incentive award trip.

### **12.3 Business Pursuits Insurance**

A TLC IBO is responsible for and may wish to arrange insurance coverage for their independent business. Be advised that a homeowner's insurance policy typically does not cover business-related injuries or the theft of or damage to inventory or business equipment. Each IBO should contact their insurance agent to make certain that their relevant property is protected. In the U.S., this can often be accomplished with a simple "Business Pursuit" endorsement attached to their present homeowner's policy. TLC will not be responsible for any losses incurred or suffered by an IBO in the conduct of their TLC or other business.

### **12.4 Product Liability Coverage**

TLC maintains insurance to protect TLC and IBOs against product liability claims. TLC's insurance policy extends coverage to IBOs so long as they are marketing TLC products in the regular course of conduct and in accordance with TLC policies and applicable laws and regulations. The TLC product

liability policy may not extend coverage to claims or actions that arise as a result of an IBO's misconduct in marketing the products.

### **12.5 Local Rules, Laws, Ordinances or Regulations**

Aside from complying with TLC terms and conditions or policies and procedures, IBOs are responsible for complying with any applicable law, rule, regulation, statute, requirement or ordinance that may apply to their TLC independent business in their applicable jurisdiction, which may be any local area, town, city, county, state or country. It is the IBO's responsibility to be aware of any such laws or regulations that may apply to them or their business.

### **12.6 Indemnification**

All IBOs agree to indemnify, defend and hold harmless, TLC, its owners, directors, employees, consultants, agents, vendors and associated persons or entities from and against any and all claims, demands, liabilities, losses, costs or expenses arising from the conduct of the IBO in the conducting of any TLC business and/or business or conduct arising out of the IBO Agreement or breach of the Agreement. This includes, but is not limited to, court costs or attorney's fees asserted against, suffered by or incurred by IBO or any other IBO by reason of, directly or indirectly, arising out of or in any way related to or connected with, allegedly or otherwise; IBO's activities, IBO's breach of any terms of the IBO Agreement or IBOs violation or failure to comply with any applicable federal, state or local law, statute, code, regulation or ordinance. This provision shall survive the termination of the IBO Agreement.

### **12.7 Exclusion of Damages**

TLC, its owners, directors, employees, affiliates, consultants and associated persons or entities shall not be liable under any circumstances to any TLC IBO for any exemplary, indirect, consequential, special or punitive damages for any and all claims, demands or actions resulting or arising from the IBO Agreement, the function, operation or lack of function or any equipment, website software, delay of any shipment or an act or omission of any TLC related party, whether based in contract, tort, negligence, strict liability or any other cause of action. Damages will be limited to compensatory damages limited to the amount of legitimately obtained unsold TLC product owned by IBO or the actual amount of commissions or bonuses that may be due.

### **12.8 Errors or Questions**

If an IBO has questions about or believes that any errors have been made regarding commissions, bonuses, genealogy or charges, the IBO must notify TLC within 15 days of the purported error in question. TLC is not responsible for any errors, omissions or problems which are not reported to TLC within 3 days.

## **Section 13 Dispute Resolution**

### **13.1 IBO Disciplinary Action**

If any IBO is found to be in violation or breach of any applicable term, condition, policy, procedure, law or regulation pertaining to the IBO Agreement, TLC, at its discretion, may take one or more of the

following actions:

- 1) Issuance of a warning or admonition;
- 2) Directing the IBO to make immediate corrective measures;
- 3) Holding back, in whole or in part, one or more bonus or commission payments;
- 4) Reversing, in whole or in part, one or more bonus or commission payments;
- 5) Suspending all rights and privileges of an IBO to conduct TLC business pending final outcome;
- 6) Cancelling or re-assigning one or more IBOs or customers deemed not to be legitimately acquired by an IBO;
- 7) Revoking the rights and privileges of a given person or entity with respect to being able to conduct TLC business;
- 8) Terminating an IBO or associated IBO;
- 9) The seeking of monetary and/or equitable relief in a court or proceeding of appropriate jurisdiction;
- 10) Any other measure or action required to provide an appropriate remedy for injuries caused partially or exclusively by the conduct of the IBO

### **13.2 Change of Sponsor (Enroller)**

Change of Sponsorship or Enroller is not permitted except to correct reasonable errors or mistakes. If there is a dispute as to the proper sponsor/enroller of an IBO, then it shall be resolved and determined by TLC in its sole discretion. IBOs otherwise in good standing who voluntarily resign and remain inactive for six months may reapply under a new sponsor with no rights to any former downline or privileges.

### **13.3 Change of Placement**

Change of Placement Sponsor may only be done within 3 business days of placement and only to correct errors or mistakes in the placement sponsorship.

### **13.4 Arbitration**

IBOs must attempt to resolve any dispute under this Agreement in an amicable and reasonable way directly with TLC. If an IBO feels additional actions are necessary, then all IBOs agree that any claim, dispute and/or legal action surrounding the terms and conditions of this Agreement shall be resolved solely and exclusively by arbitration in accordance with the Federal Arbitration Act and under the rules and auspices of the American Arbitration Association (AAA). Any arbitration shall be held in St. Clair County in the State of Michigan, under the Commercial Arbitration Rules of the AAA and conducted by a single arbiter who is an attorney with knowledge of direct sales. Such arbitration shall be governed by the laws of the State of Michigan, excluding those relating to conflicts of law. 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. This arbitration clause shall survive any termination of the IBO Agreement.

### **13.5 No Class or Group Actions, Lawsuits or Arbitration**

IBOs agree that there will be no group, mass or class arbitrations or other litigation stemming from the IBO Agreement for any reason. Any arbitration stemming from the IBO Agreement shall be conducted solely between the individual IBO and TLC based on the specific allegations and facts applying to that IBO. Further, IBOs agree to keep any arbitration proceeding confidential and not to disclose any aspect of any arbitration except as required by law.

### **13.6 Injunctive Relief**

The arbitration clause notwithstanding, nothing in the IBO Agreement or these Policies and Procedures shall prevent TLC from seeking appropriate equitable or injunctive relief in a court of law. The IBO acknowledges that the breach of certain portions of the Agreement, including, but not limited to, the protection of confidential or proprietary information and disparagement, would cause irreparable harm to TLC, the amount and extent of which would be difficult to estimate or ascertain through arbitration. Therefore, IBO agrees that TLC shall be entitled to equitable or injunctive relief, through a court of appropriate jurisdiction, without the necessity of posting a bond or other security. Such injunctive or equitable relief shall not be the exclusive remedy available to TLC.

### **13.7 Attorney's Fees**

Each party shall bear its own attorneys' fees and any other costs and expenses incurred in the resolution of any dispute without regard to the outcome.

### **13.8 Jurisdiction and Venue**

Arbitration clause notwithstanding, the parties agree that personal jurisdiction and venue for any dispute arising out of or relating to the IBO Agreement, including any challenge to or compelling of arbitration, are proper exclusively in the state and/or federal courts located in the State of Michigan, County of St. Clair, and both parties hereby submit to, and waive any objection to, personal jurisdiction or venue in such courts for such purpose.

### **13.9 Governing Law**

Should there be any state or federal court proceedings stemming from the IBO Agreement, then the interpretation and enforcement of the Agreement shall be governed by and shall be construed and interpreted in accordance with the laws of the State of Michigan, without giving effect to conflicts of law principles.

### **13.10 Statute of Limitations**

The time within which any IBO may bring any legal action against TLC shall be the shorter of one year, or the applicable statute of limitations for that action. The IBO agrees that any longer statute of limitations will not apply unless otherwise required by law.

## **Section 14 Inactivity and Termination**

### **14.1 Cancellation/Termination**

Any IBO who cancels, resigns or is terminated, whether voluntarily or involuntarily, will no longer have any rights or privileges as a TLC IBO and will be unable to promote TLC products and services, sell TLC products and services or receive any compensation, commissions or bonuses under the TLC Compensation Plan. Further, no terminated IBO may ever represent or misrepresent in or on any forum that he/she is still associated with TLC. A terminated IBO is not authorized to utilize any TLC materials, trademarks, trade names, service marks or copyrighted material, even if such terminated IBO was previously authorized to do so. TLC, at its sole discretion, may hold back any unpaid commissions earned prior to cancellation or termination, if it has reason to believe that any sales or transactions related to such unpaid commissions will be cancelled, reversed, refunded or found to be invalid.

### **14.2 Non-Renewal**

An IBO who fails to complete the renewal process in effect at the appropriate time, including the payment of any renewal fee if applicable, will be deemed to have resigned from TLC, will lose all rights and privileges as an IBO and shall have no right, title, claim or interest to the marketing organization which he/she previously had, and will not be entitled to any commissions or bonuses from the sales generated by the marketing organization or that the non-renewed IBO may have previously been entitled to receive. A non-renewed IBO who contacts TLC in writing and was otherwise in good standing and who has remained inactive for at least six months may reapply to become an IBO under any sponsor and starting from scratch, as if they had never been an IBO.

### **14.3 Termination Due to Inactivity**

An IBO has the responsibility to lead his or her marketing organization with the proper example in personal production of sales to end consumers. Without this proper example and leadership, the IBO will lose his or her right to receive commissions from sales generated through his or her marketing organization. Independent Business Owners who personally generate less than \$40 in Qualification Volume for any pay period will not receive a commission for the sales generated through his or her marketing organization for that pay period. If an Independent Business Owner has not fulfilled his or her Personal Volume requirement for a period of twelve (12) consecutive calendar months, his/ her Agreement shall be cancelled for inactivity and the IBO shall be deemed terminated. The Cancellation will become effective on the day following the last day of the twelfth month of inactivity. Independent Business Owners may reapply as a new Independent Business Owner only after a twelve (12) month period has elapsed from the day of cancellation.

### **14.3 Involuntary Termination**

An IBO's breach of any of the terms of the Agreement may result in any of the actions discussed in Section 13.1, including involuntary termination. Unless otherwise provided for in the termination notice, termination shall be effective on the date on which written notice is mailed, faxed or delivered to an express courier to the Independent Business Owner's last known address (or fax number), or his or her attorney, or when the Independent Business Owner receives actual notice of cancellation, whichever occurs first. IBOs involuntarily terminated may not ever reapply to become an IBO as an

individual or as part of an entity.

#### **14.4 Voluntary Cancellation**

An IBO has the right to cancel the Agreement at any time. Cancellation must be submitted in writing to TLC at its then current business address. The written notice must include the IBO's signature, printed name, address and IBO number and must be sent to info@totallifechanges.com. However, if an Independent Business Owner is not in good standing with the Company at the time Total Life Changes receives notice of cancellation, the consequences of an involuntary cancellation may take effect (as per Section 12). Independent Business Owners may reapply as a new Independent Business Owner only after a six (6) month period of complete inactivity has elapsed from the day of cancellation.

### **Section 15 Definitions**

**Acceptance** – means the acceptance by TLC of the application to become an IBO after the completion of an Independent Business Owner Application and Agreement and submission or delivery to TLC via online submission or other delivery service. "Acceptance" shall be deemed to occur when TLC receives and approves an Independent Business Owner Application and Agreement by assigning an IBO number and officially placing the new IBO in the TLC computer system. However, TLC may revoke acceptance at its sole discretion at any time within the first 30 days.

**Active or Active Independent Business Owner** – means an IBO who satisfies the minimum Personal Sales Volume requirements for a given time period, as set forth in the TLC Compensation Plan, to ensure that he/she is eligible to receive rebates, bonuses and/or commissions.

**Active Rank** – means the current rank of an IBO, as determined by the TLC Compensation Plan, for a given bonus period. To be considered "Active" relative to a particular rank, an IBO must meet the criteria set forth in the TLC Compensation Plan for his/her respective rank. (See the definition of "Rank" below.)

**Agreement** – means the contract between TLC and each IBO that all IBOs must agree to in order to transact business with TLC. This includes the IBO Application and Agreement, the TLC Policies and Procedures, the TLC Compensation Plan, Autoship Agreement, and the Business Entity Form (where appropriate), all in their current form or as amended by Total Life Changes from time to time in its sole discretion. These documents are incorporated by reference into the IBO Agreement and are collectively referred to as and comprise the "Agreement."

**Autoship Agreement** – means the optional TLC program that automatically ships product to IBOs. Autoship offers convenience but is not required as long as applicable requirements and qualifications are otherwise met.

**Breach** – "Breach," "Default" and "Violation" mean an actual or alleged transgression or violation of any part of the Agreement.

Cancellation – means the termination of an IBO Agreement. Cancellation may be either voluntary or involuntary, through non-renewal, inactivity or disciplinary action.

Commissionable Volume – means the value assigned to all TLC products on which commissions and/or bonuses may be paid. Such value may be less than the retail or wholesale price of such product. Business starter kits and sales aids do not contain Commissionable Volume.

Company – means Total Life Changes, LLC and may also be referred to as TLC.

Customer – means Retail Customer. Customers may purchase product for personal use only and may not resell product. An IBO participating in the TLC Compensation Plan is not a Customer.

Retail Customer – means a customer who purchases directly from Total Life Changes at retail prices and who is not an IBO. Customers may purchase product for personal use only and may not resell product. An IBO participating in the TLC Compensation Plan is not and may not act as a Retail Customer.

Downline – means the network of Independent Business Owners and Customers who exist under an Independent Business Ownership. Independent Business Owner understands that (1) Independent Business Owner does not have any ownership or possessory right, title or interest in any downline individual, entity, organization or in any materials generated by Total Life Changes or created by Independent Business Owner or any other individual or entity to the extent that it consists, in whole or in part, of any information about Total Life Changes downlines or any part of the Agreement; (2) the sole property interest of an Independent Business Owner with respect to downlines is the contractual right to receive commissions as set forth in the Agreement; and (3) that Total Life Changes is the sole owner of any and all downline rights, titles, interests and materials.

Downline Activity Report – means a monthly report generated by TLC that provides critical data relating to the identities of IBOs, Customers, sales information and enrollment activity of each IBO's marketing organization. This report contains confidential and trade secret information which is proprietary to TLC and is owned solely by TLC.

Downline Leg – A specific chain of IBOs enrolled below an IBO and their respective marketing organizations represent one "leg" in the Independent Business Owner's marketing organization.

End Consumer (or End-Use Consumer) – means a person who purchases TLC products for the purpose of personal consumption rather than that of reselling them to someone else.

Enrolled – means the IBOs and Customers who have been signed up as TLC IBOs or Customers by an IBO.

Enroller – means the IBO who enrolls or sponsors a new IBO or Customer into TLC. The enroller may "place" the new IBO or Customer under himself or herself, or may place the new IBO or Customer

under any eligible downline IBO. The person whom the new IBO or Customer is placed under is the new Independent Business Owner's "placement sponsor." The same IBO may be a new Independent Business Owner's "Enroller" and "Placement Sponsor." See the definition of "Placement Sponsor" below.

Group Sales Volume (GV) – means the commissionable value of the TLC product sales generated by an IBO's marketing organization. Group Sales Volume does not include the Personal Sales Volume (PV) of the subject IBO nor does it include and starter kits or non-product sales aids.

Immediate Household – means heads of household and dependent family members residing at the same house.

Independent Business Owner – means an independent contractor who has signed and completed the official TLC Independent Business Owner Application and Agreement and whose Agreement has been accepted by TLC. May also be referred to as an IBO. An IBO is required to meet certain qualifications and is responsible for the training, motivation, support and development of the IBOs in their respective marketing organization. IBOs are entitled to purchase TLC products at wholesale prices, enroll Customers and new IBOs, and participate in the Compensation Plan. Preferred Customers and Direct Retail Customers are not Independent Business Owners.

Level – means the layers of downline IBOs in a particular IBO's marketing organization. This term refers to the relationship of an IBO relative to a particular upline IBO, determined by the number of IBOs between them who are related by sponsorship. For example, if A is the sponsor of B, B is the Sponsor of C, C is the sponsor of D, and D is the sponsor of E, then E is on A's fourth level.

Marketing Organization – means the Independent Business Owners and Customers who are enrolled or sponsored below a particular Independent Business Owner or Customer.

Official Total Life Changes Material – means literature, audio or digital recordings and other materials developed, printed, published and distributed by Total Life Changes to Independent Business Owners.

Qualifying Sales Volume (QV) – means the commissionable value of Total Life Changes products generated by an Independent Business Owner's marketing organization, including the Independent Business Owner's Personal Sales Volume (PV).

Personal Production – means selling product to an end consumer for personal use.

Personal Sales Volume (PV) – means the commissionable value of products sold in a calendar month: (1) shipped by TLC to an Independent Business Owner; and/or (2) shipped by TLC to the Independent Business Owner's personally enrolled Direct Retail Customers and Preferred Customers.

Placement (sometimes referred to as Sponsor or Placement Sponsor) – means an Independent



Business Owner or Customer under whom the enroller places a new Independent Business Owner or Customer.

Rank – means the “title” that an Independent Business Owner has achieved pursuant to the Total Life Changes Compensation Plan.

Cross Recruit – means, actually or attempting to solicit, enroll, encourage or attempt to influence in any other way, either directly or through a third party, another Total Life Changes Independent Business Owner or Customer, Direct or Retail, to enroll or participate in another multilevel marketing, network marketing, direct sales or affiliate program opportunity. This conduct constitutes cross recruiting even if the Independent Business Owner’s actions are in response to an inquiry made by another Independent Business Owner or Customer.

Restockable and Resalable – means products and sales aids when returned to TLC, if each of the following elements is satisfied: (1) they are unopened and unused; (2) packaging and labeling has not been altered or damaged; (3) the product and packaging are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; (4) products are returned to Total Life Changes within thirty (30) days from the date of purchase; (5) the product expiration date has not elapsed; and (6) the product contains current Total Life Changes labeling. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued or as a seasonal item shall not be resalable.

Retail Profit – means the difference between the wholesale price (as defined below) of products and the retail price an Independent Business Owner receives for products when they are resold.

Roll-Up – means the method by which a vacancy is filled in a marketing organization left by an IBO or Preferred Customer whose respective Agreement has been cancelled.

Business Starter kit – means a selection of Total Life Changes training materials and business support materials that can assist each new Independent Business Owner in the promotion of their TLC independent business. This purchase may be optional in some states and is not commissionable.

SmartShip Agreement – means the optional TLC program that automatically ships product to IBOs. SmartShip offers convenience but is not required as long as applicable requirements and qualifications are otherwise met.

Suggested Retail Price (SRP) – means the price at which Total Life Changes suggests Independent Business Owners promote or sell a particular product or materials to retail customers.

Upline – means the Independent Business Owner(s) above a particular Independent Business Owner in a sponsorship line or enrollment line up to the Company. Conversely stated, it is the line of sponsors or enrollers that links any particular Independent Business Owner or Customer to the Company.

Wholesale or Wholesale Price – means the price of the products that is paid to the Company by IBOs. The wholesale price is also called the IBO Cost. All commissions and/or bonuses are paid on Commissionable Volume of Total Life Changes products, regardless of wholesale or retail pricing.