

# **FINANCIAL HOPE FOR AMERICA**

**40810 County Center Dr. St. 160  
Temecula, Ca. 92591  
Office: (888) 343-FH4A (3442)  
Efax: (951) 537-6892**

## **CHAPTER MEMBERSHIP AGREEMENT**

**v.1.2  
Dated: 4/30/09**

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## **CHAPTER TERMS AND CONDITIONS**

**v.1.2**

**Dated: 4/30/09**

## **FINANCIAL HOPE for AMERICA CHAPTERS TERMS AND CONDITIONS**

1. I am legally competent to enter into this agreement ("Chapter Membership Agreement") in the jurisdiction in which I reside. I further understand that I am contracting with Financial Hope for America hereinafter referred to as "FH4A" and its product providers for the promotion of certain products and services as described below. Hereinafter, FH4A and its product providers may be collectively referred to as the "Company." Unless otherwise defined herein, all capitalized terms shall have the same meaning assigned to such terms in FH4A's Chapter Policies and Procedures. The term "Contract" shall mean the Chapter Membership Agreement, these Chapter Membership Agreement Terms and Conditions, the Statement of Beneficial Interest, the Compensation Plan, the FH4A Chapters Policies and Procedures, and any specific changes, modifications and/or addendum thereto, and any other written agreement(s) between me and FH4A. I hereby agree to be bound by the Contract which may be amended by FH4A in its sole discretion from time to time.
2. I understand that I will become a Chapter of FH4A upon acceptance of this Chapter Membership Agreement by FH4A which shall be signified by the assignment of a Chapter ID Number, at which time I will have the right, pending applicable training, to offer authorized FH4A products and services to consumers.
3. I understand that the only initial costs required to become an FH4A Chapter is the standard \$1495.00, Chapter fee, which includes access to the Chapter's member benefits and back office software. The \$1495.00 Chapter Fee to become an FH4A Chapter is nonrefundable, except as otherwise provided in the Contract.
4. I understand that there is NO Annual Chapter renewal fee at the present time, (subject to change by FH4A in its sole discretion). I understand and agree to a monthly Maintenance Fee of \$79.00 per month that I expressly authorize FH4A to charge and/or debit my credit card or billing information on file at the scheduled time of renewal, and/or deduct the fee from any compensation that may be due me under any FH4A compensation plan. Monthly Maintenance Fee is non-refundable.
5. If I wish to terminate the Contract, I will submit to FH4A written notification of my intent to terminate. Such notice will automatically terminate the Contract(s) and/or appointments with any authorized product providers, effective as of the date such notice is accepted by FH4A. I understand that as a Chapter, I may terminate my Chapter status at any time and for any reason.
6. Although FH4A may assist me from time to time in becoming aware of applicable laws, rules, regulations and other requirements, the sole responsibility to conduct my Business and all Chapter FH4A business activities shall be my responsibility. Therefore, I expressly release FH4A and agree to hold FH4A, its officers, directors, agents, advisors and employees harmless, and indemnify them from all liability for my conduct, actions and/or omissions (or that of others acting on my behalf). I also waive any claims or causes of action which I (or others acting in my interest or on my behalf) may have occasion to assert respecting my status or conduct as a Chapter or a Certified Chapter, arising out of any of my acts or omissions.
7. I understand and agree that only Chapters who are in compliance with the Contract are eligible to be Enrollees or Placement Sponsors of other Chapters. FH4A, in its sole discretion, may reject this or any Chapter Membership Agreement without disclosing any reason therefore. If this or any Chapter Membership Agreement is not accepted and/or approved by FH4A, I expressly release FH4A and any affiliated entity and their officers, directors, agents, advisors and employees from any and all liability incurred by me or by any other person. I hereby waive any Chapter claim(s) that might be asserted in my interest.
8. I understand that Commissions from FH4A are earned through my participation in the Compensation Plan. I am entitled to receive certain benefits and opportunities offered to Chapters through the

Compensation Plan, provided I maintain my Chapter status that operates in compliance with the Contract. I hereby acknowledge that I have received all documents comprising the Contract, the contents of which are incorporated herein by reference. The Compensation Plan and its commissions, overrides, bonuses and/or other incentives which may, from time to time, be offered by FH4A, relating to the sale or other output derived from personal sales, solicitations or orders from customers, are privileges of my status as an active Chapter or Certified Chapter in good standing. I agree to abide by the Contract, as modified from time to time in the sole discretion of FH4A, and posted at [WWW.FH4A.ORG](http://WWW.FH4A.ORG).

1. FH4A will promote the sale of it's' products and services within the United States. To the extent that commissionable sales occur where products or services are delivered for distribution inside the United States or its territories, all compensation on those sales, under the FH4A Compensation Plan, will be the legal responsibility of, and will be paid by, FH4A.
9. I understand that I am authorized to sell only those products and services authorized by FH4A. I agree that I may not alter, repackage, re-label or otherwise change any product or service in any capacity, nor will I sell any such product or service under any other name or through any other company or entity.
10. I understand and agree that the Contract is personal to me, and that I may not convey, assign, or otherwise transfer any rights arising hereunder without the prior express written consent of FH4A, which consent may be withheld for any reason or no reason in FH4A's sole discretion.
11. I agree that I may not create or hold a Beneficial Interest in additional Chapter businesses, beyond the indirect benefits that are derived from commissions.
12. In the event I choose to purchase any products or services on my credit card, banking debit card, or through any other account, my signature on this Chapter Membership Agreement hereby constitutes my authorization to process any orders that I may place to those accounts, and is to be used as my "signature on file."
13. I certify the accuracy of all information provided by me in this Chapter Membership Agreement and the Contract, and further agree that the providing of false or misleading information authorizes FH4A, at its election, to declare this Chapter Membership Agreement and the Contract null and void from its inception.
14. All written notices to FH4A are to be delivered to: Financial Hope for America 40810 County Center Drive, Suite 160, Temecula, CA 92591, and ATTN: Mike Wayman.
15. FH4A agrees to provide products and services, so long as I comply with the Contract. FH4A reserves the right to terminate the relationship should I, the Chapter, breach the terms of the Contract.
16. I understand that I am responsible for providing current payment information to FH4A. I understand that if any order cannot be processed due to payment difficulties or declinations of any nature, FH4A will not be held responsible for shortfalls in Personal Volume or down line Team Volume , compensation in any form, promotions or other incentives

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## **CHAPTERS POLICIES AND PROCEDURES**

**v.1.2**

**Dated: 4/30/09**

# **FINANCIAL HOPE FOR AMERICA** **CHAPTER MEMBERSHIP AGREEMENT and POLICIES &** **PROCEDURES**

## **INTRODUCTION**

The Policies & Procedures included herein are effective as of the date of this publication and govern the way Financial Hope for America. Chapter conducts business with Financial Hope for America. ("FH4A"), with other FH4A Chapters, with retail customers, and with prospective FH4A Chapters. They replace and succeed all previous versions. The governing definitions are capitalized and found in Appendix A. The term "Company" refers to Financial Hope for America or FH4A; the term "Chapter" may refer to any person (or entity) currently under contract by the Company to operate as a Chapter. Any interpretation, clarification, exclusion, or exception to these Policies and Procedures, in order to be effective, must be in writing and signed by an authorized officer of the Company. The Company endeavors to enforce the Policies and Procedures on a uniform and nondiscriminatory basis. However, any failure to enforce any of the provisions of the Policies and Procedures with one Chapter does not waive the Company's right to enforce any such provision(s) with that same Chapter or any other Chapter. These Policies and Procedures, the Compensation Plan (Appendix B), the Statement of Beneficial Interest (if any), and any country or situation specific addendum in their present forms and as amended from time to time at the sole discretion of the Company, are by this reference incorporated into, and form an integral part of, the Chapter Membership Agreement. Collectively, said documents are referred to as the "Chapter Membership Agreement." Each Chapter has the responsibility to read, understand, adhere to the Chapter Membership Agreement, and ensure that he or she is aware of and operating under the most current version of the Chapter Membership Agreement. When sponsoring a new Chapter, the Sponsoring Chapter shall provide the most current version of the Chapter Membership Agreement to the applicant prior to his or her execution of the Chapter Membership Agreement. By signing a Chapter Membership Agreement or accepting Commissions from the Company, a Chapter demonstrates that he or she has read and understands and consents to abide and be bound by the Chapter Membership Agreement. The Company may amend the Chapter Membership Agreement from time to time as laws and business circumstances change; however, notice of any amendment will be published by the Company on its website or provided to Chapters at least thirty days before the change is made effective. It is the responsibility of all Chapters to regularly review the most recently published Chapter Membership Agreement, located at [www.FH4A.org](http://www.FH4A.org) or other Company websites. The Company will also provide a copy of its most current Chapter Membership Agreement upon the Chapter's request.

## **SECTION 1.0 BECOMING A CHAPTER**

### **1.1 Chapter Enrollment Options**

Applicants may apply to become a FH4A Chapter by enrolling as an individual (an Individual Applicant) or as a Business (a Business Applicant). Individual Applicants may have a legally married spouse as a co-applicant. Business Applicants must have a "Primary Applicant" who will be the authorized representative and active Chapter of the Business. Business Applicants must also submit a Statement of Beneficial Interest, which requires the personal information of each person, shareholder, partner, or trustee who may have a "beneficial" interest in the business. The Statement of Beneficial Interest form is available in the Chapter's Back-Office and must be submitted to and received by the Company before any Chapter, enrolled as a Business, may receive any compensation.

### **1.2 Applicant Requirements**

Each Individual Applicant or Primary Applicant (if the Applicant is a Business) must:

1. Be the age of majority in the state in which they reside;
2. Reside in the United States or its Territories;
3. Have a valid Social Security Number or Federal Tax Identification Number;
4. Submit a properly completed Chapter Application with the appropriate fees or complete the online

- application process and submitting the appropriate payment information;
5. Agree to abide by the Terms and Conditions of the Chapter Membership Agreement, including all FH4A Corporate and Chapter Policies and Procedures including any additions and/or amendments thereto.

### **1.2.1 Electronic Application**

Electronic applications are the preferred method of enrollment. The enrolling Chapter shall provide his or her replicated website address to the prospective applicant where the applicant may click on the "New Chapter Enrollment" link, follow all instructions, and complete the online enrollment process. By completing the enrollment process through the Enroller's replicated website, the new Chapter will be "automatically" enrolled in Enroller's FH4A business. Prospective applicants who enroll through the corporate website will need the enrolling Chapter's ID Number and will be required to enter the ID number at the beginning of the enrollment process. This will ensure that the new Chapter is properly coded and enrolled in the Enroller's FH4A business.

### **1.2.2 Hard Copy Application**

For prospective applicants who do not wish to enroll electronically, Chapters will need to complete a hard copy application. The hard copy application can be found in the Library in the Chapter's Back-Office. The Chapter will need to download and/or print the New Chapter Application, follow the form instructions, collect all required information including payment information, obtain the appropriate signatures, and submit the application to FH4A. Note: If the applicant is joining as a business, a Statement of Beneficial Interest will need to be signed by all parties with an interest in the business and submitted with the Chapter Application. The Company will make every effort to process all hard copy applications in a timely manner; however, Chapters should plan on one to two weeks to process Chapter Applications that are manually submitted.

### **1.3 Business Entities**

If the Applicant is a Business Entity, the original signature on the Chapter Membership Agreement must be of a person authorized to bind the Business Entity. The Applicant must also submit with the Chapter Membership Agreement a Tax Identification Number for the Business Entity and a Statement of Beneficial Interest, which must include the signature and Identification Number or other personal identification number of every person having a Beneficial Interest in the Business Entity. To verify the form of the Business Entity, Beneficial Interest holders, and authorized signatories, the Company may require, at any time, the Applicant to submit one or more copies of its Articles of Organization, Articles of Incorporation or other charter documentation.

### **1.4 Inaccurate Information**

If the Company determines that the Chapter Membership Agreement or the Statement of Beneficial Interest contains inaccurate or false information, it may immediately suspend or terminate the Distributorship or declare the Chapter Membership Agreement null and void from its beginning. It shall be the obligation of the Chapter to report to FH4A on an ongoing basis any changes that affect the accuracy of the Chapter Membership Agreement and all information contained therein.

### **1.5 Independent Contractor Status**

All Chapters are Independent Contractors (Chapters) solely responsible for their own business, all Chapter business expenses, business decisions and actions. A Chapter's work hours, business expenditures, and business plans are not dictated by the Company. A Chapter shall make no printed or verbal representations that state or imply otherwise. Chapters are not considered employees of the Company nor shall a Chapter represent himself or herself as an agent, employee, partner, in joint venture with, or have any other business relationship with the Company other than that of an Independent Contractor. A Chapter shall not make any media statements, purchases of any goods or services, or enter into any transactions for or on behalf of the Company or in the name of the Company. A Chapter is fully responsible, and shall indemnify FH4A, for all of his or her verbal and/or written statements made regarding the products, services, business opportunity and compensation plan which are not expressly contained in official Company literature, materials or other media and the Chapter agrees to indemnify and defend the Company against any claims, damages or other expenses, including attorneys' fees, arising from any representations or actions made by the Chapter that are outside the scope of the Chapter Membership Agreement or any materials or media authorized for use by the Company. The provisions of this section shall survive the termination of the Chapter Membership Agreement.

### **1.6 The Chapter Membership Agreement**

A Chapter is authorized to operate as a Chapter when he or she:

1. Completes the Company's Chapter Membership Agreement<sup>1</sup>, payment is received and posted by FH4A, and the Company notifies the Chapter, through electronic or written notice, that the Chapter Membership Agreement has been accepted; or,

<sup>1</sup> Chapters may download the Chapter Membership Agreement and other necessary forms from the Library in the Chapter's Back-Office.

2. Completes the Company's on-line application process individually or with their Enroller, payment information is provided and successfully processed by the Company, and the Company notifies the Chapter, through electronic or written notice, that the Chapter Membership Agreement has been accepted. In order to be considered for acceptance by the Company, a Chapter Membership Agreement must be complete, correct in every respect, and submitted manually or electronically by the Chapter with the appropriate payment or payment information. Failure to submit a complete and correct Chapter Membership Agreement, or failure to provide payment or payment information at the time of application, or failure to provide appropriate documentation when requested, may result in the Chapter Membership Agreement being rejected by the Company. The Company reserves the sole right to accept or reject any Chapter Membership Agreement.

Note: An Applicant may be required to provide the Company with proof of residency, work authorizations, tax identification information, and/or the ability to legally conduct business in the United States and/or its Territories.

### ***1.6.1 Term and Renewal of the Chapter Membership Agreement***

The Chapter Membership Agreement is valid for an indefinite period. The Enrollment fee is to assist the Company in the support of the Chapters by providing certain materials, tools, and information relative to the Chapter's business building activities. All Chapters expressly authorize the Company to collect the Enrollment Fee using any payment method available that is or may be authorized by the Company, including charging any credit card on file for the Chapter, electronically drafting any bank account, or withholding the appropriate fee from Commissions which may be due the Chapter. Chapters who fail to pay their Enrollment Fee may be subject to suspension and/or loss of commissions, bonuses, incentives, or overrides or other compensation from their downline organization and may further be terminated for cause by the Company at the Company's sole discretion.

### ***1.6.2 Entire Agreement***

The Chapter Membership Agreement contains the entire understanding concerning the subject matter hereof between the Company and the Chapter, and is intended as a final, complete, and exclusive expression of the terms of the parties. This Chapter Membership Agreement supersedes and replaces all prior negotiations and proposed, but unexecuted agreements, either written or oral. Any prior agreements, promises, negotiations, or representations, either written or oral, relating to the subject matter of this Chapter Membership Agreement, are of no force or effect. If there is any discrepancy between verbal representations made to the Chapter by any employee or agent of the Company and the terms of the Chapter Membership Agreement, the express written terms and requirements of the Chapter Membership Agreement will prevail.

### ***1.6.3 Non-Exclusive Territory***

The licensing of the rights granted herein does not include any grant of an exclusive franchise or territory to a Chapter, nor is a Chapter authorized to make such claims.

### ***1.6.4 Modifications by the Company***

The Company reserves the right to make any modifications to the Chapter Membership Agreement, provided that the modifications are communicated by the Company to the Chapter at least thirty days prior to taking effect. The Company may communicate these modifications by posting any portion of the modified Chapter Membership Agreement on the Company's website at [www.FH4A.ORG](http://www.FH4A.ORG), or by any other method of communication. The Chapter is deemed to have accepted the modification to the Chapter Membership Agreement if the Chapter engages in any Chapter Business or accepts Commissions after the thirty day period is ended.

### ***1.6.5 Waiver***

Any waiver by the Company of a Chapter's breach of any Chapter Membership Agreement provision must be in



writing and will not be construed as a waiver of any subsequent or additional breach by the Chapter. The failure by the Company to exercise any right or privilege under the Chapter Membership Agreement will not constitute a waiver of that right or privilege, then or in the future.

#### **1.6.6 Governing Law**

The State of California, county of Riverside, is the place of the origin of this Chapter Membership Agreement and is where the Company accepted the offer of the Applicant to become a Chapter and where the Chapter entered into the Chapter Membership Agreement with the Company. The Chapter Membership Agreement is construed in accordance with the laws of the State of California.

#### **1.6.7 Attorneys Fees**

If any suit, action, or proceeding is brought to enforce any term or provision of this Chapter Membership Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs, and expenses incurred, in addition to any other relief to which such party may be legally entitled. Unless otherwise required by any arbitration clause herein, any legal action concerning the Chapter Membership Agreement shall be brought in the state or federal courts located in Riverside County, State of California. In the event any court of competent jurisdiction shall declare any portion of the Chapter Membership Agreement to be invalid, the remainder of the Chapter Membership Agreement shall not be invalidated thereby, but shall remain in full force and effect.

#### **1.6.8 Successors and Assigns**

The Chapter Membership Agreement is legal and binding upon and inures to the benefit of the parties and their respective successors and assigns, and may not be assigned.

#### **1.6.9 Limitation of Liability**

To the extent permitted by law, the Company, its directors, officers, members, managers, shareholders, employees, assigns and agents (collectively referred to as "Responsible Parties") shall not be liable for, and the Chapter releases Company and its Responsible Parties from, and waive all claims for any loss of profits, indirect or direct, special or consequential damages, and for any other losses incurred or suffered by Chapters, as a result of (a) Chapter's breach of the Chapter Membership Agreement; (b) the promotion or operation of the Business; (c) Chapter's incorrect or wrong data or information provided to the Company or its Responsible Parties; or (d), the Chapter's failure to provide any information or data necessary for the Company to operate its business.

**NOTE: EACH CHAPTER AGREES THAT THE ENTIRE LIABILITY OF THE COMPANY AND ITS RESPONSIBLE PARTIES FOR ANY CLAIM WHATSOEVER RELATED TO THE CHAPTER MEMBERSHIP AGREEMENT, BUT NOT LIMITED TO, ANY CAUSE OF ACTION SOUNDING IN CHAPTER MEMBERSHIP AGREEMENT, TORT, OR EQUITY, SHALL NOT EXCEED, AND SHALL BE LIMITED TO, THE AMOUNT OF PRODUCTS OR SERVICES THE CHAPTER HAS CONTRACTED WITH THE COMPANY.**

### **1.7 Effects of Marriage, Divorce, Disability and Death**

#### **1.7.1 Marriage**

Regardless of residence, the Company deems a legal spouse to have a Beneficial Interest in a Chapter Membership Agreement and all acts and omissions of the spouse shall be imputed to the Chapter. If two Chapters marry, they may keep their Chapter Memberships separate. However, all other conditions of the Beneficial Interest rules of the Chapter Membership Agreement and these policies and procedures shall apply to both Chapter Memberships.

#### **1.7.2 Divorce**

When a married couple, whose individual names appear as Chapters on the Chapter Membership Agreement legally separate or divorce, the Company will continue paying earnings under the Compensation Plan in the same manner as prior to the separation or divorce until the Company is served with a legally binding certified copy of a divorce decree or other court order that provides direction on payment and/or disposition of the rights under the Chapter Membership Agreement. In such event, the Company will comply with the Divorce Decree, binding Settlement Agreement, or other court order beginning with the next authorized pay period. Where there is a change in ownership, as ordered by the court, the spouse remaining as a Chapter must submit an amended

Chapter Membership Agreement. In no event will the Chapter Membership be partitioned.

### **1.7.3 Disability**

Should a Chapter become disabled to the extent the he or she can no longer fulfill the required duties of their Chapter Membership or that of a Chapter, such disabled Chapter's legal representative or conservator shall:

1. Contact the Company within thirty days of the disability and advise the Company of the Chapter's current status and any plans for future management or termination of the Chapter;
2. Provide notarized or official court records documenting appointment as legal representative or conservator;
3. Provide notarized or official court records establishing and documenting a legal right to administer the business; and,
4. Should the legal representative or conservator plan to continue the business of the Distributorship, then he or she shall fill out a new Chapter Membership Agreement and complete the requisite training consistent with the disabled Chapter's level at the time of the disability. These requirements shall be satisfied within one hundred eighty days of the original date of notification.

### **1.7.4 Death, Inheritance, and Probate**

In the event of the death of a Chapter, the Company will require certified copies of the death certificate (or a doctor's statement to the satisfaction of the Company), a legal and/or certified will (if any), court order, or other appropriate legal documentation. In such cases, the Company may assign the Chapter Membership to the legal successor (who can properly qualify according to the Chapter Membership Agreement and/or the policies and procedures of the Company) in accordance with applicable laws. Upon notice of demise, the Company reserves the right to make payments to the estate of the deceased Chapter. In the event of probate or other dispute, the Chapter Membership may be suspended and any compensation that may be due the Chapter may be held by the Company. Successors with an interest in the Chapter Membership must submit an amended Chapter Membership Agreement. If one or more legal successors wish to terminate the account, a written, signed statement of request to terminate must be submitted along with appropriate legal documentation and proof of death. If the legal successor to the Chapter Membership is already an existing Chapter, the Company, at its sole discretion, may allow the Chapter to hold a multiple Beneficial Interest through inheritance for up to six months, by which time the existing Chapter must have sold or otherwise transferred either the existing or the inherited Chapter Membership in accordance with the Company's policies and procedures regarding the sale or transfer of a Chapter Membership.

## **SECTION 2.0 OBLIGATIONS OF A CHAPTER**

### **2.1 Adherence to the Financial Hope for America Chapter Code of Ethics**

The Company has made a commitment to provide its Chapters top quality products and services, exceptional support, and a compensation plan built upon proven and time-tested principles. In turn, FH4A Chapters agree to represent the product and services offered by the Company and the Business Opportunity in a professional and ethical manner. Each Chapter shall adopt and abide by the following Code of Ethics.

As a Chapter:

1. I will maintain integrity, discipline, and accountability in all my business activities;
2. I will be respectful of every person I meet while conducting FH4A business;
3. I will conduct myself and my business in an ethical, moral, legal and financially sound manner and will not engage in any deceptive or illegal practices;
4. I will not criticize my Company, our competitors or their products, services or Chapters, nor shall I communicate slanderous, libelous and derogatory statements about my fellow Chapters;
5. I will not engage in activities that would harm the reputation of or embarrass the Company, my fellow Chapters, or myself;
6. I will be truthful in my representation of the products and services that offer by the Company and I will make no product or service claims that is not contained in and supported by official Company publications;
7. I will fulfill my leadership responsibilities as a Sponsor by training, assisting, and otherwise supporting the Chapters in my Downline Organization;

8. I will correctly and lawfully represent the Compensation Plan and the income potential represented therein. I understand I may not use my own income or earnings as an indication of other's potential success or use any compensation, bonus or incentive check as marketing materials;
9. I will abide by all the terms, provisions and conditions of my Chapter Membership Agreement;
10. I will abide by all the Policies and Procedures set forth by the Company including all amendments and additions thereto;
11. I will honor the terms of the product return and refund policies with all of my retail Customers;
12. I will respect the Sponsor relationship of every other Chapter and I will neither attempt to interfere with or change these relationships nor make disparaging or untrue claims about other Chapters.

## **2.2 Compliance**

### **2.2.1 Compliance with the Chapter Membership Agreement**

At all times a Chapter shall comply with each of the terms, provisions, and condition of the Chapter Membership Agreement including any amendments thereto.

### **2.2.2 Compliance with all Policies and Procedures**

At all times a Chapter shall comply with all FH4A Corporate and Chapter Policies and Procedures as may be applicable and set forth by the Company including, but not limited to, all Field Bulletins, Training Bulletins, Field Communications and any other requirements, policies, or procedures that may be set forth by the Company, including any amendments or additions thereto.

### **2.2.3 Compliance with all Laws**

In conducting his or her Chapter Business, a Chapter agrees to comply with all applicable local, state, national and international laws, regulations, and ordinances (e.g., State and Federal "Do-Not-Call" laws). A Chapter shall not violate any laws that apply to unfair competition or business practice, including any laws that prohibit the advertising, offer to sell, or the sale of products or services at less than current prices stated by FH4A.

## **2.3 Effecting Retail Sales**

A Chapter must conduct all Chapter Business with the understanding that the Chapter's success is only achieved, and compensation may only be earned, through the regular and repeated retailing of the product and services offered by the Company by the Chapter and/or the Chapter's Downline Organization.

## **2.4 Confidentiality**

Upon signing a Chapter Membership Agreement, the Chapter agrees to maintain confidentiality regarding all Company, Customer and fellow Chapter business and personal information including any Company trade secrets and proprietary information. This confidentiality obligation is irrevocable, shall remain in effect after termination of the Chapter Membership Agreement (whether for cause or voluntary), and is subject to legal enforcement by injunction and/or awards of costs and fees necessarily incurred. Any and all Confidential Information is provided and transmitted to Chapters by Applicants, fellow Chapters, or Customers, is considered to be provided in the strictest confidence and on a need to-know basis for use solely in the Chapter's Business. At all times Chapters must use their best efforts to keep such information confidential and must not disclose any such information to any third party, directly or indirectly. Chapters shall not use any Confidential Information of the Company, Applicants, Customers, and other Chapters, to compete with Company or for any purpose other than for promoting the Company's products or services or Business Opportunity. The Chapter maintains no ownership interest in any Confidential Information, including contact and profile information of their Downline Organizations and may not sell, disseminate, or provide it to any other party.

### **2.4.1 Use of Confidential Information**

All information provided by a customer or an Applicant on a Chapter Membership Agreement will be used solely for the purposes of effecting a sale of FH4A products and services and/or for evaluating the prospective Applicant's Chapter Membership Agreement or for related activities of the Chapter. A Chapter authorizes the Company to disclose, in the Company's sole discretion, its contact information to the Chapter's Upline, and to the Chapter's Downline Organization. The contact information may be used only for bona fide sales or Chapter Business. The Chapter may acquire Confidential Information during the term hereof, for example, from the retail sale of FH4A products and services or from the sale of Chapter tools or merchandise to other FH4A Chapters,

including those who are cross-line to the Chapter. Accordingly, regardless of the source of the Confidential Information, the Chapter understands and agrees:

1. The Confidential Information is for the exclusive and limited use of the Chapter to facilitate the training, support and servicing of the Chapter's Downline Organization for furtherance of the Chapter Business only;
2. He or she will not disclose the Confidential Information to a third party directly or indirectly (including other Chapters) and that doing so constitutes misuse, misappropriation, and a violation of the Chapter Membership Agreement;
3. The information is of such character as to render it unique and that disclosure of it will cause irreparable damage to the Company; the Company is therefore entitled to injunctive relief to prevent violation of this policy;
4. He or she will not use the information to compete with the Company directly or indirectly and improper use will result in termination of the Chapter Membership Agreement;
5. He or she may be required to sign a nondisclosure agreement before receiving Confidential Information from the Company, or prior to engaging in activities that would allow the Chapter to acquire Confidential Information; and,
6. Upon expiration, non-renewal or termination of the Chapter Membership Agreement, he or she will discontinue the use of such Confidential Information and destroy or promptly return to the Company all Confidential Information under the control of or in his or her possession.

#### **2.4.2 Security of Confidential Information**

At all times Chapters shall use their best efforts in maintaining security of all Company, customer, fellow Chapter, and personal information. This includes access to the Chapter's or another Chapter's Back-Office and customer information. At no time shall a Chapter provide to any other Chapter, customer, prospect, or any other person, access to any Chapter's Back-Office including their own. Chapters failing to comply with this policy shall be held solely responsible for any direct and/or indirect damage to the Company, Customers, or Chapters resulting from such unauthorized access.

#### **2.5 Unethical Activity**

A Chapter must be ethical and professional at all times when conducting Chapter Business. A Chapter will not, nor will the Chapter permit Chapters in his or her Downline Organization to, engage in any unethical business activity. All Chapters shall immediately report, in writing, any known or suspected unethical business activity to the FH4A Compliance Department. Examples of unethical activities may include, but are not limited to, the following:

1. Use of another Chapter's credit card or personal information without the express written permission of that Chapter;
2. Any fraudulent or criminal activity;
3. Unauthorized use of any Company "Confidential" or "Business Sensitive" information;
4. Cross-line Recruiting (including aiding and abetting others to Cross-line Recruit);
5. Writing checks without sufficient funds to either the Company or another Chapter;
6. Making unapproved claims about the product or services offered by the Company or the Business Opportunity;
7. Making income or earnings claims about the Chapter's or another Chapter's Business;
8. Making false statements or misrepresentation of any kind, including but not limited to, untruthful or misleading representations regarding the Company, the products or services offered by the Company, or the Business Opportunity;
9. Personal conduct that discredits or embarrasses the Company, its Chapters and its product providers;
10. Violating any local, state, federal, or international laws and regulations pertaining to the Chapter's Business;
11. Failing to meet Sponsor responsibilities;
12. Violating the Company or Chapter Code of Ethics; and,
13. Violating the Chapter Membership Agreement or the Company's Policies and Procedures.

#### **2.5.1 Promoting Outside Opportunities**

A Chapter may not offer or promote any outside business opportunity or plan from any other company, or use any non-approved sales material or tools (to include websites and other media), whether personally created or provided by or from another company, in conjunction with the promotion of any outside business opportunity during the course of any FH4A function, meeting or event, whether individual, group or corporate. Chapters may not actively gather or assemble Chapters from his or her Downline Organization or Customers from his or her entire organization under the auspice of any FH4A promotion of function to do the same. Such activity is subject to termination for cause including forfeiture of all current and future compensation.

### ***2.5.2 Promoting other Products and Services***

A Chapter may not offer or promote any outside products or services from any other company that have not been specifically authorized by the Company for sale or distribution by the Chapter; or use any non-approved sales material or tools (to include websites and other media), whether personally created or created and provided by or from another company, in conjunction with the promotion of any outside products or services during the course of any FH4A function, meeting or event, whether individual, group or corporate. Chapters may not actively gather or assemble Chapters from his or her Downline Organization or Customers from his or her entire organization under the auspice of any FH4A promotion of function to do the same. Such activity is subject to termination for cause including forfeiture of all current and future compensation.

### ***2.5.3 Enticing Other Chapters***

At no time may a Chapter entice another Chapter to promote the products, services, or opportunities of another company while conducting any FH4A business, whether Company sponsored or sponsored by any Chapter. To do so constitutes an unreasonable and unwarranted interference with the Chapter Membership Agreement. The Chapter agrees that a violation of this rule inflicts irreparable harm on the Company and agrees that the appropriate non-exclusive remedy to prevent that harm is immediate injunctive relief without bond. The provisions of this section survive the termination of the Chapter Membership Agreement.

### ***2.5.4 Cross-Company Recruiting***

If a Chapter did not personally enroll another Chapter on his or her Front Line, or is not the Placement Sponsor of a Chapter on his or her Front Line, the Chapter is prohibited during the term of the Chapter Membership Agreement and for twelve months thereafter from soliciting or enticing that Chapter to sell or purchase products or services and/or to act as an Independent Chapter, employee, executive, or consultant to or on behalf of another direct selling, network marketing, or multilevel marketing company in any Country. To do so constitutes an unreasonable and unwarranted interference with the Chapter Membership Agreement and the contractual relationship between the Company and its Chapters. The Chapter agrees that a violation of this rule inflicts irreparable harm on the Company and agrees that the appropriate remedy to prevent that harm is immediate injunctive relief without bond. The provisions of this section survive the termination of the Chapter Membership Agreement. Nothing herein waives any other rights and remedies the Company may have in relation to the use of its Confidential Information. The Chapter agrees that appearing in, being referenced in, or allowing the Chapter's name or likeness to be featured or referenced in any promotional, recruiting or solicitation materials for another direct selling company constitutes Cross-Company Recruiting.

### ***2.5.5 Disparaging Statements***

A Chapter will make no disparaging, negative, misleading, inaccurate, or unfair statements, representations, claims, or comparisons, in any form (to include online posts, blogs, chats, print, radio, television, etc.) with regard to:

1. The Company;
2. Its products and services;
3. Its business opportunity;
4. Commercial activities of the Company; or,
5. It's Chapters.

Chapters further agree to not make disparaging, negative, misleading, inaccurate, or unfair statements, representations, claims, or comparisons, in any form regarding other companies, including competitors and their services, products, opportunities or commercial activities.

### **2.5.6 Claims of Unique Relationships**

At no time may a Chapter allege or imply that he or she has a unique relationship with, advantage with, or access to the Company, its directors, officers, executives, leaders or employees, other than that as may be authorized in writing by the Company.

## **SECTION 3.0 ENROLLMENTS, PLACEMENT, AND SPONSORING OF CHAPTER MEMBERS**

### **3.1 Enrolling New Chapters**

An Enroller is generally one who introduces a prospective applicant to the business opportunity and is the causal factor for the prospective applicant to join FH4A (i.e. enrolling the applicant through their replicated website or completing a hard copy application and submitting it to the Company).

**Note:** Although it is customary for prospective applicants to “enroll” with the person who introduced them to the business, the ultimate decision with whom a prospective applicant enrolls rests with the applicant.

### **3.2 Placement of New Chapters**

Once an applicant’s Chapter Membership Agreement is accepted by the Company, the new Chapter is placed in the Enroller’s Downline Organization. Within thirty days of enrollment, an Enroller may leave the new Chapter on his or her Front Line (first Tier) **or** the Enroller may “place” the new Chapter under another Chapter anywhere else in his or her Downline Organization. If the Enroller places the new Chapter under any Chapter other than him or herself, then the Chapter, under which the new Chapter is placed, shall be the Placement Sponsor. For example: Adam enrolls Bob and leaves Bob on his first tier. In this scenario, Adam is the Enroller and Adam is also the Placement Sponsor of Bob. Now, if Adam enrolls Carl, but elects to place Carl under Bob within thirty days of Carl’s enrollment, then Adam would be the enroller but Bob would become Carl’s Placement Sponsor. An Enroller may not place a new Chapter outside his or her Downline Organization. If this occurs, the Company retains the right to make appropriate adjustments at any time to the affected organizations to allow for correct enrollment, placement and payout ensuring that all lines are complete.

### **3.3 Sponsoring Chapters**

To be the Placement Sponsor of another Chapter means that the other Chapter is on the Front Line (or First Tier) of the Placement Sponsor (i.e. directly under the Placement Sponsor). The Placement Sponsor may also be the Enroller of the Chapter but does not have to be the enroller of the Chapter.

#### **3.3.1 Training and Support Responsibility**

Placement Sponsors are considered the direct (or immediate) upline of all the Chapters on their first tier and should be the Chapter’s first point-of contact for all training, support, and assistance in the Chapter’s business activities. All Placement Sponsors shall:

1. Make reasonable efforts to ensure that all Chapters in their Downline Organization understand the terms and conditions of the Chapter Membership Agreement and all applicable local, state, federal, and international laws;
2. Provide regular training and support in the (a) development of their Downline Organization’s business, and (b) the sale of products and services;
3. Provide education and instruction so that the sales of products and services, or opportunity meetings conducted by Chapters in their Downline Organization, are conducted in accordance with the Chapter Membership Agreement, Chapter Policies and Procedures, and with all applicable local, state, national, and international laws;
4. Provide guidance and encouragement to Chapters in their Downline Organization; and,
5. Make reasonable efforts to settle any dispute arising in his or her Downline Organization in a manner that is most beneficial to the Company.

### **3.4 Enroller and/or Sponsor Changes**

A Chapter may apply to change the Enroller and/or Placement Sponsor of him or herself, or a personally enrolled and sponsored Chapter, subject to the limitations described below. However, Chapters are permitted only one Enroller change and one Placement Sponsor change as described herein, and the respective change, if approved by the Company, will be final. Because of the need to maintain the integrity of respective Upline and

Downline Organizations, Enroller/Placement Sponsor changes may not be feasible and are strictly reviewed by the Company. A current and accurate Chapter Membership Agreement and Statement of Beneficial Interest, if applicable, must be on file for all Chapters requesting any Enroller/Placement Sponsor change. A Chapter may apply to change their Enroller and/or Sponsor of themselves or a personally Enrolled Chapter, subject to the limitations described below. However, a Chapter is permitted only one Enroller change and one Sponsor change as described herein, and the respective change will be final. Because of the need to maintain the integrity of Downline Organizations, all Enroller/Sponsor changes are highly scrutinized by the Company and may not be feasible. All change requests will be subject to and at the sole discretion of the Company. A current and accurate Chapter Membership Agreement and Statement of Beneficial Interest, if applicable, must be on file for all Chapters requesting a Sponsor/Placement change.

#### **3.4.1 The Enroller Change Process**

A Chapter Member may be moved to a new Enroller within its original Enroller's Downline Organization if the Chapter obtains the written authorization of the original Enroller, provided that:

(1) The move is within six months from the Date of Enrollment;

#### **3.4.2 The Placement Sponsor Change Process**

A Chapter Member may be moved to a new position in the Downline Organization of its immediate Sponsor if its Chapter obtains the written authorization of the original Enroller and the Chapter itself, provided that:

1. The move is within ninety days from the Date of Enrollment;
2. The move is three levels or less below its current Sponsor; and
3. The Chapter's Downline Organization has not surpassed 100 active accounts.

#### **3.5 Moving a Chapter Up**

A Chapter may be moved to a new placement upline, provided he or she obtains written authorization from each Chapter it moves above in placement. Likewise, a Chapter may be moved upline to a new Sponsor, provided the moving Chapter obtains written authorization from each Chapter it moves above in Sponsorship. In all actions regarding the movement of Chapters, the Company shall be the final authority and may prohibit such movements regardless of authorizations and agreements among Chapters if the Company deems that prohibiting the movement is in the best interest of the Company. Movements will not be allowed for the sole purpose of qualification for any form of compensation.

#### **3.6 Roll-Up of Chapters**

Upon termination or cancellation of a Chapter Membership all Chapters on the first tier (or first level) of the cancelling Chapter shall be moved into (or "rolled up" to) the vacated position. Organizational roll-up shall not affect the status of Enrollers.

### **SECTION 4.0 MARKETING PRODUCTS, SERVICES, AND THE FH4A BUSINESS OPPORTUNITY**

#### **4.1 Use of Company Sales Tools and Marketing Materials**

In presenting any FH4A product or service, or the FH4A business Opportunity, Chapters may use only those sales tools or marketing materials that have been provided by the Company or pre-approved by the Company (see 4.2 below).

#### **4.2 Use of Non-Company Sales Tools and Marketing Materials**

Prior to use by any Chapter, all non-company created sales tools and marketing materials, regardless of their intended use (i.e. sales, recruiting, etc.) must be submitted directly to the FH4A Compliance Department, in their final form, and the Company must provide written approval to the Chapter submitting such material, stating that the use of such material is authorized. The Company, in its sole discretion, may amend, approve, or reject any item(s) submitted. The Company will make every effort to review submitted items in a timely manner; however, volume and resources may dictate the need for a longer response time. To comply with changing laws and regulations, the Company may at any time rescind its prior approval of any sales tools or other marketing materials and may further require the Chapter to remove the material from circulation or the market in general, at the expense of the Chapter. All items submitted shall become the sole property of the Company and may be altered, amended, reproduced, or disseminated and/or distributed by the Company for use by the Company and

all FH4A Chapters; and, if approved, shall be given a unique identification number and written authorization from the Company specifically stating that the approved item may be used by the requesting Chapter(s). Once approved by the Company, any change or amendment thereto, by the Chapter or the field in general, shall require a new submission, review, and approval by the Company. The Chapter agrees that if he or she intends to use a fulfillment house or any other third party to create, sell, or distribute any Company authorized sales tools or other marketing tools, the Chapter will enter into a non-disclosure agreement (to be provided by the Company) prior to providing the third party with any material including conceptual, draft or existing documentation or other information. This will ensure that any Company information that is deemed "Business Sensitive" or "Confidential" is protected from disclosure and remains the sole property of the Company.

#### **4.3 Product Claims**

The only claims and representations Chapters may make regarding the products and services offered by FH4A are those that are found or provided in the authorized literature or product material that is distributed by the Company and its Chapters. Any third-party material used for Chapter Business, must comply with all federal and local laws and regulations and sub-sections 7.1 and 7.2 herein.

#### **4.4 No Endorsement Claims**

At no time shall a Chapter imply that the promotion, operation, or organization of the Company has been approved, sanctioned, or endorsed by any governmental body or other regulatory authority. No Chapter should claim or imply that any Product is approved by any governmental agency.

#### **4.5 Use of Trademarks and Copyrights**

1. The Company may license or sublicense to Chapters the use of its Trademarks, Service marks, Copyrights, Logos, Slogans, designs, graphics, etc. (collectively "trademarks" or "marks"), whether owned by the Company or licensed to the Company, subject to the limitations herein and subject to the limitations in any licensing agreements that the Company may be under. A request for a licensing agreement may be made directly to the Company's General Counsel.
2. Chapters may not use any of the Company's retired, current, after acquired or future trademarks or any confusingly similar variations of its marks, in a manner that is likely to cause confusion, mistake or deception as to the source of the products or services advertised.
3. A Chapter may not use the Company's trademarks or any confusingly similar variation of its trademarks, in a business name, e-mail address, Internet domain name or sub-domain name, telephone number, or in any other address or title.
4. The Chapter agrees to immediately reassign or release to the Company any registration of the Company names, trade names, trademarks, registered domain names, whether reserved or in use, that are in violation of this policy or any Company policy. The provisions of this section shall survive the termination of the Chapter Membership Agreement.
5. Chapters may not use the Company's trademarks on any non-approved sales tools, training material, marketing materials, websites, advertising, or any other application.
6. The Company, in its sole discretion, will determine whether a variation of its trademark is confusingly similar.
7. Chapters shall not use the Company's marks in any country where the same is prohibited.
8. A Chapter must not use the name, logos, trademarks, or other references to the Company's business or manufacturing partners in any sales tools, training, or marketing material, any correspondence (regardless of medium), or any form of advertising without the Company's express written consent. This includes the names of any Director (independent or otherwise), Executive, Officer, employee, spokesperson, or any other person with whom the Company has a relationship without first seeking and receiving written approval from the Company to use such name.
9. The Company's literature and media are copyrighted by the Company and may not be duplicated without written consent.

#### **4.6 Use of the "Independent Chapter" Title in Advertising**

If a Chapter selects a business title, the title must clearly state that the Chapter is an "Independent Chapter" of Financial Hope for America. A Chapter's title may not imply that the Chapter is an employee or agent of the Company. Each time the Company's logo or name is used in writing and in relation to the Chapter, the Chapter



must identify itself as a “Financial Hope for America Independent Chapter.”

#### **4.7 Advertising and Marketing Activities**

Chapters may advertise using the following means:

1. Newspaper. A Chapter may place a generic (or “blind”) business opportunity advertisement in the classified section of a local newspaper, provided the advertisement conforms to all applicable laws and regulations and does not mention or reference in any way the Company, its affiliates, subsidiaries, or its products and services. All graphical, logo, or similar display ads in telephone directories are prohibited.
2. Phone Directory. Any Chapter may place a text listing of its name in the white or yellow pages of a telephone directory followed by (in print form only on one or two lines) “Financial Hope for America Independent Chapter.” All graphical, logo, or similar display ads in telephone directories are prohibited.
3. Electronic Mail Advertisements. All advertisements sent via e-mail, telephone, or facsimile must comply with all local, state, federal, or international anti-spamming laws where the intended recipient resides. The Chapter is under obligation to research and comply with all laws concerning unsolicited commercial e-mail.
4. Television and Radio. All television and radio advertising requires prior written approval from the Company’s Compliance Department, Public Relations Group and General Counsel. Requests should be submitted directly through the Compliance Department.
5. Celebrity Endorsement. All celebrity endorsements require prior written approval from the Company and the specific, prior, written approval of the endorsing celebrity for each use of the celebrity’s name. All requests for celebrity endorsements require prior written approval from the Company’s Compliance Department, Public Relations Group and General Counsel. Requests should be submitted directly through the Compliance Department.
6. Fairs, Swap Meets, Etc. A Chapter may sell or promote the products or services of FH4A at bazaars, flea markets, fairs, swap meets, or other similar gatherings. A Chapter may promote and sell Company authorized products and services at tradeshow, except those where the Company announces on its website ([www.fh4a.org](http://www.fh4a.org)) that it will have an exclusive presence.
7. Company-Sponsored Events. At Company sponsored events, Chapters may not sell or promote non-Company products or services, or use any form of promotion deemed inappropriate by the Company.
8. Internet Auction Sites. A Chapter may not sell or facilitate the sale of any Company products or services, or the Business Opportunity, on any Internet websites where an auction, barter, trade, or similar activity is the mode of selling or buying (e.g., eBay). A Chapter may not use a third party to place products or services on auction websites. The provisions of this section survive the termination of the Chapter Membership Agreement.

##### **4.7.1 Internet Advertising**

Chapters may use only the Company-licensed Internet websites to promote Products or the business opportunity over the Internet. Promoting Products or the business opportunity through a personally designed or independently designed website (which is considered an unlicensed website) is strictly prohibited. Chapters who wish to operate company authorized and/or licensed websites must meet the following criteria:

1. A Chapter may not enter into a website licensing agreement until it has completed a website training course given by the Company if applicable in the future.
2. All licensed websites are subject to a onetime initial set-up fee, and monthly maintenance fees, regardless of the date the website was created. The fees are described in the Internet licensing agreement, which is available upon request. These fees are necessary for the Company to provide training and personnel to monitor Chapter Internet websites for compliance with these Policies and Procedures.
3. All licensed websites must first be reviewed and approved by the Company as Sales Tools, in accordance with subsection 4.2 herein. Licensed websites must be Company-specific and may not advertise, promote, or link to any other product or opportunity. However, all such sites, and any changes thereto, must first be reviewed and approved by the Company as Sales Tools or Marketing Materials, in accordance with subsection 4.2 herein. If approved, the Chapter may be required to enter into a licensing agreement with the Company and the site may be required to display a company-generated “licensed” designation. Changes made to the site after obtaining the initial approval or license will require

submission in accordance with subsection 4.2 herein and written authorization from a representative of the Company's Compliance Department.

4. Chapters may not use any key words or Meta tags to advertise any licensed website on the Internet if the search words or Meta tags explicitly or implicitly present illegal or unsubstantiated health or income claims.
5. Chapters must obtain written approval from the Company before initiating any sponsored links on Internet search engines to direct Internet traffic to an authorized Company-licensed Internet website.
6. The Company may revoke the license for any previously approved website at any time and for any reason, including changes to federal and local laws and regulations.

#### **4.7.2 Retail Establishments**

Except as described herein, a Chapter may sell products or promote the business opportunity through Retail Establishments. A Chapter is also allowed to sell products and services to any person who the Chapter knows, or has reason to suspect, will ultimately sell those products and services through Retail Establishments. Chapters who wish to display their Independent Chapter information within the premises of a Retail Establishment must first submit a request FH4A in accordance with FH4A's approved compliance policies and procedures.

#### **4.7.3 Service Establishments**

A Chapter may conduct Chapter Business through Service-related Establishments, The Company has sole discretion in determining whether an establishment is a service related establishment and a proper place for the sale of products and services.

#### **4.7.4 Advertising at Corporate Sponsored Events**

Chapters may promote their own events, systems or materials, including, but not limited to organized person to person solicitations, flyers and DVDs, at any event sponsored by the Company specifically authorized in writing by the Company.

#### **4.7.5 Mass Communications**

For purposes of this paragraph, "Mass Communications" are defined as communications intended to reach fifty or more Chapters in the sender's Downline Organization or at least three Chapters who are cross-line, within a seven day period. The following rules apply to all Mass Communications issued by a Chapter: Chapters targeted to receive any corporate or individually sponsored Mass Communications must have knowingly "opted in" to hear or receive the Mass Communication:

1. Through registration (if the Mass Communication will be received at an event or webinar); and/or,
2. Through an affirmative request if the Mass Communication is delivered through an email or on a website.

If by e-mail, there must be an "opt out" feature prominently displayed in the Mass Communication. The Mass Communication must comply with the terms of this Section. The following disclaimer shall be prominently positioned in all Mass Communications that promote any particular building method: There are many methods and techniques used successfully for building your FH4A Business. The building methods promoted by FH4A may be different from those taught by your upline. Please consult with your upline if they have taught you a different building method or if you have any questions. Chapter acknowledges that allowing the Chapter to create databases of Chapter information for Mass Communications, the sale of tools, and for any other purposes may be a substantial financial benefit to the Chapter to allow Chapter to utilize Chapter information for Mass Communications while at the same time protecting the Confidential Information, trade secrets, and other legitimate business interests of Financial Hope for America, the Chapter agrees that, both during the time that Chapter is a Chapter for Financial Hope for America. and for a period of one year after Chapter ceases for any reason to be a Chapter for Financial Hope for America, Chapter shall not act as a Chapter, employee, consultant, or independent Chapter Membership Agreement or to or for any direct selling, multi-level marketing, or network marketing company that operates or conducts business in any geographic market in which Financial Hope for America conducted business at any time during the period that Chapter was signed up as a Chapter for Financial Hope for America To the extent any court of competent jurisdiction determines that any of the terms of this paragraph are unenforceable, then the parties agree that such court shall enforce the provisions of this

paragraph to the full extent allowed by law.

#### **4.7.6 Unsolicited Faxes, Email, and Spam**

At no time does FH4A permit its Chapters to send unsolicited commercial email, faxes, SPAM, and other such methods etc. to others unless such emails comply with all applicable laws and regulations including, without limitation, the federal CAN SPAM Act. Any email sent by a Chapter that promotes the Company, the Company's Business Opportunity, products or services offered by the Company, or the Chapter's FH4A business, must comply with the following:

1. There must be a functioning return email address to the sender that is maintained and regularly checked by the Chapter;
2. All emails must include a notice that advises the recipient that he or she may reply to the email, via the functioning email address, to request that future email solicitations or correspondence not be sent to him or her (a functioning "opt-out" notice);
3. The email must clearly and conspicuously disclose that the message is an advertisement;
4. The use of deceptive subject lines and/or false header information is prohibited; and,
5. All opt-out requests, whether received by email, regular mail, or any other means, must be honored. If a distributor receives an opt-out request from a recipient of an email, the distributor must forward the opt-out request to the Company.

#### **4.7.7 Unauthorized Telemarketing Activities**

Except as provided in this section, Chapters may not use or transmit unsolicited faxes, mass email distributions, unsolicited email, or "spamming," and any violation shall subject the Chapter Member to personal liability.

#### **4.8 Public Relations**

The Company encourages Chapters to utilize personal media coverage to expand and build their business; however, certain situations require the Chapter to contact the Company's Public Relations Department. These would include:

1. Instances where the story or medium has national potential;
2. Cases where the story calls for a wider Company or Product perspective; and/or,
3. When the Chapter is questioned about Company sales figures and/or business strategies.

#### **4.9 Claim of Income and Earnings Prohibition**

A Chapter is prohibited from displaying to Chapters and prospective Applicants commission checks, personal earnings, downline organization earnings or other sales figures, projections, or income amounts. A Chapter may not make any statements, verbal, written, or otherwise, regarding actual income figures (whether past or present) and may not disclose to prospective and existing Chapters actual, copied, or representations of any compensation or commission checks. A Chapter may not make any guarantees of income or earnings of any kind and may not make unrepresentative, unreasonable, or misleading income or earnings claims.

#### **4.10 Lead Distribution**

Persons who are outside the Company network often make inquiries to the Company about its products or services. If the Company is able to determine that the inquiring person received the information from a specific Chapter or that there is a particular Chapter that the person is acquainted with, every attempt will be made to refer the person to that Chapter. If an association with a particular Chapter cannot be determined, the person will be positioned under an existing Chapter who holds the rank of National Marketing Director Chapter or higher. Final judgment, with respect to the positioning of leads, remains the sole and exclusive right of the Company.

#### **4.11 Notice of Cooling-Off Period to Customers**

Financial Hope for America provides the customer with a 72 hour "Right of Rescission" as it relates only to the Agreement for Research and Analysis. When making any retail sale to a customer, a Chapter must verbally disclose this right to rescission.

#### **4.12 Product Satisfaction Guarantee**

FH4A provides a variety of educational and self help services that may or may not be valuable to the consumer.

FH4A provides the most up to date information and research links possible, but the consumer is the sole responsible party for use of such material.

## **SECTION 5.0 CHAPTER MEMBER COMPENSATION**

### **5.1 Earning Compensation through Retail Sales**

Compensation will be paid to Chapters who qualify pursuant to the Compensation Plan and who are in compliance with their Chapter Membership Agreement. A Chapter's success is achieved through providing educational and instructional help to the consumer and assist the consumer if the consumer wishes to become a member of the non profit FH4A to utilize the list of financial services. The Chapter may also provide an opportunity offered by FH4A for individuals and businesses to become Chapters as well with FH4A and the regular and repeated of the same by their Downline Organization. As the success of any Chapter depends largely on the personal efforts of that Chapter, the Company cannot and does not guarantee any level of profit or success, nor does it guarantee a Chapter a specific level of achievement or income. For each consumer that signs up as a membership with FH4A headquarters for the initial Membership Registration fee of \$495.00 upon the receipt of "good funds cleared" and, an expense commission will be distributed to the Chapter in the amount of \$245.00, and if applicable a 5% EFT (defined below) payment processing fee of the total amount of \$495.00 will be deducted from the distribution amount of \$245.00.. In addition, the consumer agrees to pay a monthly membership fee for all services provided by FH4A in the amount of \$199.00. The Company will distribute \$99.00 of the consumer's monthly membership fee to the Chapter upon receipt of "good funds cleared" and, if applicable, a 5% EFT (defined below) payment processing fee of the total \$199.00 will be deducted from the distribution amount of \$199.00. Additional compensation will be paid for the sales efforts of the organizations the Chapter creates in accordance with the Product Pay Plan (Compensation Plan) as described below. Compensation will be paid only on collected funds subject to chargeback and offset if FH4A, in its sole discretion, refunds all or a portion of an amount charged to a client, or for any EFT payment chargeback or returned check.

### **5.2 The FH4A Compensation Plan**

The FH4A Compensation Plan is the compensation plan used by FH4A to pay all Chapters for their sales efforts and the sales efforts of the organizations they create. The Compensation Plan only pays Chapters for the sale of products and services and at no time pays Chapters solely for the act of enrolling new Chapters into the FH4A business Opportunity. A section on Financial Hope for America's website explains all elements of the Compensation Plan, and Chapter commission, overrides, and bonuses, is available to all Chapters in their Chapter Back-Office.

#### **5.2.1 The Product Pay Plan**

The Product Pay Plan (Compensation Plan) is a standard uni-level type plan that pays all qualified and active Chapters for the volume that they and their downline organizations create.

#### **5.2.2 The Bonus Pools**

The Bonus Pools pay a variety of bonuses to the top producers, builders and leaders in FH4A.

#### **5.2.3 Staying Personally Active**

In order to earn any compensation authorized under the Compensation Plan, including any special cash and non-cash incentives, Chapters must be and/or remain personally active.

#### **5.2.4 Manipulation of the Compensation Plan**

Manipulation of the Compensation Plan is not permitted and may result in disciplinary action, sanctions, suspension, loss of compensation, disqualification, retraction of promotions or incentives, or termination for cause by the Company. Manipulation of the Compensation Plan includes, but is not limited to, Chapters purchasing large or unreasonable quantities of products and/or services to qualify for various ranks, commissions, or other compensation.

#### **5.2.5 "Stacking" Individual Businesses or Distributorships**

In addition to the Beneficial Interest restrictions stated herein, Chapters are expressly prohibited from "Stacking"

one or more individual businesses. This includes the direct enrollment of a spouse or any direct dependent living in the same household. Chapters who violate this policy may be subject to disciplinary action, sanctions, suspension, loss of compensation, disqualification, retraction of promotions or incentives, or termination for cause by the Company. Such actions may include the loss of and/or forfeiture of any compensation earned or due the Chapter including any incentives, awards, bonuses or annuity programs.

### **5.3 Payment of Commissions**

1. The Company will pay personal commissions, overrides, bonuses and other incentives to Qualified Chapters on the sales of product and services which are received by the Company before the end of the applicable Commission period **and** which have been paid in accordance with the product or service payment plan. At no time will any Chapter receive any compensation for solely sponsoring or recruiting other Chapters.
2. Commissions are paid in the name of the business entity listed on the Chapter Membership Agreement. When no business entity is listed, commissions are paid to the person whose name is listed as the Primary Applicant on the Chapter Membership Agreement.

If a Chapter believes there is an error in the computation of commissions and/or program qualifications, the error must promptly be brought to the attention of the Company. If such problems are not presented to the Company in writing within sixty days after the end of the relevant commission period, the Chapter waives all recourse with respect to any alleged error(s). Chapter may submit a commission error inquiry online via email through the Key Contacts section of their Chapter Back-Office or they may mail a Commission Error Inquiry to the Company's Chapter Support Team – Commission Group. All commission error inquiries must be submitted in writing.

#### **5.3.1 Minimum Check Amount**

The minimum amount for payment of any compensation is twenty-five dollars (\$25 USD or equivalent local currency). Commissions and/or bonuses in an amount less than \$25, for any pay period, will accumulate until they equal or exceed \$25. Check fees, if applicable, are not included in the minimum check amount and will be subtracted from the total check amount (e.g., if a Chapter's check is \$25 and a check fee of \$3 is applicable, the Chapter would receive a check in the amount of \$22).

#### **5.3.2 Reissued Checks**

In the event that one or more Commission checks must be reissued to a Chapter, the Company will charge the Chapter a fee of fifteen dollars (\$15 USD or equivalent local currency). If a check must be reissued because of the Company's error, no charge will be applied. Checks reissued after one-hundred eighty days will include an additional \$20 processing fee.

#### **5.3.3 Returned or Unclaimed Checks**

The Company makes every effort to ensure that Chapters receive their commission checks. However, if a commission check has been sent to a Chapter's last known address and is returned because the Chapter has moved without a forwarding address, or the check is returned or not presented for payment for some other reason beyond the control of the Company, the check shall be voided and the amount may be credited to the Chapter's account one-hundred eighty days after its date of issue. Such credits may be subject to a non-refundable monthly maintenance fee.

### **5.4 Deductions, Offsets, Charge Backs, and Other Expenses**

The Chapter authorizes the Company to deduct Offsets, Charge Backs (for Commissions), and other expenses from any Commissions due a Chapter or of any term or condition of the Chapter Membership Agreement. Applicable fees will be assessed at the sole discretion of the Company.

#### **5.4.1 Uncollected Payments from Chapter**

Any uncollected payments, due the Company from a Chapter or from a Customer of a Chapter for any reason and for any amount, may be deducted from the Chapter's present or future Commissions. The Chapter understands that all persons listed on the Chapter Membership Agreement, or any person having a Beneficial Interest in the Chapter Membership, may be held jointly and severally liable for the outstanding amount for unpaid product and service fees or other expenses that may be due the Company.

Note: It is expressly understood by the Chapter that this joint and several liability supersedes any limitations of

liability otherwise available to the Chapter Member or its Beneficial Interest holders.

### **5.5 Default of Payment by Chapter**

Any payment due the Company that is not supported by sufficient funds, or that is returned uncollected, constitutes a breach of the Chapter Membership Agreement. When a Chapter defaults on any payment due the Company, the Company may put a hold on the product or service, cancel the shipment or suspend commissions or other compensation that may be due the Chapter. If the product or service has already been shipped, the Chapter will be expected to use an alternate means of payment for the product or service. If payment is not received within a reasonable amount of time, as determined by the Company, the Company may proceed with appropriate collection measures, suspend or withhold commissions, or take any other recovery steps available to it under the Chapter Membership Agreement. The Company reserves the right to restrict the payment method of a Chapter.

#### **5.5.1 Default of Conventional Payment by Chapter**

In cases of conventional payment (e.g., personal check, etc.), the Company will assess a handling fee of twenty dollars (\$35 USD or equivalent local currency) for all returned payments or payments lacking sufficient funds. In such cases, the Chapter shall be solely responsible for all bank charges, service fees, and/or other expenses, plus the Company's handling fee.

#### **5.5.2 Default of Electronic Payment by Chapter**

In the case of any electronic or online method of payment (EFT), the Chapter understands that when the Company's first attempt to receive payment by EFT is unsuccessful, the Company or bank may make a second attempt within three to seven days. The Company or bank may make up to three attempts before notifying the Chapter. In such cases, the Chapter's bank may charge an insufficient funds fee or other service fee for each unsuccessful attempt for which the Chapter will be solely liable.

### **5.6 Federal Income and Other Taxes**

The Company does not withhold any Federal Income Tax or any other Federal or State tax and the Chapter understands that it is the sole responsibility of the Chapter to pay any such taxes, in the proper amount, when due. The Company recommends that each Chapter consult with competent and qualified legal and/or tax counsel to determine what taxes the Chapter may be liable for personally and through the Chapter's Chapter Membership.

## **SECTION 6.0 AWARDS, INCENTIVES, RECOGNITION, AND EVENTS**

From time to time, the Company may provide certain awards, incentives, recognition, and events in which qualifying and other Chapters may participate. Such activities may include, but are not limited to, trips that are awarded based upon certain production or promotion milestones or Chapter performance, special cash or stock bonuses for specific contests of a limited duration with qualifying parameters, giveaways such as vehicles or other "high-dollar" items, special allowances (e.g., a vehicle allowance or mortgage allowance, etc.), to name just a few. Although the Company pays some or all of the costs of such awards, incentives, recognition, and events, the Chapter agrees to defend, indemnify, and hold harmless the Company for any injuries sustained in association with any awards, incentives, recognition, and events earned or won by the Chapter and/or any guests participating at the request of the Chapter. The Chapter understands that they cannot make any claim upon, or rely upon, any insurance policy of the Company to cover the costs and expenses of any injuries to the Chapter and/or the Chapter's guests.

### **6.1 Tax Liabilities**

Depending on the nature of such awards, incentives, recognition, and events, the items, benefits, or compensation received by the Chapter from the Company may be taxable at a state and/or federal level and it shall be the sole responsibility of the Chapter to pay any taxes that may be due any state or federal taxing authority within the allotted time frame and in the proper amount. The Company may be required by law to include the fair market value of any awards, incentives, recognition, and events on the Chapter's end of year tax report. The Chapter agrees to defend, indemnify and hold the Company harmless from all claims of tax liability relating to these incentive trips and awards.

## **6.2 Deferment of Awards, Incentives, Recognition, and Events**

Awards, incentives, recognition, and events may not be deferred for future acceptance and shall have no redeemable cash value. No partial or full payment or credit will be given to those who cannot or choose not to attend trips or to accept any awards, incentives, recognition, or participate in such events.

## **6.3 Misrepresentation**

If it is discovered that the Chapter, or any other person assisting the Chapter, has made any misrepresentations or has violated any of Policies and Procedures in becoming eligible for any awards, incentives, recognition, and events, or has obtained the same in any manner deemed unethical by the Company in its sole discretion, the Company may deny, rescind, revoke, and/or charge the Chapter for any costs incurred by the Company or for any benefits or compensation received by the Chapter and, at the Company's discretion, may terminate the Chapter for cause.

## **SECTION 7.0 MERGERS, ACQUISITIONS, SALES, AND TRANSFERS OF A CHAPTER MEMBERSHIP**

Under certain circumstances, and with the ultimate approval of the Company, a Chapter may be merged, acquired or sold, or ownership or control may be transferred or assigned to another person or business entity subject to all policies and procedures included herein or as may be set forth by the Company. The Company reserves the exclusive and sole right to prohibit or deny any request for merger, acquisition, and sale or transfer if such action is determined to not be in the best interest of the Company.

### **7.1 Restrictions against Multiple Beneficial Interests**

Notwithstanding a Spouse's separate Membership created as a result of marriage, a Chapter is prohibited from having a Beneficial Interest in more than one Membership (e.g., having a Chapter Membership their own and also having a beneficial interest in a business entity that also is a Chapter Member). This includes enrollment of or enrolling under a spouse or direct dependent living in the same household. If a person with a Beneficial Interest in an existing Chapter Membership wishes to become a Chapter under another Enroller, the person must first terminate the Beneficial Interest in the existing Chapter Membership and wait a minimum of six months before applying to become a new Chapter. In such case, all activity, rank, compensation, business, and benefits of the Chapter shall be terminated.

### **7.2 Merger of Chapter Memberships**

An application to merge two Chapter Memberships into a single Chapter Membership may be submitted to the Company if (a) two Chapters should become legally married, or (b), one is the direct upline sponsor of the other. In either case, the merging Chapter Memberships must be currently active for the previous one hundred eighty days, and must be of equal rank having maintained said rank for a period of not less than 90 days. At no time may Chapter Memberships be merged for the sole purpose of achieving any rank or any other qualification or compensation. All requests for mergers shall be subject to upline approval through three Tiers and said approvals must be unanimous. The Company reserves the sole right to prohibit any merger, regardless of approvals, if the Company deems such merger to not be in the best interest of the Company. Every merger, if approved and authorized by the Company, is final. To effectuate the merger, both Chapters shall be required to submit an amended Chapter Membership Agreement and obtain the Company's final consent.

### **7.3 Acquisition of a Chapter Membership**

Although a FH4A Chapter Membership is a privately owned, independently operated business, it may be acquired by a person or another business, subject to certain limitations including, but not limited to, the Company's policy regarding beneficial interests and the requirement for the acquiring person or business to become a FH4A Chapter.

### **7.4 Transfer of a Chapter's Membership**

Upon the death, disability, or other exceptional factors, a Chapter's business may be passed on to his or her heirs. Appropriate legal documentation must be submitted to the satisfaction of the Company. Accordingly, the FH4A advises all Chapters to seek competent legal and/or tax counsel in such circumstances. The Company also recommends that Chapters consult with an attorney for the purposes of preparing a will or other adequate testamentary documents. When any FH4A business is transferred by will or other testamentary process, the

beneficiary acquires the right to collect the bonuses and commissions of the deceased Chapter's organization provided the following qualifications are met. The successor(s) must:

1. Execute a Chapter Membership Agreement;
2. Provide an original death certificate and a notarized copy of the will or other instrument establishing the successor's right to the FH4A business;
3. Meet all of the qualifications for the deceased Chapter's rank and/or status; and,
4. Form a business entity and acquire a Federal Tax Identification Number, if the business is bequeathed to or inherited by joint heirs. FH4A will issue all bonus and commission checks and one IRS Form 1099 to the business entity. The heirs must provide FH4A with an address of record to which all commission and bonus checks will be sent.

## **7.5 Interpretation**

The interpretation of these Policies & Procedures pertaining to sale or transfer of a Chapter Membership will be made in a manner that considers and serves the best interests of the Company. The Company reserves the right to reject any transferee or buyer.

## **7.6 Miscellaneous Items**

### **7.6.1 Change of Residence or Mailing Address**

It shall be the responsibility of the Chapter to maintain their current physical address and mailing address with the Company. Chapters may amend or update this information electronically, through their Chapter Back-Office, or by submitting a Change of Address form to the Company. Failure to maintain a current residence and/or mailing address may result in the delay of compensation or other notices or information. The Company assumes no responsibility or liability for failure to deliver any compensation or information as a result of incorrect or non-current address or mailing address on file with the Company.

### **7.6.2 Service Charges**

The Company provides numerous services to its Chapters without charge. However, Chapters occasionally make certain requests, to include administrative support, that are not normal and routine and require special time and effort to fulfill. Requests of this nature would include copies of receipts, paperwork, historical reports, in-depth commission research and information that must be calculated or extracted, research, banking instructions, stop-payment requests, etc. These and other special requests are available to the Chapter for a cost to be determined as per request. Costs may not include certain banking fees, photocopy expenses, professional fees, or third party fees and expenses.

### **7.6.3 Indemnification.**

Chapter shall indemnify and hold Company, its directors, officers, employees, affiliates, agents or representatives (each an "Indemnified Party") harmless from and against any and all claims, actions, damages, consequential damages, liabilities and expenses (collectively "Losses") occasioned by any act or omission of Chapter, its directors, officers, employees, affiliates, agents or representatives, relating to the subject matter of this Agreement. If an Indemnified Party shall, without fault on its part, be made a party to any litigation commenced against it or by or against Chapter, then Chapter shall protect and hold each Indemnified Party harmless, and shall pay the Indemnified Party's costs, expenses, Losses and reasonable attorney's fees incurred or paid in connection with such litigation. Notwithstanding anything to the contrary in this Agreement, the provisions of this Section 7.6.3 shall survive the expiration or termination of this Agreement.

### **7.6.4 Notification of Adverse Action**

A Chapter shall immediately notify the Company's legal department in writing of any potential or actual legal claims from third parties against the Chapter arising from or Chapter with the Chapter's business or Downline Organization that may adversely affect the Company. After notifying the Chapter, the Company may take any action necessary to protect itself including controlling any litigation or settlement of the legal claims. If the Company takes action in the matter, the Chapter shall not interfere or participate in the matter without the Company's consent, which shall not be unreasonably withheld.



### **7.6.5 Unconditional Release**

The Company may take photos, audio, or video recordings, or produce written or verbal statements of a Chapter at Company events or other Company related functions and may request the same directly from a Chapter. The Chapter unconditionally agrees to and hereby grants the Company the absolute and irrevocable ownership, right and permission, to use, re-use, broadcast, rebroadcast, publish, or republish any such photo, audio, video, or endorsement, in all or in part, individually or in conjunction with any other photograph or video, or any other endorsement, in any current or future medium and for any purpose whatsoever, including (but not by way of limitation) marketing, advertising, promotion, and/or publicity; and to copyright such photograph and/or video, in the original or as republished, in the name of the Company, or in any other name. Regardless of any other agreements, verbal or written, or Chapter Membership Agreements the Chapter may have with any other entity, the Chapter unconditionally agrees that any use by the Company as set forth in this section shall be royalty free, is a work made for hire, and is not subject to any other claim. The Chapter agrees to defend and indemnify the Company against any claims by any other party arising out of the Company's use of the rights granted herein the Chapter confirms that the information he or she may give as a testimonial endorsement, or as represented in any photograph, video or audio is true and accurate to the best of his or her knowledge. The Chapter waives any right he or she may have to inspect or approve the finished or unfinished product(s), the advertising copy, printed, recorded, photographic, or video matter that may be used in connection with it or any use that may be made of it.

### **7.6.6 No Reliance on the Company**

A Chapter may not rely on the Company to provide legal, financial or other professional advice, nor may it rely on any such advice if given and is further directed to seek competent and qualified counsel in all legal, accounting, tax and other professional matters.

### **7.6.7 Resolving Disputes**

A Chapter must conduct all his or her business activity, and resolve any disputes, in the best interests of the Company. Enrollers and Placement Sponsors shall use their best efforts to resolve disputes in their Downline Organizations. Any disputes between Chapters, which require the assistance or mediation of the Company, shall be resolved solely by the Company and in the best interests of the Company.

### **7.6.8 Detrimental Conduct**

If any conduct by a Chapter, or any participant or person with a beneficial interest in the Chapter Membership, is determined by the Company to be injurious, disruptive, or harmful to the Company, or to other Chapters, the Company may take appropriate action against a Chapter as it deems necessary. In extreme cases, as deemed by the Company, the offending Chapter may be terminated for cause.

## **SECTION 8.0 TERMINATIONS OF CHAPTERS OR CHAPTER MEMBERSHIPS**

### **8.1 Termination**

A Chapter may terminate the Chapter Membership Agreement by submitting to the Company in writing a request to terminate. The written request must include the Chapter's Identification Number, printed name, signature, and current mailing address. The request must be submitted to FH4A corporate headquarters. Voluntarily termination of Chapter status will not affect any existing product or service orders. The Company may terminate the Chapter Membership Agreement if the Chapter violates ANY of the terms of the Chapter Membership Agreement and any amendments thereto. Upon termination, the Company may, in its sole discretion, retain the Chapter Membership or dissolve and remove it from the Enroller and Placement Sponsor trees.

### **8.2 Return of Confidential Information**

A Chapter must return all Confidential Information over which he or she has direct or indirect control to the Company upon termination or upon demand of the Company. If any such Confidential Information cannot be returned because it is in electronic format, the Chapter shall permanently delete and erase the Confidential Information upon termination or upon demand.

### **8.3 Effects of Termination for Breach of Chapter Membership Agreement**

A Chapter whose Chapter Membership Agreement is terminated by the Company must wait one year before applying for a new Chapter Membership. During that time, the Chapter can have no Beneficial Interest in any

other Chapter Membership. Prior to applying, he or she, must first petition the company. The petition will include an affidavit that must be signed under penalty of perjury and notarized in which the Chapter confirms that he or she has had no Beneficial Interest in any Chapter Membership during the prior one year. Upon termination, a Chapter's license is revoked and all rights to the Chapter Business are terminated. Any unpaid commissions may be withheld by the Company for thirty days beyond their due date to determine damages, if any. If damages are assessed, the Chapter consents to the damages being offset from the commissions. The Company may elect to reorganize the Downline of a Chapter terminated for breach in a manner that serves the best interests of the Company and the Downline. Where the Company elects to revoke a Chapter Membership Agreement in which there is more than one Beneficial Interest holder, the following may apply:

1. The departing Beneficial Interest holder(s) must relinquish all rights to, and interests in, the Chapter Membership;
2. The Company may not divide nor reassign any of the Downline Organization; and,
3. The Company may not split Commissions between the prior or current Beneficial Interest holders of the Chapter Membership.

#### **8.4 Effects of Voluntary Termination of the Chapter Membership Agreement**

The Chapter Membership Agreement or Distributorship can be voluntarily terminated by a Chapter who is not in breach of the Chapter Membership Agreement for any reason, at any time, by providing written notice to the Company signed by all person(s) listed on the Chapter Membership Agreement. The termination is effective on the date the Company receives the written notice, although processing of the termination request may be delayed until the following month if there is current Volume in the Chapter Members account. Upon termination, a Chapter's status and/or any license to the Chapter Member will be revoked and all rights to the Chapter Business are terminated. A Chapter who voluntarily terminates may reapply for a new Chapter Membership under a new Sponsor. Prior to applying, the Chapter will be required to provide an affidavit, signed under penalty of perjury and notarized, in which the Chapter confirms that he or she has had no Beneficial Interest in any Chapter Membership during the prior one year. A Chapter may not terminate voluntarily if the Chapter Member is not in good standing with the Company.

### **SECTION 9.0 DISPUTE RESOLUTIONS AND DISCIPLINARY PROCEEDINGS**

#### **9.1 Grievances and Complaints**

When a Chapter has a grievance or complaint with another Chapter regarding any practice or conduct in relationship to their respective FH4A businesses, the complaining Chapter should report the grievance or complaint, in writing, to the Compliance Department at the Company.

#### **9.2 Disciplinary Sanctions**

Violation of the Agreement, these Policies, or any illegal, fraudulent, deceptive or unethical business conduct by a Chapter may result, at FH4A's discretion, in one or more of the following corrective measures:

1. Issuance of a written warning or admonition;
2. Requiring the Chapter to take immediate corrective measures;
3. Loss of privileges, including, but not limited to, loss of voicemail privileges;
4. Loss of rights to one or more bonus and commission checks;
5. FH4A may withhold from a Chapter all or part of the Chapter's bonuses and commissions during the period that FH4A is investigating any alleged violation of the Agreement. If a Chapter's business is canceled for disciplinary reasons, the Chapter will not be entitled to recover any commissions withheld during the investigation period;
6. Suspension of the individual's Chapter Membership Agreement for one or more pay periods;
7. Involuntary cancellation of the offender's Chapter Membership Agreement;
8. Any other measure expressly allowed within any provision of the Agreement or which FH4A deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Chapter's Policy violation or contractual breach and/or;
9. In situations deemed appropriate by FH4A, the Company may institute legal proceedings for monetary and/or equitable relief.

#### **9.3 Appeals**

Following the issuance of a sanction (other than a suspension pending an investigation), the disciplined Chapter may appeal the sanction to the Company. The Chapter's appeal must be in writing and received by the Company within fifteen days from the date of FH4A's sanction notice. If the appeal is not received by FH4A within the fifteen day period, the sanction will be final. The Chapter must submit all supporting documentation with his or her appeal correspondence and specify in full detail the reasons why he or she believes the Company's initial determination was erroneous. If the Chapter files a timely appeal of the sanction, the Company will review and reconsider the cancellation, consider any other appropriate action, and notify the Chapter in writing of its decision.

#### **9.4 Arbitration**

Any legal cause of action arising out of or relating to the Agreement, or the breach thereof shall be by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Chapters waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in Riverside County, State of California. All parties shall be entitled to all discovery rights. There shall be one arbitrator. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitration shall survive any termination or expiration of the Agreement. Nothing in the Agreement shall prevent FH4A from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction, or other relief available to safeguard and protect FH4A's interest prior to, during, or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

#### **9.5 Governing Law, Jurisdiction, and Venue**

Jurisdiction and venue of any matter shall be in Riverside County, State of California. The laws of the State of California shall govern all other matters relating to or arising from the Agreement.

### **SECTION 10.0 MISCELLANEOUS**

#### **10.1 Purchasing Financial Hope for America Products and Services**

Each Chapter should purchase his or her products and services directly from FH4A.

#### **10.2 General Order Policies**

On documents received with invalid or incorrect payment, FH4A will attempt to contact the Chapter by phone and/or mail to try to obtain another payment. If these attempts are unsuccessful after five working days, the case may be returned unprocessed. No C.O.D. payments will be accepted at any time.

#### **10.3 Insufficient Funds**

It is the sole responsibility of each Chapter to ensure that there are sufficient funds or credit available in his or her account to cover the monthly subscription. FH4A may, but is not required to, contact Chapters or Customers in regard to insufficient funds or credit. This may result in a Chapter's failure to meet his or her requirements for promotion, compensation, or other incentives for one or more pay periods.

#### **10.4 Returned Checks**

All checks returned by a Chapter's or Customer's bank for insufficient funds may be re-submitted for payment at the option of FH4A. A twenty-five dollar (\$35.00 USD or equivalent local currency) returned check fee will be charged to the account of the Chapter. After receiving a returned check from a customer or a Chapter, FH4A may, at its sole discretion, require that all future business be paid by credit card, money order, or cashier's check. Any outstanding balance owed to FH4A by a Chapter or a customer for NSF checks and returned check fees may be withheld from any subsequent bonus, commission check, other compensation, or collected in any other manner deemed appropriate by FH4A. Reinstatement of payment by check shall be at the sole discretion of FH4A.

### **10.5 Restrictions on Third Party Use of Credit Cards and Checking Account Access**

At no time shall Chapters permit other Chapters or customers to use their credit card, or permit debits to their checking, savings, or other accounts, to enroll in, and/or or to make purchases for any purpose from the Company.

## APPENDIX A – DEFINITIONS

The following defined terms apply throughout the Chapter Membership Agreement and are capitalized where used:

**Applicant:** Any person or legal business entity who has submitted a Chapter Membership Agreement and/or an application to become a Chapter.

**Chapter Membership Agreement:** The Agreement submitted by an Applicant to become a Chapter. In signing the Chapter Membership Agreement, an Applicant certifies that he or she has read and will abide by the terms and conditions of the Chapter Membership Agreement.

**Chapter Business:** Activities determined at the sole discretion of the Company to be a promotion of the Company's products, services, or business opportunity. Some of these activities include, but are not restricted to: signing a Chapter Membership Agreement; advertising, selling or exhibiting product and services; hosting, conducting, or speaking at meetings or events (whether hosted by the Company or by any Chapter[s]); purchasing product and services at wholesale prices, exchanging, or returning products and services; participating in the Compensation Plan, receiving periodic Company literature and other communications, participation in Company sponsored activities, support, service, training, motivational, recognition, and other events; and/or sponsoring new Chapters.

**Chapter Rights:** The rights in the Chapter Membership Agreement licensed to a Chapter to conduct the Chapter Business.

**Chapter:** A person or legal business currently licensed by the Company to operate as a Chapter. If more than one person is named on the Chapter Membership Agreement, then "Chapter" may refer to all persons collectively.

**Beneficial Interest:** A person is deemed to have a Beneficial Interest in a Membership if he/she/it has: (1) any direct or indirect ownership in a Membership as an individual, partner, shareholder, member, manager, beneficiary, trustee, officer, director or principal of a Membership; (2) has any actual or de facto control over a Membership; (3) receives any income directly or indirectly from a Membership (other than the receipt of income pursuant to the Compensation Plan by an Upline Chapter); (4) receives familial support from a Membership; (5) receives spousal support derived from a Membership; (6) is a member of the Chapter's immediate household; or (7) is a spouse or co-habitant of any Owner, Officer, or Primary Applicant;

**Business Entity:** Any type of business entity or association authorized under the laws of the jurisdiction in which it was organized. This includes, but is not limited to, legally formed corporations, partnerships, trusts, and limited-liability companies.

**Co-habitant:** An individual who is eighteen years of age or older who shares with another person a common residency, common law marriage, and/or a marriage-like relationship.

**Commissions:** Compensation paid to a Chapter for products or services sold by the Chapter and purchased and/or sold by his or her Downline Organization. Eligibility to receive Compensation is determined by various sales and activity requirements currently in effect, as outlined in the FH4A Compensation Plan.

**Company:** Financial Hope for America or any lawful assignee, successor, subsidiary, or affiliate regardless of geographic location.

**Compensation Plan:** The specific compensation plan used by the Company that details the requirements and benefits of the compensation structure for all Chapters. The FH4A Compensation Plan.

**Confidential Information:** Information disclosed in connection with the Chapter Rights, including, but not limited to, information regarding (1) Downline Organizations or Upline Chapters, including Chapter names and contact information, Chapter information developed by Company or developed for and on behalf of the Company by Chapters through Chapter meetings, websites, email and/or profile gathering tools, and any other electronic or manual application used by a Chapter or his agent to gather, store, and/or develop any information about Chapters including, but not limited to, credit data, retail Chapter and Chapter profiles, and product purchase information, and (2) Chapter lists, manufacturing and supplier information, business reports, commission or sales reports, business plans, projections, trade secrets, analyses, and related information and other financial and business information that would be reasonably understood to be confidential. Confidential Information may take the form of intellectual properties, trade secrets, know-how and the like, documentation, drawings, specifications, software, technical or engineering data, or other forms, and may be disclosed orally, in writing, by electronic or magnetic media, by visual observation, or by other means.

**Cross-line Recruiting:** Sponsoring or a solicitation to Sponsor, indirectly or otherwise, of another Chapter (or anyone with a Beneficial Interest in the Chapter's Distributorship).

**Customer:** Any individual that purchases the products or service of FH4A sold by and commissionable to the Chapter.

**Date of Enrollment:** The date the Company receives and accepts an Applicant's Chapter Membership Agreement bearing an original signature or electronic copy of an original signature. and any network of Chapters that is the subject of the Chapter Membership Agreement.

**Downline:** A "genealogically" structured organization comprised of Chapters and their organization.

**Electronic Funds Transfer (EFT):** An optional program that authorizes the Company to electronically debit a Chapter's bank account for the amount of an order and renewal fees.

**Enroller:** As a noun: a Chapter who has directly recruited another Chapter into his or her Downline Organization; as a verb: the act of directly recruiting another Chapter into his or her Downline Organization.

**Front Line:** The Chapters who appear on the first level of the Enroller Tree of the immediate Downline Organization of any particular Chapter. They may also appear through Sponsorship Compression.

**Identification Number:** The number issued specifically to an individual or company by the government (e.g., social security number [US individuals] and employment identification number [US companies]).

**Organization:** Chapters and Customers who are below a Chapter in his or her Enroller Tree or Placement Tree (genealogically structured). The Chapters will have been personally enrolled (1) by a Chapter and are downline of that Chapter through enrollment and/or placement sponsorship, or (2) by those who the Chapter has enrolled and/or placed through sponsor placement, and their respective Customers, all in a direct chain of Distributorship below the Chapter.

**Person:** An individual, a Business Entity, or any other entity with a distinct separate existence, and its successors, heirs or assigns, as the case may be.

**Placement Sponsor** The Chapter who is immediately upline from another Chapter resulting from direct enrollment or placement.

**Placement:** As a noun: A Chapter who has directly recruited another Chapter, or has had placed, into his or her Placement Tree (as defined in the Compensation Plan); as a verb; the positioning by a Sponsor of a Chapter in his or her Downline Organization.

**Policies and Procedures:** The policies and procedures of the Company contained herein, including attachments and addenda, which are incorporated herein by this reference, as the same may be amended from time to time by the Company.

**Product or Service:** Any good or service that has commissionable volume assigned to it and that is offered by the Company. Sales tools and promotional material are not included in this definition.

**Retail Sales:** Sales by a Chapter of the product or services to his or her customers.

**Sales Tool:** Any information, material, or product provided to, for, and/or created by the Chapter for any Chapter Business.

**Service-Related Establishment:** An enterprise where the general public typically does not have ready access unless through appointment or membership, and/or where the primary function of the enterprise is the rendering of professional services rather than selling merchandise. Examples include, but are not limited to private or restricted access offices, spas, gyms, or private associations that may retail some products or services, but whose primary purpose is to offer a service.

**Statement of Beneficial Interest:**

A document required as part of the Chapter Membership Agreement if an Applicant is applying as a Business Entity. The Statement of Beneficial Interest must list all persons who are partners, shareholders, principals, members, managers, officers, directors, trustees, beneficiaries, or who otherwise have any direct or indirect Beneficial Interest in or control over the Business Entity.

**Upline:** The single-line hierarchy of Sponsors and/or Chapters extending upward from a Distributorship.

**Volume:** A value assigned to a Product for commission purposes.

AGREEMENT: BY SIGNING THE ASSOCIATE MEMBER APPLICATION, I HAVE THOROUGHLY READ AND UNDERSTAND ALL THE TERMS AND CONDITIONS AND POLICY AND PROCEDURES OF THE CERTIFIED FINANCIAL PROTECTION GROUP, LLC'S MEMBERSHIP AGREEMENT.



**FINANCIAL HOPE  
FOR AMERICA**

A 501 (c) 3 Non-Profit

Ph: (888) 343-FH4A (3442) / Fax: (951) 537-6892

## **ACH PAYMENT FORM**

Name: \_\_\_\_\_

I authorize my bank to debit my account as identified below according to the terms stated here. This authorization shall remain in effect until the Service Provider and the bank receive written notification from me of intent to terminate at such time and such manner as to afford the Service Provider and bank reasonable opportunity to act (minimum 30 days).

I understand that if the total amount owed the Service Provider is paid off, or unless the plan is terminated earlier by me as above. I understand any amounts can be applied for with a new authorization form.

All other charges such as payment amount, frequency, bank account number change, will require a new authorization form to be filled out and submitted to Financial Hope For America, Inc. (ACH Debit) 15 days prior to any change being implemented. I understand that this payment plan may be cancelled by the Service Provider or Financial Hope For America, Inc. (ACH Debit) due to NSF (Non-Sufficient Funds). I will be liable to pay an NSF fee of \$25.00 (or the amount allowable by law) which may be automatically debited for each NSF.

I represent and warrant that I am authorized to execute this payment authorization for the purpose of implementing this payment plan. I indemnify and hold the Service Provider, the bank, and Financial Hope For America, Inc. (ACH Debit) harmless from damage, loss, or claim resulting from all authorized actions hereunder.

Total Fee To Be Charged: \$ \_\_\_\_\_

Bank: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

Client: \_\_\_\_\_

Date: \_\_\_\_\_

Co-Client: \_\_\_\_\_

Date: \_\_\_\_\_



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## **CREDIT CARD AUTHORIZATION**

Name: \_\_\_\_\_

The following is an authorization for payment via a credit card for the services to be performed by Financial Hope For America, Inc. Charge following amount:

Total Amount: \$ \_\_\_\_\_

Name on Card: \_\_\_\_\_

Billing Address: \_\_\_\_\_

Card Type: Master Card Visa American Express Other: \_\_\_\_\_

Card Number: \_\_\_\_\_

Exp. Date: \_\_\_\_\_

CSV (3 digit code on back of card): \_\_\_\_\_

I authorize this transaction for the amount stated above. The above information acts as my verification for this transaction.

\_\_\_\_\_  
Cardholder Signature

\_\_\_\_\_  
Date



**FH4A CHAPTER SIGN-UP FORM**

DATE: \_\_\_\_\_

**IF SIGNING UP AS AN INDIVIDUAL, COMPLETE ALL FIELDS**

**NEW CHAPTER NAME:** \_\_\_\_\_ **ID#:** \_\_\_\_\_

**SSN#:** \_\_\_\_\_ **DATE OF BIRTH:** \_\_\_\_\_

**RESIDENCE ADDRESS:** \_\_\_\_\_

**CELL PHONE:** \_\_\_\_\_ **HM:** \_\_\_\_\_ **WORK:** \_\_\_\_\_ **FAX:** \_\_\_\_\_

**EMAIL:** \_\_\_\_\_

**IF SIGNING UP AS A BUSINESS \* *DENOTES REQUIRED FIELD***

\* **BUSINESS LEGAL NAME:** \_\_\_\_\_ **ID#:** \_\_\_\_\_

\* **EIN #:** \_\_\_\_\_ \* **CONTACT PERSON:** \_\_\_\_\_

\* **BUSINESS TYPE:** C CORP      S CORP      LLC      SOLE      PARTNERSHIP

\* **BUSINESS ADDRESS:** \_\_\_\_\_

\* **BUSINESS CITY:** \_\_\_\_\_ **STATE:** \_\_\_\_ **ZIP:** \_\_\_\_\_

**BUSINESS PHONE:** \_\_\_\_\_ **BUSINESS FAX:** \_\_\_\_\_

**BUSINESS WEBSITE:** \_\_\_\_\_

**BUSINESS EMAIL:** \_\_\_\_\_

**SPONSORING CHAPTER INFO**

**SPONSORING CHAPTER:** \_\_\_\_\_ **ID#:** \_\_\_\_\_

**SPONSORING CHAPTER PHONE:** \_\_\_\_\_

**SPONSORING CHAPTER ADDRESS:**

\_\_\_\_\_

**SPONSORING CHAPTER EMAIL ADDRESS:**

\_\_\_\_\_