

CHALK COUTURE

COMPENSATION PLAN



Designers have a unique opportunity to be rewarded for sharing something they love while empowering others with a creative outlet and a way to beautify their space. This document walks you through our system of qualifications and compensation. Italicized terms in this document are defined in the glossary located at the end of the document.

Earning Through Personal Sales?

The foundational method for every Designer to earn compensation at Chalk Couture is through personally selling our gorgeous line of exclusive products.

When you buy products at the Designer Price, direct from the company, and sell at the manufacturer's advertised price (retail price), you can instantly earn up to 40% commissions—one of the most generous plans in the industry! This pricing is offered on orders placed in your *Designer Office*. You pay for the product up front, then earn your commission when you resell the product to customers and collect their payment. This commission is termed *instant commission*, because you recoup it immediately at the time of sale.

You may also sell to customers on your *Chalk Site*. Because these orders are managed and fulfilled by the company, and all inventory is managed by Chalk Couture, you earn a commission rate of 25%. This commission is called *deferred commission* because the customer pays retail price online, then you receive 25% commission after the close of the month, typically by the 15th of the following month.

« YOU MAY ALSO SELL TO CUSTOMERS ON YOUR CHALK SITE.

ORDER TYPE	COMMISSION	PAID
DESIGNER PRICE (DESIGNER OFFICE)	40%	<i>INSTANT COMMISSIONS</i> (EARNED WHEN SOLD)
ONLINE (<i>CHALK SITE</i>)	25%	<i>DEFERRED COMMISSIONS</i> (PAID BY THE 15th OF THE FOLLOWING MONTH)

For Example:

One month, you sell a total of \$1,500 retail value in products (within your own country).

- \$1,000 in retail value was purchased through your *Designer Office* for \$600.
- \$500 in retail value purchased by your customers on your *Chalk Site*.

How much will you get paid?

Designer Office Order

- You earn 40% commission when you resell the inventory you purchased through your *Designer Office*.
For example: \$1,000 (retail) - \$600 (Designer Price) = \$400 (40% *Instant Commission*)

Chalk Site Order

- You earn 25% commission on *Chalk Site* orders.
\$500 x 25% = \$125, Your total commissions earned is \$525.

How are you paid?

Of that \$525 commission you will earn for selling \$1,500 in retail value, \$400 of it is *instant commissions* received at the time you resell product to a customer; \$125 of it is *deferred commissions* paid during the monthly commission run, to take place typically by the 15th of the following month. *Deferred Commissions* will be shown in both USD and CAD in your Designer Office and then settled at the time of payment in your country's currency (USD or CAD).

How do I earn Personal Volume?

You will earn *Personal Volume (PV)* at the time you make a purchase in your *Designer Office* or when a customer makes a purchase on your *Chalk Site*. PV is typically 60% of the USD retail value (see current Product List for PV value of items). Note that some items do not qualify for PV, such as business materials or the Starter Kit.

Note that your PV levels also may qualify you for other compensation elements in the *Compensation Plan*, such as *Designer Dollars (DD)* and the *Savvy Seller Bonus*. PV levels are also used to determine *activity*. Read the entire *Compensation Plan* for more information on these additional benefits of personal volume.

Designer Dollars

We want to reward you for working your Designership, so for every 200PV you generate per month, you will earn 20 *Designer Dollars (DD)*! DD is product credit to help you further support your Designership. You can use them to fund Hostess Rewards, *Team* incentives, or even gifts for expo giveaways, to name a few.

For Example:

You earned 900PV

$900 \div 200 = 4.5$ (round down to 4)

$4 \times 20 = 80DD$

This bonus is paid monthly, with your *deferred commissions*, by the 15th of the following month. DD are added to your DD bank and can be used all at once or a little at a time. DD expire 60 days after they are deposited to your DD bank.

Savvy Seller Bonus

While all Designers receive generous *instant* or *deferred commissions* for personal sales, Chalk Couture offers an extra bonus to our strongest sellers. It's called the *Savvy Seller Bonus* and it is paid on the PV of your personal sales when you have at least 2,000PV in a month. The percentage for which you qualify is based on your total PV for the current month, which includes your product orders placed in your *Designer Office* as well as customer orders placed on your *Chalk Site*.

- When your PV is between 2,000 and 3,999 during any given calendar month, you receive a *Savvy Seller Bonus* of 10% cash on your monthly PV.
- When your PV is 4,000 or more in the month, you receive a *Savvy Seller Bonus* of 20% cash on your monthly PV.

« WE WANT TO REWARD
YOU FOR WORKING YOUR
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PERSONAL VOLUME	% BONUS	EXAMPLE	MATH	TOTAL BONUS
2,000-3,999PV	10%	2,000PV	2,000PV × 10%	\$200 USD*
4,000PV	20%	4,000PV	4,000PV × 20%	\$800 USD*

* Bonus is calculated on PV, shown in USD, then paid in your country's currency (if CAD; paid at current exchange rate at the time of payment).

You receive the *Savvy Seller Bonus* based on the total PV you earn in a month. Some items do not qualify for PV and are not included in the *Savvy Seller Bonus*, such as business materials or the Starter Kit.

This bonus is paid as part of your *deferred commissions*, by the 15th of the following month.

Build Income Through Leadership

Personal sales are the foundation of your Chalk Couture Designership and will give it stability. However, as you invite others to join your *Team*, you will add greater income potential to your Designership. Chalk Couture's Compensation Plan is designed to help you succeed by walking you step-by-step along the path to becoming a top leader within the company, while rewarding you for doing the right things at the right times. When you sell, you'll be rewarded. When you build, teach and train a *Team*, you'll be rewarded. There is a direct connection between what you do and what you'll receive.

« THERE IS A DIRECT CONNECTION BETWEEN WHAT YOU DO AND WHAT YOU'LL RECEIVE.

Our *Compensation Plan* is organized into two phases. Phase 1 guides you down the path of sharing and growing through *sponsoring* and developing your business as you strive to become a Master Mentor. Phase 2 focuses on inspiring and leading your *Team* as a Couturier and beyond.

Maintaining your Title

Your "*Career Title*" is the highest title you've earned to date. Once you are promoted to a new title, you need to continually meet the requirements to keep it. Your "*Paid-As Title*" is the title for which you have met qualifications during the month. Your Recognition Title is used for recognition and other programs (like ChalkCon gifts, eligibility for social media leader groups, etc.).

Maintenance is achievable! It is determined on a calendar quarter schedule, where you must earn paid-as status at least 1 MONTH during the calendar quarter to be recognized at that title in the months remaining in the current quarter and the quarter that follows.

For Example:

Ashley promotes to the title of Mentor in February. She is "paid-as" Mentor for the February commission run. The following month, March, she does not meet all criteria for the Mentor title. This means she is paid for the lower title that she did qualify for, but she retains her Mentor title for recognition purposes, because she qualified for it in February (both February and March are in first quarter). Ashley will continue to be recognized at Mentor title through second quarter, April through June, and is recognized as such in any publication or program. To retain the *Recognition Title* of Mentor for third quarter, she must be paid as a Mentor at least once in April, May, or June.

You are always recognized as the highest *Paid-As Title* you earned in the previous quarter. To continue our example, if Ashley does not earn paid-as Mentor status in any month of the second quarter, and in her best month she is paid as Master Designer, then on June 1 her *Recognition Title* will be Master Designer and she will no longer be recognized as Mentor.

Go For It!

This is a go-to-work plan, and it's yours for the taking. How far you go in the Chalk Couture *Compensation Plan* has virtually no limits, and you have the support of a strong, vibrant community to help you set and achieve your goal.

PHASE 1 REQUIREMENTS					
	Title	Personal Volume (PV)	Personally Sponsored Qualified (PSQ)	Team Volume (TV)	Level 1 Mentors
Share and Grow	Designer	100			
	Leading Designer	200	1		
	Master Designer	200	2		
Sponsor and Develop	Mentor	400	3	2,000	
	Leading Mentor	400	4	5,000	
	Master Mentor	400	5	8,000	1

PHASE 1 TEAM COMMISSIONS					
		Sponsoring Bonus		Coaching Bonus	
	Title	Level 1 PSV	Level 1	Level 2	Level 3
Share and Grow	Qualified Designer				
	Leading Designer	3%	1%		
	Master Designer	3%	2%	2%	
Sponsor and Develop	Mentor	4%	4%	3%	
	Leading Mentor	4%	6%	4%	1%
	Master Mentor	4%	8%	5%	2%

Team commissions include both your *Coaching Bonus* and *Sponsoring Bonus*.

For example: A Leading Designer will receive 1% on their Level 1, plus 3% for the combined *Personal Volume* of all those whom they personally sponsor. In other words, assuming all of the Designers on your Level 1 were personally sponsored, your commissions for Level 1 will be 4%. Likewise, for Master Mentor, you will get 8% on your Level 1 for the *Coaching Bonus*, plus 4% for the *Sponsoring Bonus*. So, if you personally sponsored everyone on your Level 1, your Team commissions would be 12%.

Master Mentor Advancement Bonus: When you advance to Master Mentor for the first time, you will receive a one-time Master Mentor Advancement Bonus of \$500 USD.

PHASE 2 REQUIREMENTS

	Title	Personal Volume (PV)	Personally Sponsored Qualified (PSQ)	Team Volume (TV)	Level 1 Mentors	Master Mentor Legs	Couturier Legs	Executive Couturier Legs	Enterprise Volume (EV)
Lead and Inspire	Couturier	600	5	10,000	2	1			25,000
	Executive Couturier	600	7	20,000	3	2	1		100,000
	Master Couturier	600	10	50,000	5	5	2	1	250,000

PHASE 2 TEAM COMMISSIONS

	Sponsoring Bonus		Coaching Bonus		
	Title	Level 1 PSV	Level 1	Level 2	Level 3
Lead and Inspire	Couturier	5%	9%	6%	2%
	Executive Couturier	5%	10%	7%	2%
	Master Couturier	5%	11%	8%	2%

Title Promotions Bonus

	Title	Generation 1	Generation 2	Generation 3
Lead and Inspire	Couturier	\$1,000 USD		
	Executive Couturier	\$1,500 USD	\$600 USD	
	Master Couturier	\$2,000 USD	\$1,000 USD	\$400 USD

The Title Promotion Bonus table above shows the Master Mentor *generations* along with the amount you earn for every Master Mentor or above that falls in each *generation*. This is paid on ANY Master Mentor in your downline; regardless of level. This bonus is shown and earned in USD. It is paid in CAD using the current exchange rate at the time commissions are paid.

Glossary

Activity:

Activity is determined by calendar quarter PV for each Designer. To remain an active Designer in the Chalk Couture family, Designers must remit a minimum of 150PV quarterly (calendar quarter). Any Designer who remits less than 150PV quarterly transitions to “former” status, which results in the loss of their Team (see Compression below), Chalk Site and accrued credits, and they are no longer able to place Designer orders or Sponsor new Team members. Measurement starts 1st full calendar quarter.

Advance/Advancement:

You advance to a new title the first time you meet all qualifications for a higher title.

Advisor:

The person directly above you in your upline, regardless if they personally sponsored you or not.

Compensation Plan:

The earnings plan for all Designers that includes your personal sales commission, Designer Dollars, and monthly bonuses.

Career Title:

The highest title personally earned.

Chalk Site:

A Designer’s replicated, personalized e-commerce site. Customers (and Designers) may place orders here, generating 25% deferred commission and PV valued at 60% of USD retail price.

Coaching Bonus:

Qualifying Designers earn a % commission of the combined PV by level, based on monthly title (this includes the first three levels of your downline).

Compression:

When your Team permanently rolls up to your Advisor due to not meeting activity requirements (see Activity).

Deferred Commission/Chalk Site Orders:

Online orders placed by a Designer or customer on a Chalk Site (i.e. www.chalkcouture.com/Cora). Generates 25% commission of retail price/price paid. Paid monthly.

Designer Dollars (DD):

Product credit awarded to you when you reach certain monthly PV thresholds in your Designership. Designer Dollars are non-transferable, expire 60 days after they are issued, and can only be used one time.

Designer Office:

Available for Designers to access with a personal log in. The Designer Office includes Team reports, customer information, marketing collateral, and other Designership tools. This is where you place Designer-priced orders.

Enterprise:

A Designer and all people in their downline are considered to be part of an Enterprise.

Enterprise Volume (EV):

The combined PVs from a Designer and their entire Enterprise. It includes all downline members, regardless of title.

Generation:

The 1st generation begins with a downline Designer who has a Paid-As Title of Master Mentor (MM) or higher and then includes their entire Enterprise, down to, but not including, the next MM or higher. The next MM or higher is considered the beginning of a 2nd generation and so on.

Chalk Couture Independent Designer:

All individuals who sign a Chalk Couture Independent Designer Agreement are considered to be Designers until they either voluntarily or involuntarily terminate that agreement.

Instant Commission:

Only available on Designer-placed inventory orders from the Designer Office. Typically 40% of retail price, earned at time of customer order and payment.

Leg:

Begins with a first-level Designer and includes all Designers in their downline. You have as many legs as you have first-level Designers.

Paid-As Title:

The title a Designer is paid-as based on the Compensation Plan qualifications for any given month.

Personally Sponsored Qualified (PSQ):

A Team member that you personally Sponsored, and is considered qualified when they have at least 100PV in a month.

Personally Sponsored Volume (PSV):

The combined PV for those Designers you personally sponsored.

Personal Volume (PV):

Calculated by combining the PV from all Designer orders (Designer Office) and online orders (Chalk Site) from customers in a given month (less the PV for return orders). PV is used to calculate monthly qualification and quarterly activity, as well as to maintain title. PV is a global measurement that does not vary between markets—regardless of currency paid. For example, item "A" will have the same PV in Canada as it does in the US. PV is anchored in US pricing. PV is typically 60% of USD retail value. PV is generated equally on product orders regardless of source (whether the Designer Office or Chalk Site). Some items do not qualify for PV, such as business materials or the Starter Kit. Designer Dollars redeemed on an order reduces the amount of PV earned for that order.

Qualified:

Determined by monthly PV for each Designer and varies by the title held by that Designer. Reaching minimum qualifying PV delivers two benefits to you and your extended Team:

- You are eligible to receive Team commissions for sales made by your Team.
- You become a “qualified” Team member in your upline’s organization, helping them achieve title qualification for commissions as well—this helps keep your expanded Team healthy.

Qualified Leg:

A leg that has a Designer who meets a specific Paid-As Title requirement. Your qualified legs may be counted for lower titled leg requirements also. For example, a Couturier leg also counts as a Master Mentor leg. A qualified leg may not be counted more than once for the same requirement. For example, a leg that has two Master Mentors in it only counts as one Master Mentor leg.

Recognition Title:

The rank you hold and are recognized by, held, and renewed quarterly.

Savvy Seller Bonus:

A bonus that rewards Designers with additional Deferred Commission for reaching high personal sales levels in any given calendar month.

Sponsor:

The person who personally sponsored you as a Designer.

Sponsoring Bonus:

Designers earn a % commission based on the combined Personal Volume of those they personally Sponsor. Percentage value varies based on Paid-As Title. This is a lifetime bonus paid monthly based on qualification/activity.

Team:

A Designer and the Designers on their first three levels.

Team Volume (TV):

Personal Volume of yourself, plus the combined PV of your first three levels.

Titles:

Titles are labels used for compensation and recognition.

Upline:

Designers above you beginning with your Advisor, their Advisor, and so forth, all the way up to Chalk Couture, are all considered to be members of your upline.