

Senior Freedom Inc.

EMPLOYEE HANDBOOK

INTRODUCTION

Purpose of Manual

Our Employee Handbook is simply the personnel policies written into a usable guidebook for the management, supervisors and employees of the Company. Throughout this manual, Senior Freedom Inc., will be referred to as the "Company." This Handbook is designed to be a working guide in the day-to-day administration of the Company personnel program. It is the responsibility of each and every member of management to administer these policies in a consistent and impartial manner. Its purpose is to: 1) facilitate awareness and understanding of the Company policies and procedures, 2) assign responsibility for implementation, 3) expedite decisions and promote consistency of interpretation and application across organization lines and over a period of time, 4) eliminate the need for repetitive and time-consuming decision making on matters of a recurring nature, 5) provide a record to guide future policy and serve as a framework for revisions, and 6) minimize the possibility of unauthorized or illegal actions.

Procedures and practices in the field of personnel relations are subject to modification and further development in the light of experience. Each member of management can assist in keeping our personnel program up-to-date by notifying a Corporation Officer whenever problems are encountered or improvements can be made in the administration of our personnel policies.

Authorization

The research and writing of Company policies and procedures are coordinated by the Board of Directors. All new policies or revisions are reviewed by Management and recommendations are presented to the Executive Management. Each new or revised policy and procedure will be effective only after approval and written notification from the Executive Management. The personnel policies, practices and guidelines in this Handbook will remain in effect until changes are considered necessary at the sole discretion of the Company as a result of internal growth, competitive forces, or as a result of general economic conditions or other factors. However, any such changes to be made in any personnel policy or practice will be made only after we give due consideration to the mutual advantages, benefits, and responsibilities of such changes on the Company, you as a Supervisor and on other employees of the Company. Should such changes be warranted and approved by Management, you will be notified via the "Information page" on the web application.

Distribution

Each new employee will be given a pdf copy of this Handbook. If this handbook is updated in the future, the new copy will be emailed to each employee with instructions to delete the old handbook.

Exception Allowance

This manual should be used carefully, with consideration given to each personnel problem with regard to the particular circumstances involved. The purpose of this manual is not to supplant the use of good judgment, thus, if the application of any policy or procedure would appear to aggravate a problem, consult an officer of the Company about an exception.

Policy Change Notice

The Company reserves the right to alter, change or discontinue any policy or procedure described herein without prior notice to managers, supervisors and/or other employees. New or revised policies will be communicated to management and supervisory personnel as described in the Policy Update section.

Policy Update

New and revised policies and procedures will be issued periodically through distribution of an updated handbook along with a list of the sections updated. Please study the revised sections handbook carefully. If you have any questions concerning the intent or procedure to follow in these updates, please contact the Company for clarification. Suggestions for additions and revisions of policies and procedures are welcomed and should be directed to management.

How to Use this Handbook

The policies and procedures in this Handbook have been divided into sections according to major topics. You may refer to the table of contents located at the end of the handbook to locate a subject according to the major category it falls under or you may utilize the “Find” function (CTRL F) and simply type in the keyword of what you are looking for. If you are unable to find the answer to your question, please direct it to a manager.

ACCIDENTS AND INJURIES

The Company wants to reduce dangers to health and safety by creating and maintaining improved working conditions, free from recognized hazards that might cause serious physical injury. In accordance with the Occupational Safety and Health Act (OSHA), the company maintains a log of all occupational injuries and illnesses and asks that employees report such injuries and illnesses within 48 hours so that the company may report these occurrences within a lawful period of time to the nearest OSHA office.

Reporting Employee Injuries

1. Any employee suffering an injury or illness that is work related is responsible for immediately reporting that illness or accident – no matter how minor – to the supervisor or manager. The manager must report the accident or illness to the appropriate agency.
2. Employees failing to report a work related illness or accident or delaying such report may have their benefits adversely affected.
3. The Company policy requires that once an accident or injury has been reported, an injury report must be completed within 48 hours.

Reporting Serious Injuries

1. All occupational fatalities must be reported by telephone or fax immediately, with a written report forwarded to the appropriate OSHA agency within 24 hours.
2. All accidents resulting in one or more fatalities or resulting in the hospitalization of five or more employees must be reported, orally and in writing, to the nearest office of the Occupational Safety and Health Administration, US Department of Labor.

Customer/Non-Employee Injuries

1. The company expects all of its employees to respond immediately to any customer/vendor who has been injured on premise.
2. Employees may get help inside the building, if possible, and if necessary may call the local emergency number. Employees should always contact the manager.
3. Employees are expected to be sympathetic and offer assistance.
4. Employees are asked not to assign or admit any blame for any accident involving a customer. Employees are expected to respond without acting judgmental.

Reporting Procedures:

The company will utilize the required OSHA forms to document and log each recordable injury or illness. This information will be kept current, maintained accurately and retained for a period of five years.

BONDING REQUIREMENT

Under certain circumstances, the Company may require that you be bonded. It is your responsibility to assure that you are bondable. The Company will pay the cost of bonding. Should you fail to maintain these qualifications, you will be subject to transfer to another position, if available, or dismissal.

Memos, Policy Updates

Circulated memos are our "official" way of keeping everyone informed about new policies, changes in procedures and special events. Information of general interest is posted regularly on the online Information Page that you will be given a link to. You are encouraged to check the the information page regularly (minimum of once every week) so that you will be familiar with the information posted on it.

CIVIC DUTIES

Civic Activities

Employees required to be absent from work due to Company sponsored or Company approved participation in civic activities must have this time approved in advance by their Supervisor.

Jury Duty

Under Texas law, an employer cannot terminate a permanent employee solely because the employee is serving as a juror. An employee is entitled to the same job position he or she held before serving as a juror if the employee, as soon as possible after being released from jury service, gives the employer actual notice of his or her intent to return.

Witness Duty

Employees may be excused to testify in a court or other proceeding when required to do so by a valid subpoena that has been properly served upon them. Employees must notify their supervisor as soon as possible after they have been served with a subpoena. If the legal proceeding involves the Company, the employee and the supervisor must contact a corporate officer so that appropriate arrangements can be made by the Company's legal counsel to minimize disruption of work and inconvenience to the employee.

If the legal proceeding does not involve the Company, the supervisor may consult with A corporate officer and obtain such guidance as is deemed necessary. A copy of the subpoena should be forwarded to the Company along with the approved request for time off. In any case when the employee's absence (regardless of whether the Company is involved in the legal proceeding) will cause an undue hardship to the department or area, the supervisor should contact the Company for assistance.

Voting

Employees will be granted the necessary time off to vote. However, employees should whenever possible vote before or after work. For the purpose of this policy, the maximum time off, without pay, will be two (2) hours. Time off for voting must be requested two (2) days prior to taking time off and the employee must be able to substantiate, at the supervisor's request, that this time off is a necessary factor in enabling him or her to vote. This request should be sent to management. If time off to vote is taken during an overtime period, the employee will not be entitled to compensation for this time either at the regular or overtime rate.

COBRA

COBRA is the acronym commonly used to refer to the health care continuation coverage provisions in ERISA and the Internal Revenue Code. Proposed COBRA regulations were issued by the Internal Revenue Service (IRS) in June 1987. Final and new proposed COBRA regulations were released by the IRS in February 1999.

COBRA requires employers to offer “qualified beneficiaries” who would lose coverage under the employer’s group health plan due to certain “qualifying events” the opportunity to purchase continued coverage under the plan at a cost of up to 102% of the applicable group rate for periods up to 18 to 36 months.

The required period of COBRA coverage is extended for 18 to 29 months for individuals who are entitled to the “disability extension”. Generally, employers are permitted to charge these individuals 150% of the applicable group rate from the 19th through the 29th month of COBRA coverage.

Covered Plans

COBRA applies to all employer group health plans that provide medical, dental, vision or prescription drug coverage. COBRA applies regardless of whether the benefits are paid directly by the employer or through an insurance carrier. Benefits provided through HMO’s and cafeteria plans, including medical expense flexible spending accounts, are also subject to COBRA.

Covered Employers

Employers with 20 or more employees are covered. Part-time employees are to be counted as well as full-time employees whether or not they are participants. Self-employed individuals, individual contractors and directors are no longer counted.

Qualifying Events

A “qualifying event” under COBRA is any one of the following events that results in loss of coverage of an employee, former employee, spouse or dependent child under a group health plan subject to COBRA:

The voluntary or involuntary termination of the employee’s employment for any reason other than “gross misconduct,” including retirement.

The reduction of the employee’s working hours because of, for example, a change to part-time status, being laid off or even striking.

The employee’s death.

The employee becoming entitled to Medicare.

Divorce or legal separation of the employee and spouse.

Loss of dependent-child status under the plan, such as due to age, marriage or completion of school.

Loss of coverage by a retiree within one year before or after the employer files for bankruptcy (for filings made on or after July 1, 1986).

Qualified Beneficiaries

Individuals are eligible for COBRA rights only if they were actually covered under the plan on the day before the qualifying event. These individuals are called qualified beneficiaries. Once a qualifying event occurs, the plan administrator must identify the individuals eligible for COBRA rights. The only individuals potentially eligible for COBRA rights are the plan participant; and only if they are covered by the plan. Generally, no other family members of the plan participant are eligible for COBRA rights,

even if they are covered dependents under the plan, although the plan could be amended to grant them the same rights as COBRA gives the spouse and dependent children.

A “covered employee” will include any individual who performs services and is (or was) covered under the plan, even if this individual is not an employee.

Regardless of when the qualifying event occurred, the term “qualified beneficiary” includes a child born to, adopted by or placed for adoption with a covered employee during the period of COBRA continuation coverage. Thus, an employee with COBRA continuation coverage may elect to change his or her coverage from individual to family coverage by adding such a newborn or adopted child to the employee’s coverage.

Electing COBRA Coverage

A qualified beneficiary may elect continued coverage only during the prescribed election period. The election period must begin on the date the qualified beneficiary would lose coverage, because the qualifying event or when notice of COBRA continuation rights is sent, whichever is later. The election period must run for 60 days. A plan may not require the payment of any premium before the day that is 45 days after the date the qualified beneficiary elects continuation coverage.

CODE OF BUSINESS CONDUCT/CONFLICT OF INTEREST

Conflict of Interest

The highest standard of business ethics requires that every employee conduct himself and his/her affairs in a manner that will avoid any conflict with the Company’s interests. Any questions pertaining to a conflict of interest should immediately be reported to the President or Vice President level within the Company. In order to avoid the incidence of a conflict of interest, the Company has adopted the following policy:

1. No employee is permitted to work in any capacity for a competitor during his/her employment with the Company. Violation of this provision will result in immediate termination of employment.
2. Executives, other management or supervisory personnel, and members of their immediate families should not have any financial interest, direct or indirect, in any of the Company’s suppliers.

“Supplier” means anyone supplying goods, supplies, equipment or services to the Company. However, the ownership of a small minority stock interest in a publicly owned company whose shares are traded through normal markets is not considered a conflict of interest. A conflict of interest is not considered to exist when bids have been taken and a supplier can save the Company money, even if executives, management or supervisory personnel, or members of their immediate families have any direct or indirect financial interest with said supplier.

3. Executives, other management or supervisory personnel, and members of their immediate families, should not request or accept gifts, discounts, or other gratuities of any nature from the Company’s suppliers or customers. Because there is a wide range of activities performed by various members of the organization, it is difficult to list every act that may be considered a conflict of interest. It is considered that there is a conflict of interest only when favors, gifts, etc. become more than the nominal and casual within the framework of the individual’s business activities. Invitations to lunch, dinner, or other such minor favors are not considered as giving rise to any conflict of interest.

4. Should the Company become involved in any negotiations in which executives, key or supervisory personnel, or members of their immediate families have any interest (other than a minority stock ownership of public companies acquired prior to the time such negotiations were instituted), the extent of such interest should immediately be disclosed to the Company’s President or Vice President.

5. Employees are prohibited from disclosing confidential company information to outsiders or from removing confidential information from Company premises.
6. Books, records, and financial reports must be kept accurately, honestly and completely.
7. Full and prompt disclosure of all materially important business events and developments is required.
8. Strict compliance with all federal and state laws governing our business operations is required, such as:
 - collection of state sales taxes;
 - reporting large currency payments by customers;
 - forbidding discrimination or harassment in our daily work practices with customers and coworkers alike.

Confidential Information

Employees are exposed to a great deal of confidential information about the Company. This information includes such things as financial information regarding the Company's operations, prices of materials and supplies, procedures for determining the price of goods sold, and prices of goods sold. Confidential information should only be discussed with other employees as necessary to the processing of daily business. At no time, either during or after an employee's employment, should an employee disclose any confidential information about the Company to any person, corporation, or business entity except when authorized by the Company's President.

ANY POLITICAL CONTRIBUTION OR EXPENDITURE BY ANY BUSINESS UNIT OR THE REIMBURSEMENT TO AN EMPLOYEE FOR ANY CONTRIBUTION OR EXPENDITURE IS AGAINST COMPANY POLICY.

The complex law relating to corporate contributions and the unfavorable inferences frequently arising from corporate political activity, it is against the Company's policy (a) for any business unit to make any political contribution or expenditure of any nature; except for solicitation of voluntary contributions from employees to company sponsored political action committees, (b) to encourage individual employees to make any such contributions or expenditures; or (c) to reimburse an employee for any contribution or expenditure. This prohibition also applies to payments made to trade associations or their political action committees where these payments will be directly or indirectly used for political purposes, including both campaign contributions and lobbying expenses, except as qualified below.

Contributions and expenditures are not limited to cash contributions to candidates or committees. They also include such things as purchase of tickets to political dinners; advertisements on behalf of candidates; donating of corporate property, services or personnel; and expenditures to the media intended to affect individual decisions.

The only permissible exception to the Company's prohibition against political contributions shall be in connection with (a) "non-partisan" bond or other referendum issues or (b) supporting legitimate lobbying efforts by trade associations of which the Company is a member. However, even in these areas, no expenditure may be made without first counseling with and securing the approval of the President.

Gifts and Entertainment

It is the policy of the Company not to make any gift, other than a nominal holiday remembrance, or provide entertainment except routine lunches or dinners occurring during the conduct of regular business, to any government employee, except as provided in this section. Gifts given to non-government employees are restricted to a value of \$250.00 per year; where entertainment is involved, lavish expenditures are to be avoided.

It is the Company's policy to follow ethical standards of behavior in its dealing with clients and prospects, both government and private, with suppliers, and with all other persons.

(A) Government Employees

(1) Gifts: Federal law prohibits the offer, promise, or gift of anything of value to an employee, agent, or official of the federal government if made with an intent to influence such individual within his area of responsibility. A number of state and lesser government bodies, as well as foreign governments, have similar statutes or regulations. Since there is no way clearly to establish that a particular gift was given with no intent to influence, in order to avoid any appearance of impropriety as well as any questions under the statutes and regulations, the Company has adopted a policy of discouraging gifts to government employees, agents or officials. If, however, a gift is still considered appropriate, the following policies must be adhered to:

No offer, promise or gift of anything other than a nominal holiday remembrance may be made to any employee, agent or official of the federal government.

As in the case of federal employees, no offer, promise or gift of anything other than a nominal holiday remembrance may be made to any employee, agent or official of a domestic state or local government performing traditional governmental functions. "Traditional governmental" functions include regulatory activities, tax collection, law enforcement and similar functions.

COMPANY POLICY FOR DRUGS, ALCOHOL, AND OTHER PROHIBITED SUBSTANCES

Purpose

The Company supports the Drug Free Workplace Act. Recognizing that a drug free workplace is a safer and more productive place for our employees to work, the Company has adopted a Substance Abuse Prevention Policy (the Policy) that applies to all company employees. Compliance with this Policy is a condition of continued employment with the Company. Your continued employment with the Company shall evidence your agreement to comply with the terms and provisions of this Policy.

Drug/Alcohol Test

Individuals requested by management to submit to a drug or alcohol test (to include pre-employment tests) must follow the Company policy. In the event the employee does not feel that their Manager is acting in a fair and impartial manner, they are encouraged to notify a corporate officer immediately.

Otherwise, employees failing to comply with this policy or an authorized request to submit to a drug test will be eligible for disciplinary action up to and including termination of employment.

Prohibited Articles

The Company prohibits the use, possession, sale, distribution or transportation on its premises, facilities or work places any of the following:

1. Unauthorized alcoholic beverages, illegal or illicit drugs, including marijuana, mood or mind altering substances, "look-alike" substances, designer drugs, and certain inhalants of abuse.
2. Equipment and paraphernalia related to illegal drug or substance use.

Employees and others covered by this policy, may maintain on Company premises prescription drugs and inhalants, and "over the counter" medications provided:

1. The prescription drugs are prescribed by an authorized medical practitioner for current use (within the past twelve months) of the person in possession.
2. The drugs, both prescription and over-the-counter, are limited to one day's supply, or must be kept in the original container.

3. When appropriate, the Company may determine, by consulting a medical doctor, if the drug or inhalant produces hazardous effects that may impair an employee's ability to work safely. The Company may check with prescribing physicians to see if other medications are available which would not impair the employee's ability to work safely.

Policy Enforcement

Because of the importance of this policy, the Company will take steps to insure that it is being followed:

1. If an employee is suspected of using or being under the influence of unauthorized drugs or alcohol during Company hours, the direct supervisor of the employee may request an immediate drug test by urine and/or blood for that employee. The request will be forwarded for approval to the Department Supervisor or management.
2. Employees who are involved in an on-the-job accident that requires medical treatment or that involves damage to property will be required to submit to a drug test or when required a blood alcohol test.

Cooperation with the Company

All employees, as a condition of continued employment, have an obligation to cooperate with any Company investigation of drug or alcohol abuse in the work place. Failure to cooperate in any such investigation will result in disciplinary action up to and including suspension and/or termination.

Procedures for Supervisor to follow for Employees who are suspected of Drug Use

There may be instances when supervisors suspect that an employee has consumed drugs and/or alcohol on company premises or reported to work under the influence. If a supervisor has reason to consider requiring a drug or alcohol screen, the following process must be used to validate the reasons for considering testing:

Escort the employee personally to a manager's office or other private area. Have another Manager or corporate officer present as a witness, if at all possible.

Confront the employee with reasons for suspecting drug and/or alcohol policy violations. Based on the supervisor's review of the employee's actions and conversations with the employee, determine whether or not suspicion are confirmed that the employee has either consumed drugs or alcohol on employer premises or reported for work under the influence of either.

If, after discussing the matter, the conclusion is reached that the employee does not appear to be under the influence of alcohol or drugs, including controlled substances and prescription drugs, and the employee is able to perform regular work duties, have him or her return to the work unit and resume work.

If it appears the employee is under the influence of or has consumed drugs and/or alcohol on the employer's premises or during work duty, report this to the General Manager or a corporate officer. Upon arrival, advise the employee that work rules may have been violated and that he or she is being requested to provide urine or blood samples for testing. Personally drive or have someone drive the employee (with the other manager still present) to an approved drug testing site.

Require the employee to read and sign a consent form, available at the testing location, agreeing to the urinalysis or blood test. Advise the employee that refusal to sign the form or give a specimen will be treated as a refusal to obey a directive, and will constitute grounds for termination. Once the specimen is taken and initialed by the employee, suspend him or her pending test results and a review of the circumstances.

If the employee appears impaired, make arrangements to have the employee taken home. **DO NOT PERMIT HIM OR HER TO LEAVE THE PREMISES OR TO DRIVE ALONE. IF THE EMPLOYEE REFUSES ANY ASSISTANCE, MAKE SURE THE WITNESSING MANAGER CAN VERIFY THAT THE EMPLOYEE REFUSED SUCH ASSISTANCE – THEN CALL THE LOCAL POLICE!**

After any drug test which is based on reasonable suspicion, the supervisor should complete a Drug Abuse Investigation Report and comply with the requirements of the Company Drug and Alcohol Abuse Policy.

Penalties for Violating Policy

Voluntary Admission of Drugs or Alcohol Dependency

1st Offense. A mandatory leave of absence will be taken by the affected employee so that participation in an acceptable program at the expense of the employee may be accomplished. Random testing will be performed at the sole discretion of the Company. Failure to participate/complete an accepted program will result in termination of employment as permitted by applicable state and federal law. As a matter of policy, it is the responsibility of the affected employee to seek out educational and/or addiction treatment programs.

2nd Offense. Termination

Detection of Illegal Drug Use by Testing or Under the Influence of Alcohol by Testing

1st Offense. Participation in a Company approved program. Random testing will be performed at the sole discretion of the Company. Failure to participate/complete an approved program will result in termination of employment.

2nd Offense. Termination

Possession of Illegal Drugs or Alcohol on or in Company Property

1st Offense. Termination

Present at Work or on/in Company Property Under the influence of Alcohol
Drinking Alcohol on or in Company Property, Unless Company-Sponsored Event

1st Offense. Termination

Using Illegal Drugs on or in Company Property

1st Offense. Termination

COMPANY GENERAL POLICIES

Nature of Employment

All employees are hired at-will with the company. Employment with the Company is voluntarily entered into, and the employee is free to resign at any time with or without cause. Similarly, the Company may terminate the employment relationship at any time, with or without cause or with or without notice.

Outside Employment

When an employee takes on the responsibility of an outside job, the employee's efficiency, safety, health and attendance at the Company may be affected. The Company does not prohibit outside employment unless, in the sole judgment of the Company, it interferes with the employee's job performance and/or work schedule. Should this be the case, the employee will be asked and expected to end or reduce his/her outside work hours as a condition of continued employment with the Company. The Company does prohibit outside employment with a competitor of the Company, regardless of the affect it may have on your current working abilities.

Quality Commitment

The success and growth of the Company has been directly related to the hard work of its employees and the ability to control the quality of its products and/or services. The Company has instituted a program of quality control that helps to insure that our products and/or services meet the standards that are needed. This dedication to a quality is the only way we can make sure that our customers continue to use our products and/or services time after time. Quality is everyone's responsibility and requires effort from all.

Employee Break Rooms and Restrooms

All restrooms and break rooms will be kept in sanitary conditions at all times. We will appreciate employees maintaining cleanliness in these areas for their own benefit as well that of their fellow employees. All waste paper and garbage should be placed in receptacles provided for this purpose. These facilities are available for employees use, but no loitering will be permitted during non-working hours. Any employee who willfully causes unsanitary conditions in any of these areas will be subject to appropriate disciplinary action.

Use of Telephones

In an effort to be fair with all personnel, employees on duty should not use Company telephones for private business or personal conversations except in cases of emergency.

Employee Messages

The Company will make a reasonable effort, but will not be responsible for any failure to deliver telephone or other messages to employees or to notify employees concerning such messages.

Time Records

In compliance with the Fair Labor Standards Act (FLSA), the company keeps records of time worked for all hourly employees. Each hourly employee is required to use the time card system at the start and finish of each workday and for meal periods. No work shall be performed before punching in for work or after punching out. It is the responsibility of each employee to punch his or her own time record card, and it should be noted that punching another employee's time card is justification for automatic dismissal. Should any employee fail to punch in or out, the time must be written in and initialed by both the employee and the supervisor within twenty-four (24) hours of the occurrence.

Personal Property

The Company assumes no responsibility for employees' personal belongings on Company Property.

Company Property and the Return of Company Property

It is the responsibility of all employees to take proper care of all Company property including Company vehicles, buildings, furnishings, equipment, tools and supplies. All Company property must remain on the premises at all times unless approved in advance by management. In accordance with this policy, proper care and maintenance of Company vehicles is required also. The following applies to the usage of any Company vehicle: (1) all doors must be locked when the vehicle is unattended, (2) no unauthorized passengers, (3) no unauthorized merchandise, (4) no unauthorized stops. Employees must return all property of the employer that is in their possession or control in the event of termination of employment, resignation, or layoff, or immediately upon request.

Children in the Work Place

The Company prohibits employees from bringing children to the work place. If the Company chooses to participate in an exception to the policy ("Bring your daughter/son to work day.") the management will give employees advance notice.

Relationship between Employees

Employees are encouraged to exercise common politeness and courtesy in all their relationships with each other as well as with supervisory personnel. A cooperative spirit among co-workers will help everyone to perform his/her job duties in a proper, efficient and workmanlike manner. No employee is permitted to curse, insult or defame in any manner another employee at any time in or about the property of the Company. Any fighting on or about Company property is prohibited and will result in immediate termination. It is part of all employee's duties to work as a team member, failure to do so will lead to disciplinary action.

Inclement Weather

Due to the sometimes unpredictable nature of the weather in our geographic location, it may be necessary, under certain conditions, to suspend operations for safety reasons. Should inclement weather arise and the determination be made to suspend operations for a period of time, employees will receive as much advance notice as possible concerning when operations will cease and when employees will resume work. Those determinations will be made at the sole discretion of the Company.

Communication during times of inclement weather is necessary; therefore, should questions arise during such time, employees are to call supervisors for instructions.

Customer and Company Vehicles

At no time will employees smoke inside a customer car or a company car. In addition, employees are not permitted to take a customer car home in the evening or over the weekends. Failure to comply with this policy will lead to disciplinary action up to and including termination of employment.

COMPUTERS, ELECTRONIC EQUIPMENT, VOICE MAIL

The Company prohibits employees from using the Company's equipment and communications systems for personal use. Employees will not use such equipment to create material intended for personal or other non-business-related purposes.

Playing computer games at any time is prohibited, whether on or off duty. Employees will not bring discs, CD's, tapes, or any other electronic data storage device from outside into the workplace.

Employees will not remove from the workplace discs, CD's, tapes, or any other electronic data storage device or other equipment or property belonging to the Employer. Any deviation from this policy requires authorization of a supervisor or member of management.

Online (Internet and World Wide Web) access is limited to employees who have a business-related need. An employee will not operate another employee's computer, unless authorized to do so by a supervisor for work-related reasons.

Employees who are authorized to work with confidential information on the Company's computers will keep such information confidential. Other employees will not access such information, and if inadvertently they gain access to confidential information, they will immediately exit from the document or program and will keep such information confidential.

Monitoring of Employee Use of Employer Equipment

When using the Company's computers and other electronic equipment, employees have no right to privacy and will not expect privacy. The Company reserves the right to monitor its equipment at any time, with or without warning.

The Company reserves the right to inspect and monitor any incoming and outgoing correspondence received or sent by an employee to or from the Company's premises, or received or sent using the Company's equipment, or that is received or sent via a messenger or service that is paid for or subsidized by the Company. This right extends to all internal and external mail, voice mail, messages, electronic correspondence, electronic bulletin board accounts, national electronic messaging service accounts and any other correspondence service that is paid for or subsidized by the Company.

CONCEALED WEAPONS

For the safety of our employees and customers, the Company prohibits the illegal possession of any and all weapons on Company property or while conducting Company business. The following rules apply to all Company employees:

1. Employees may not carry or possess weapons of any kind on Company property unless they are licensed to do so. Company property includes working areas, common areas, outside areas, break rooms, locker rooms, or rest rooms.
2. Employees may not illegally carry or possess weapons of any kind while conducting Company business outside of Company property. The legal possession of weapons outside of company property will not be restricted.
3. Employees who are aware of an illegally possessed weapon on the premises should notify a Manager immediately.
4. If a manager suspects an employee of illegally carrying a weapon, the employee may be requested to submit to a voluntary, private, minimally intrusive search. If an employee produces a valid concealed carry permit issued by the state of Texas, no search will be warranted.
5. Violation of this policy will result in discipline up to and including dismissal.

CREDIT INVESTIGATION

Following the requirements imposed by the Federal-Truth-In-Lending and the Fair Credit Reporting Acts, the Company may require a pre-employment or post-employment credit check on applicants and employees who are offered and who accept an offer of employment. Your employment with us may be conditioned upon our approval of the information in the credit check. The Company reserves the right to conduct such credit checks at any time before or after you have been employed in the manner prescribed by law. Remember, you have certain legal rights to discover and to dispute or explain any information prepared by the credit checking company.

CUSTOMER RELATIONS

The success of the Company, and consequently your job security, depends upon the quality of the relationship between the Company, our employees, our customers, our suppliers and the general public. Our customers' impression of the Company and their interest and willingness to select our services is greatly influenced by the people who serve them. In a sense, regardless of your position, you are the Company's ambassador. The more goodwill you promote, the more our customers will respect and appreciate you and the services we provide.

Several things help give customers a good impression:

Competence and courtesy openly shown by each employee toward our customers and toward fellow employees.

Pleasantly and respectfully communicating with customers and other employees at all times.

Promptly following up on orders and questions, making businesslike replies to inquiries and requests, and the orderly performance of all duties.

Enjoying doing your very best and taking great pride in your work.

These are the building blocks for our continued success and continued job opportunities for all of us. Thank you for your support.

CUSTOMER VIOLENCE

In the event an employee feels that a customer may become violent, or in those most serious situations in which the customer has made threats of violence or has become violent, the Employee should immediately terminate the meeting.

If the meeting is face-to-face with the Customer and for any reason the Employee is unable to successfully terminate the meeting, the Employee should call **911** to dispatch emergency services immediately.

In the event it is a telephone meeting, simply terminate the conversation and notify the Company immediately.

In all cases, the meeting and the circumstances should be reported to the HR Department and the Legal Department in writing as soon as is practical (i.e., the meeting has been terminated and the immediate potential danger has passed).

At no time should an employee work in an environment that has become, or has the potential to become, violent.

DEDUCTION FROM PAY

Allowable Deductions From Pay

The Company will only deduct from the paycheck that which is allowable under state and federal law. Furthermore, the Company will only deduct from the employee's paycheck, those items in which the employee has requested or authorized in writing to deduct on a Payroll Deduction Authorization form. However, the following items may be deducted from pay as long as the resulting wage does not fall below the FLSA minimum:

Shortages: The Company has a limited right to recover cash shortages from employees responsible for handling cash; however, this should be covered by a written agreement between the Company and employee. The deduction may not reduce wages below the minimum wage level.

Damages: The Company may deduct for damages to Company property caused by employees.

Personal use of company car: The Company may deduct these costs, but only if the Company does not benefit from such use.

Overpaid Commissions/Bonuses: The Company may deduct overpaid commissions and/or bonuses with written authorization from the employee or any other dollars the employee owes the Company and has authorized the Company to withhold.

Non-Reimbursed Expenses Paid on Behalf of Employees: The Company may deduct from commissions, expenses paid in the course of conducting the employees business that are not recovered from the closing or lack of closing a loan. These include borrower credit reports, flood certs, appraisal fees, or any other expense incurred by the company in an attempt to close a loan originated by the employee.

Deductions Required by Law

The following deductions are required by law and are withheld from every paycheck:

Social Security/Medicare Taxes. These taxes fund the federal government's old-age, survivors, and disability benefits program (OASDI) and its health insurance program (HI) or Medicare. The amount of OASDI tax withheld is shown on the employee's paycheck stub under the heading "Social Security," and the amount of Medicare tax withheld is shown on the paycheck stub under the heading "MEDICARE." The amounts withheld are based upon a tax rate set by law and are applied up to a certain specified amount of annual earnings. There is no exemption from FICA tax. The Company is liable for an amount equal to the amount of tax paid by the employee at the time the wages are paid.

Federal Withholding Income Tax. Federal Income tax will be withheld from each employee's paycheck. The amount is shown on the paycheck stub under the heading "Federal Withholding." The Internal Revenue Service requires that deductions be made based on the employee's gross earnings in accordance with established withholding tax tables in effect at the time of withholding. The

classification used to determine the amount of tax withheld is taken from the Employee's Withholding Allowance Certificate (Form W-4). The withheld tax is forwarded to the Internal Revenue Service and the employee is given credit toward payment of their individual income tax.

Voluntary Assignment of Wages

If an employee requests to make deductions and pay them to a third party, the Company may do so. In such cases, the following applies:

The payment must be made to a third party.

The Company may not receive any benefit from the transaction and the assignment may not be made to evade the law.

Examples of voluntary assignments that have been held acceptable include; insurance premiums, and voluntary employee contributions to the Company's 401(k) plan.

Involuntary Assignment of Wages

An involuntary assignment of wages – also called a garnishment – requires an employer to deduct certain amounts from an employee's wages in order to repay the employee's debts such as child support and court ordered wage garnishments. Employers are notified of garnishments through official court papers.

DISCIPLINE AND PROBLEM-SOLVING PROCEDURES

The Company retains the exclusive right to discipline or terminate an employee for any reason. It is the goal of the Company to treat each employee fairly and equitably regarding problem solving and discipline issues. Unacceptable behavior that does not lead to immediate dismissal may be dealt with in the following manner:

Supervisor issues verbal warning - must be documented on "Warning Report" form and a copy forwarded to the Company for Record Keeping.

Supervisor issues first written warning - also documented on "Warning Report" form and a copy forwarded to the Company for Record Keeping.

Supervisor Suspends the Employee - Supervisor suspends the employee and will set an appropriate probationary period. Also documented on "Warning Report" form and a copy forwarded to the Company for Record Keeping.

Termination - documentation should be sent to the Company on all terminations.

The "Employee Warning Report" will include the reasons for the Supervisor's dissatisfaction and any supporting evidence. A corrective action should be noted which directs the employee in the manner to remedy the problem. The employee may detail any comments on the bottom and reverse side of the "Employee Warning Report."

An involuntary termination decision by a supervisor must receive a review by the next higher level of management prior to implementation. This procedure is intended to review the warning process and documentation prior to the employee's dismissal.

In order to provide for prompt and efficient evaluation of, and response to, grievance or problems perceived by an employee, the Company has established the following procedure for review of the issue. The grievance/problem solving procedure provides a review of problems at increasing levels of responsibility. An employee who has a problem or a complaint should go to his/her immediate supervisor for a solution. Usually, matters are handled best when they are discussed frankly and promptly with the immediate supervisor since he/she is most familiar with the employee's job and is the most logical person to help.

If the employee finds the proposed solution to be unsatisfactory after discussion with his or her immediate supervisor, or if discussion with the immediate supervisor is considered impractical under the circumstances, the employee can discuss the problem with the next higher level of management. If

satisfaction is still not obtained, the employee should put the problem or grievance in writing and forward the documentation promptly to the Company. The Company will coordinate the review of the issue by additional members of management so as to reach a final decision. An employee who violates, or circumvents the procedure may be subject to disciplinary action.

The sole purpose of the problem solving and disciplinary policy is to create an opportunity, in progressive stages, to correct any employee problem-related issue before it may result in termination.

DRESS AND GROOMING

Each employee is hired into a position of trust and confidence and is responsible for contributing to the image of the Company by maintaining a high standard of personal appearance and hygiene. Quality service, positive attitude, good customer relations and a professional appearance are key factors in creating and maintaining a favorable image for the Company.

All employees are expected to maintain the manner of dress and grooming that is considered as professional within their chosen work environment. Employee's hair should be kept clean, trimmed, brushed and well combed so that it looks neat at all times. Employees should wear clothes that are clean, neat, and attractively coordinated and proper for the work environment. Clothes should always be freshly pressed. We allow casual professional but no shorts, no miniskirts (no more than 4" above the knee), no high splits in the skirts, no plunging necklines or backlines (4" below the neck in front or back) no flip-flops, no baggy low hanging pants, no chains hanging from the pants, and no t-shirts that have dangerous, controversial, threatening, or gang related materials printed on them.

Employees who call on or meet with clients must adhere to casual business attire at a minimum.

Personal hygiene is extremely important. Employees must practice good personal hygiene while at work and are expected to wear clean clothes.

DRIVER'S LICENSE, DRIVING RECORD, INSURANCE

Employees whose work requires operation of a motor vehicle must present and maintain a valid Texas driver's license and a driving record acceptable to our insurer. You understand that you will be asked to submit a copy of your driving record and your insurance card to the Company from time to time. Any changes in your driving record must be reported to the Company immediately. Failure to do so may result in disciplinary action, including dismissal. If you become uninsurable for any reason, you will be dismissed unless you can be transferred to another available position within the company for which you are qualified.

EMPLOYEE THEFT

The Company values the integrity and honesty of all its employees. However, the company is very concerned about internal theft.

While the Company understands how difficult it is to accuse others of wrongdoing, the fact remains that certain policies and procedures dealing with the reporting of employee theft must be in place.

These policies are intended to give everyone information, tools and techniques to help them handle some of the most typical situations when they occur.

Reporting Internal Theft

1. The Company requires that the manager be informed.
2. Be prepared to respond to specific questions, such as when the incident was observed, who was involved, and a description of what occurred. You are expected to share any and all information requested.

Internal Investigation Procedures

1. A written report should be completed by appropriate personnel.
2. This report should cover all information relating to the who, what, when, where and why of the reported internal theft.
3. If time is a critical factor, the report can be made first by phone and then in writing.
4. Thorough questioning and/or investigation should be conducted by the manager and/or proper authorities.

Disciplinary Action.

1. Any employee found to be involved, either directly or indirectly, with the theft, pilferage or unauthorized removal of company property and/or merchandise, or another employee's property, from the premises shall be terminated.
2. Restitution will be required and prosecution resorted to when justified.
3. Facts surrounding the termination will be included in the employee's permanent record.

Confidentiality

All information regarding investigations and results will be kept strictly confidential and on a need-to-know basis. References or other inquiries concerning employees involved in or terminated for theft will be referred directly to the Company. At no time will managers or employees outside of the Company discuss the circumstances surrounding the termination of or disciplinary action of an employee involved in theft.

EMPLOYMENT AND BACKGROUND VERIFICATIONS

Employment Verifications

The Company reserves the right to conduct employment and background verifications on applicants for employment, if necessary, to verify levels of experience and professional expertise required for the position vacancy. The hiring supervisor should obtain employment references.

The employment and background verifications may be obtained prior to extending an offer of employment to the applicant. However, information obtained should be treated as personal and confidential and may be reviewed only by authorized persons on a "need-to-know" basis. The offer of employment is conditional pending the satisfactory results of the employment and background verifications.

NOTE: In the event any Supervisor receives an incoming request for references on background verifications, no information should be given, and the request should be referred immediately to the Company.

Applicant Screening Generally

Federal law requires employers to conduct the applicant screening and hiring process in a nondiscriminatory manner. Pre-employment inquiries (on application forms, by telephone, in interviews) can be attacked if they screen out women, minorities, or other persons in a protected class. As a result, the Equal Employment Opportunity Commission (EEOC) cautions that inquiries concerning an applicant's race, color, religion, age, disability, or national origin, either directly or indirectly, may be regarded as evidence of discrimination.

Exceptions. Pre-employment inquiries are permissible if required by local, state, or federal law. Also excepted are those infrequent instances where religion and national origin are bona fide occupational qualifications (BFOQs), or where the employer can prove that the inquiry is justified by business necessity that is job-related.

EMPLOYMENT STATUS

Throughout the policy manual there are various terms used relating to employment status. They are defined, for purposes of this policy manual only, as follows:

Trial Employee

Those employees that have not satisfied the initial trial period for full-time employment.

Full-Time Employees

Employees who are in the personnel records of the Company as full-time and who are regularly assigned to work a scheduled, customary number of hours each week, normally not less than 40 hours, and who may be required to achieve a certain level of performance in the case of outside marketing employees.

Part-Time Employees

Those employees who are listed in the personnel records of the Company as part-time employees and who are assigned to work less than 30 hours.

Temporary Employees

Those employees whose service with the Company is intended to be of limited duration. A temporary employee is hired into a job established for a specified period of time or for the duration of a specific project or group of assignments and listed in the personnel records as a temporary employee (as opposed to a full-time or part-time employee).

Probation

Full-time and part-time non-exempt salaried and hourly employees shall, immediately following their date of employment, serve a sixty (60) day probationary period designed to provide them the opportunity to demonstrate the appropriate ability, effort, skill, attitude, and attendance. (See policy on Trial Period for further details).

EXEMPT/NON-EXEMPT

The Fair Labor Standards Act requires that all jobs be reviewed to determine their exempt/non-exempt status. Therefore, the Company will routinely review all the positions in the Company to determine such position's current exempt or non-exempt status. In the case where there is a position in question, the Supervisor will be requested to complete a form, provided by the Company, to determine the position's exempt or non-exempt status.

All the positions in the Company have been reviewed and assigned a FLSA (exempt or non-exempt) status that is maintained on a master record by the Company. Upon request, the Supervisor may obtain this information from the Company.

Non-Exempt

All employees in positions that are classified as non-exempt will be required to maintain a time card or record and will be eligible for overtime pay in accordance with the Wage and Hour laws and as outlined in our Overtime Policy.

Exempt

All employees in positions that are classified as exempt will not be required to maintain a time card or record and will not be eligible for overtime pay.

Law

The Fair Labor Standards Act requires the company to maintain an accurate accounting of hours worked and to pay 1-1/2 times the regular hourly rate of pay to every non-exempt employee who works more than 40 hours in one week. The law permits exemption of all professional, administrative and executive positions, as defined in the statutes, from compliance with the act. The following sections indicate the requirements for qualification.

Executive. To qualify for exemption as an "executive," the employee must have bona fide executive powers. The regulations require that the employee must meet all of the following conditions:

1. As a primary duty, supervise the enterprise or a customarily recognized department or subdivision of it; and
2. Customarily and regularly direct the work of two or more employees; and
3. Have the authority to hire and fire or, his/her suggestions on hiring and firing or promotions and the like carry weight; and
4. Customarily and regularly exercise discretionary powers; and
5. Spend no more than 20% of his/her own hours worked during the workweek (except for emergencies) performing work that is not directly and closely connected with his exempt executive duties.
6. Compensation is at least \$155 per week (\$8,060 annually).

The above requirements must be met before we can consider the employee exempt, or he/she must earn at least \$250 a week (\$13,000 annually) and meet requirements #1 and #2.

Administrative. To qualify for exemption as an "administrative" employee, the employee must be employed in a bona fide administrative capacity, and meet all the following conditions:

1. Has a primary duty, office or non-manual work directly related to management policies or general business operations of his/her employer or his/her employer's customers; and
2. Customarily and regularly uses discretion and independent judgment; and
3. Regularly and directly assists the owner or bona fide executive or administrative employee or performs under only general supervision work, specialist or technical, requiring special experience or knowledge; or execute special assignments and tasks under only general supervision; and
4. Spends not more than 20% of the actual hours he/she works during the week doing work that is not directly and closely related to his/her exempt administrative duties.
5. Salary is at least \$155 per week (\$8,060 annually).

The above requirements must be met before we can consider the employee exempt, or he/she must earn at least \$250 a week (\$13,000 annually) and meet requirements #1 and #2.

Professional. To qualify for exemption as a "professional" employee, the employee must be employed in a bona fide professional capacity, and meet all the following conditions:

1. Employee has, as a primary duty, work that: (a) requires knowledge of an advanced type in a field of science or learning customarily acquired by a long course of specialized study; or (b) is original and creative in character in a recognized artistic field, and the results of which depend primarily on the invention, imagination or talent of the employee; and
2. Performs work that (a) requires the constant exercise of discretion and judgment, and (b) is intellectual and varied (as opposed to routine), the result of which cannot be standardized

according to time taken; and

3. Spends no more than 20% of his/her own hours worked during the workweek performing work that is not an essential part and necessarily incident to his/her professional duties.

4. Compensation is at least \$170 per week (\$8,840 annually).

Licensed and practicing law or medicine (includes doctors with a degree engaged in an intern or resident program, and teachers engaged and employed as a teacher). (No salary minimum).

The above requirements must be met before we can consider the employee exempt, or he/she must earn at least \$250 a week (\$13,000 annually) and meet requirements #1 and #2.

Outside Sales. To qualify for exemption as an "outside sales" employee, the employee must meet all the following conditions:

Must be customarily and regularly engaged away from the Company's place of business in making sales or obtaining orders or contracts for services or use of facilities for which the client or customer will pay; and Must spend no more than 20% of the weekly hours worked by the Company's non-exempt workers in performing non-exempt work. There is no salary minimum for outside sales persons.

Overtime

The company compensates employees for overtime in accordance with the Fair Labor Standards Act. The company makes every effort to carefully plan required overtime with due regard for its impact on employees, yet keeping in mind the service needs of its clients. However, it is the responsibility of all employees to be available to work a reasonable amount of overtime. Refusal to work could be justifiable basis for termination. However, the Supervisor, at his/her discretion, can excuse an employee from working overtime if in his/her opinion the circumstances are justifiable. These should be limited and should be based only on the most pressing personal needs of the employee. Overtime should not be worked unless specifically authorized by the employee's supervisor.

Overtime Pay

Full-time, part-time and temporary non-exempt employees will be compensated at an hourly rate equal to one and one-half times their base hourly rate for all hours worked in excess of 40 hours in a normal work week (subject to all provisions under this policy).

For the purpose of calculating overtime pay in a work week in which a sick pay, vacation day or any other paid absence occurs (other than holiday), the work week will be adjusted to reflect only the actual hours the employee was available to work. For actual hours worked over the "Adjusted Work Week," up to 40 hours, the employee will be compensated at a straight time rate. For all hours actually worked in excess of 40 hours, the employee will be compensated at an hourly rate equal to one and one-half times their base hourly rate. In other words, paid vacation hours, paid sick hours, and/or any other paid absence (other than holiday), will not be counted as hours worked in computing weekly overtime.

Exempt employees are not eligible for overtime compensation.

EMERGENCY RESPONSE

The Company recognizes that from time to time there may be unplanned events that may require employees to take immediate action, solve problems, answer questions and otherwise do whatever is necessary to maintain the integrity of the company and/or Company operations.

This policy defines the various types of incidents that may occur such as fire, flood, storms, hurricanes, tornadoes, earthquakes, snow or bomb threats and to what extent each employee is empowered to take action.

Company Closings:

1. Your manager must be notified.

2. Please find out as much as possible about the problem, call your manager and let them make the decision.

3. Snow and/or ice is a common concern for Company operations during winter months. To assist in the determination of whether to close operations, please find out the following:

Is the airport closed or closing?

How much snow or ice is predicted?

When will it stop?

Is the safety of the employees at risk?

4. Closing down operations because you feel there may not be any business or a storm is heading your way, or might be heading your way, is unacceptable. Closing down for a storm that will be over in two hours is questionable. Closing down for fear of your employees' welfare is intelligent.

Note: For minor emergencies such as broken window, power outages etc., follow the guidelines listed below:

- Identify the problem.
- Call the manager.
- If there is someone at fault, obtain their name, address and phone number, insurance information.

EQUAL EMPLOYMENT OPPORTUNITY POLICY

The Company offers equal employment opportunities without discrimination as to age, sex, color, race, national origin, religion, and physical or mental disability in compliance with applicable federal and state laws. This policy is reflected in all of the Company's practices and policies regarding hiring, training, promotions, transfers, layoffs, organizing the work-force, rates of pay, and other forms of compensation.

The Company's employment objective is to hire and promote the best qualified personnel who have the capacity to work together harmoniously and to perform the duties assigned to them in a fully satisfactory manner. All matters relating to employment are based upon ability to perform the job as well as dependability and reliability once hired. So as to maintain consistent, fair and high standards, the best qualified applicants whether inside or outside the Company, will be selected for open positions. Whether or not a vacancy exists, all job applicants are treated in a courteous and sincere manner.

For further specific information on equal employment opportunities laws and practices consult with your Supervisor.

FAMILY AND MEDICAL LEAVE

The Family and Medical Leave Act became effective 5 August, 1993 and applies to private employers with 50 or more employees within a 75 miles radius and all public employers.

The Family and Medical Leave Act requires employers to provide employees with up to twelve weeks of unpaid leave per year without the employee losing their job for the following:

To care for a child born to or placed for adoption or foster care with an employee.

Due to the serious health condition of an employee.

Due to the serious health condition of an employee's immediate family member.

In order for an employee to be eligible for leave under the Act, an employee must have worked for a
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covered employer for at least 12 months (which need not be consecutive) and must have worked at least 1250 hours during the 12 months prior to the requested leave.

Pursuant to the Family and Medical Leave Act of 1993 (FMLA), the Company will provide to eligible employees up to 12 weeks of unpaid FMLA leave each plan year for the birth, adoption or foster placement of a child and to care for the newborn or newly placed child, to care for a spouse, child or parent with a serious health condition, or for the employee's own serious health condition.

Definitions

Eligible Employees. To be eligible for coverage, an employee must:

- have been employed by the Company for at least 12 months, consecutively or non consecutively;
- have worked a minimum of 1,250 hours in the twelve month period preceding the start date of the requested leave; and
- work at a location where the Company employs at least 50 employees within 75 travel miles.

Plan Year

Employers have three options regarding plan years as shown below. The most popular is the rolling method.

The 12-month period calculated backward from the date the requested FMLA leave is to begin. (rolling method)

Anniversary year based on the employees date of hire.

Calendar year or fiscal year.

Once again, the most popular is the rolling method in which the 12 months preceding the date of the beginning of the leave is used for purposes of calculating eligibility. The Company has selected the 12 month period calculated backward from the date the requested FMLA leave is to begin.

Child. A son or daughter who is under 18 years old, or 18 years old or older but incapable of self-care because of a mental or physical disability. This would include:

- a biological, adopted, or foster child,
- a stepchild,
- a legal ward, or
- a child of a person who serves or served as a parent on a day-to-day basis.

Parent. The biological parent of an employee or a person who served as the employee's parent when the employee was a child.

Spouse. A husband or wife as defined or recognized under state law.

Serious Health Condition. A "serious health condition" means an illness, injury, impairment, or physical or mental condition that involves one of the following:

1. **Hospital Care:** Inpatient care (*i.e.*, an overnight stay) in a hospital, hospice, or residential medical care facility, including any period of incapacity or subsequent treatment in connection with or consequent to such inpatient care. "Incapacity," for purposes of FMLA, means inability to work, attend school or perform other regular daily activities due to the serious health condition, treatment for it, or recovery from it.

2. **Absence Plus Treatment:**

(a) A period of incapacity of more than three consecutive calendar days (including any subsequent treatment or period of incapacity relating to the same condition), that also involves:

- (1) Treatment two or more times by a health care provider, by a nurse or physician's assistant under direct supervision of a health care provider, or by a provider of health care services (*e.g.*, physical therapist) under orders of, or on referral by, a health care provider; or
- (2) Treatment by a health care provider on at least one occasion which results in a regimen of continuing treatment under the supervision of the health care provider.

Serious Health Condition means an illness, injury, impairment, or a physical or mental condition that falls into one or more of the following:

Inpatient care in a hospital, hospice or residential medical facility.

A period of incapacity of more than three consecutive calendar days that also involves continuing treatment by a health care provider.

Any period of incapacity because of pregnancy or for prenatal care.

Any period of incapacity or treatment for such incapacity because of a chronic health condition, such as asthma.

A period of incapacity that is permanent or long-term because of a condition for which treatment might not be effective.

Any period of absence to receive multiple treatments for a condition that would likely result in a period of incapacity of more than three consecutive calendar days without such treatment.

A Senate report included with the Act lists the following as non-inclusive examples of a serious health condition:

- Heart conditions requiring heart bypass or valve operations
- Cancer
- Heart Attack
- Back conditions requiring extensive therapy or surgical procedures
- Strokes
- Severe respiratory conditions
- Spinal injuries
- Appendicitis
- Pneumonia
- Emphysema
- Severe arthritis
- Severe nervous disorder
- Injuries caused by a serious accident on or off the job.
- Ongoing pregnancy
- Miscarriage
- Complications or illnesses related pregnancy
- The need for prenatal care
- Childbirth
- Recovery from childbirth.

3. Chronic Conditions Requiring Treatments: A chronic condition which:

- (a) Requires periodic visits for treatment by a health care provider, or by a nurse or physician's assistant under direct supervision of a health care provider;
- (b) Continues over an extended period of time (including recurring episodes of a single underlying condition); and
- (c) May cause episodic rather than a continuing period of incapacity (*e.g.*, asthma, diabetes, epilepsy, etc.).

5. Permanent/Long-term Conditions Requiring Supervision: A period of incapacity which is permanent or long-term due to a condition for which treatment may not be effective. The employee or family member must be under the continuing supervision of, but need not be receiving active treatment by, a health care provider. Examples include Alzheimer's, a severe stroke, or the terminal stages of a disease.

6. Multiple Treatments (Non-Chronic Conditions): Any period of absence to receive multiple treatments (including any period of recovery therefrom) by a health care provider or by a provider of health care services under orders of, or on referral by, a health care provider, either for restorative surgery after an accident or other injury, or for a condition that would likely result in a period of incapacity of more than three consecutive calendar days in the absence of medical intervention or treatment, such as cancer (chemotherapy, radiation, etc.), severe arthritis (physical therapy), kidney disease (dialysis).

Leave Provisions

Qualifying Events

Eligible employees are entitled to a total of 12 workweeks of leave during any plan year when leave is taken for one or more of the following circumstances:

- the birth of a child of an employee and to care for the child during the first year after its birth;
- the placement of a child with an employee for adoption or state-approved foster care and to care for the child during the first year after its placement;
- to care for the employee's spouse, child, or parent with a serious health condition;
- the employee is unable to perform the functions of the position because of the employee's own serious health condition.

Spouses Working for the Same Employer

When both spouses work for the Company, the total leave for both employees in any 12 month period will be limited to 12 weeks if the leave is taken (1) for the birth or placement of a child or to care for the child during the first year after its birth or placement, or (2) to care for a parent with a serious health condition. Each employee may be entitled to 12 weeks of leave if the leave is required due to the serious health condition of a child or of the other spouse, or for the employee's own serious health condition.

Intermittent or Reduced Schedule Leave

Employees will be permitted to take leave in separate blocks of time, or on a schedule that reduces the number of hours the employee works each week, if such leave is medically necessary in connection with a serious health condition of the employee or the employee's spouse, child or parent.

Employees seeking intermittent or reduced schedule leave will be required to provide medical certification verifying the medical necessity for the leave schedule, and outlining the dates on which treatment is expected and the duration of the treatment (See "Certification," below).

Paid Leave

Employees may be required to use all accrued paid leave applicable to the circumstances for which the employee is taking leave, and accrued vacation before taking unpaid FMLA Leave. After paid leave has been exhausted, any period of the employee's twelve-week FMLA entitlement remaining will be unpaid. All leave taken for an FMLA-qualifying reason will count toward the employee's 12-week FMLA entitlement.

If an employee's serious health condition is the result of an on-the-job injury for which the employee is receiving Workers' Compensation Benefits, the employee's 12-week FMLA entitlement will run concurrently with any Workers' Compensation Accident absence. If the leave is being taken as FMLA and worker's comp leave concurrently, the employee need not return to work even if he/she is cleared for a "light duty job." Though the employee may lose his/her worker's compensation payments, the employee may remain on unpaid FMLA leave until the employee is able to return to a position equivalent to that the employee left, or until the employee's twelve week entitlement is exhausted, whichever comes first.

If the Workers' Compensation benefits cease, the employee will be required to substitute any accrued paid leave for the remainder of the unpaid FMLA leave, as described above.

Notice Requirements.

Employees are required in the case of foreseeable events (expected birth or placement of a child or planned medical treatment) to provide 30 days notice to the employee's Manager and the Company, unless circumstances beyond the employee's control prevent such notice. Employees should use the "Request for Family or Medical Leave" form, available from the Company to request leave. (see sample "Request for Family or Medical Leave" form, under the "Forms" section of the web application). **Failure to comply with this notice requirement may result in a delay of the leave until thirty days have passed.**

If the need for leave is unforeseeable, the employee should inform the employee's Manager and the Company as soon as possible after learning of the need for leave.

These notice requirements apply both to situations where an employee takes leave on an intermittent or reduced schedule basis, and situations where the employee takes continuous leave.

An employee requesting leave will receive a written response from the Company explaining whether the leave qualifies under the FMLA, whether the employee will be required to substitute accrued paid leave for unpaid leave, and setting out the employee's expectations and obligations while on leave (see sample "Response to Employee Request for Family or Medical Leave" form, under the "Forms" section of the web application).

Certification

Certification issued by a health care provider will be required to support an employee's request for leave due to a serious health condition of the employee or a spouse, child or parent if the absence exceeds three workdays. "Certification of Health Care Provider" forms are available from the Company.

Medical certification should follow within 15 days from the date of the request for FMLA leave, unless this is not possible under the circumstances, in which case certification should be presented before the leave begins. If that is not possible, the employee will be informed that he or she has 15 calendar days in which to produce the certificate, and must use his or her best efforts to do so in that time. If the medical certification is never produced, the leave is not FMLA leave, and the employee will have no right to health benefits or reinstatement, or any other protection of the FMLA.

The Company may require the employee to obtain a second certification from a health care provider designated or approved by the Company at the Company's expense. In the event of a conflict between the first and second opinions, the Company may, again at its own expense, require a third certification from a health care provider approved jointly by the Company and the employee. This third opinion would be final and binding.

The Company may require that the employee provide subsequent re-certification on a reasonable basis during the leave period, but not more often than every thirty days.

If an employee takes leave in excess of three workdays for the employee's own illness, the employee may be required to provide the Company with a "Certification of Fitness for Duty" before returning to work, available from the Company.

Benefits During FMLA Leave

An employee on FMLA leave will remain covered by the Company's group insurance plan if the employee continues to pay the employee's usual premium, which will be due on the 1st day of each month. If the employee is substituting paid leave, the payment will be deducted from payroll in the usual manner. If the leave is unpaid, it is the employee's responsibility to make payment by the 1st of each month. **If payment is not received within the thirty day grace period, the coverage will cease after 15 days notice to the employee.**

The employee will continue to be a participant in other benefit plans sponsored by the Company while the employee is on FMLA leave, but long-term disability insurance (if available) will be continued only if the leave is due to the employee's own illness, and contributions to the 401(k)/Profit Sharing Retirement Plan are not allowed while an employee is on unpaid FMLA leave.

If the employee does not return from leave, he or she may be required to reimburse the Company for payments made on the group health plan or any other benefit plans on the employee's behalf, unless the employee's return was prevented by a serious health condition, or other circumstances beyond the employee's control.

Designation of Leave as FMLA Leave

In all circumstances, it is the employer's responsibility to designate leave as FMLA leave when the employer knows the leave is for an FMLA qualifying event. In the case of intermittent or reduced leave schedules, only one such notice is required. An employer's designation of leave may be oral but then must be confirmed in writing no later than the following payday, unless the payday is less than one week after the oral notice, in which case the written notice can be confirmed no later than the subsequent payday.

Retroactive Designation of Leave

The Department of Labor provides that if an employer knows the leave is for an FMLA qualifying reason but does not so designate, no retroactive designation may be made. The employee still receives all the benefits of the FMLA. If an employer learns that leave is for an FMLA purpose after the leave has begun, that portion of the leave that is FMLA qualifying may be retroactively designated.

If an employer learns that leave is for an FMLA purpose after the employee has returned to work, the employer can retroactively designate the leave as FMLA leave if it does so within two business days of the employee's return to work.

If an employer is waiting to receive appropriate medical certification or has not been able to confirm that the leave qualifies under FMLA, retroactive designation may also be made when certification/confirmation is received.

If the employer has not designated a leave as an FMLA leave and the employee desires that leave be counted as FMLA leave, the employee must notify the employer within two business days of returning to work that the leave was for an FMLA reason. If the employee fails to do so, he/she has no FMLA protection for the absence.

Record Keeping Requirements

Employers must keep all FMLA leave documents for a period of not less than three (3) years. Such records must include:

- Basic payroll and identifying data.
- Dates FMLA leave is taken.
- Hours of leave taken if taken in increments of less than one full day.
- Copies of employee notices of leave and copies of general and specific notices given to employees.
- Documents describing benefits and policies on leave.
- Premium payments of employee benefits.
- Records of any disputes on FMLA leave.

Employer's Notice Obligations

Covered employers must post in a conspicuous space a notice summarizing FMLA rights, including information on filing a charge. If a significant portion of the workforce is not literate in English, the notice must be in the language in which the employees are literate.

Job and Benefit Protection

The Act requires that employees be restored to their former positions or positions with equivalent pay, benefits and other terms and conditions of employment. Other than health care coverage, employees are not entitled to job benefits or seniority accrual during the leave period. However, employees may not lose any benefits or seniority accrued prior to their leave.

Exemption for Highly Compensated Employees

The Act provides a limited exemption from the requirement that an employee must be restored to his/her prior position for a salaried employee who is among the highest paid 10% of all the employees in the employer's workforce within 75 miles of the facility where the employee works, provided the refusal of such restoration is necessary to prevent "substantial and grievous economic injury" to the employers operations. The employer must notify the employee of the employer's intent to deny restoration at the time the employer determines that such injury would occur.

FRATERNIZATION BETWEEN EMPLOYEES

Fraternization Among Employees

At no time will Supervisors or Management Personnel be permitted to date employees within the company. Dating among employees is prohibited when the employees work within the same department. In the event two employees begin to date from separate departments, they must notify their supervisor of the relationship. If, in the opinion of one of the employee's supervisors, the relationship is having a negative impact on the performance of either employee or either department, the employees will receive counseling and/or disciplinary action.

HARASSMENT PROHIBITION POLICY

The Company will make every effort to provide a work environment free from all forms of sexual harassment or intimidation. It is illegal under Title VII of the Civil Rights Act of 1964 and against the policies of the Company for any employee to make any unwelcome sexual advances, request sexual favors, engage in verbal or physical conduct of a sexual nature and/or demonstrate any sexually harassing conduct that creates an intimidating work environment for any person in the company.

This policy applies to the actions of supervisors, managers, coworkers, customers, outsiders and any other persons who come in contact with employees from the company.

The Company recognizes that the question of whether a particular action, incident or general course of action is sexual harassment or simply a socially acceptable action is sometimes a difficult factual determination. The company also recognizes that any and all such events will demand a prompt, complete and unbiased investigation that protects the rights of the complaining employee(s) and the alleged harasser(s).

The Company will not tolerate sexual harassment, nor will it tolerate reprisals against any employee who makes a sexual harassment complaint. All employees, supervisors, managers and others who violate this policy are subject to disciplinary action, including discharge.

Any supervisor or manager who receives a complaint of sexual harassment and fails to take corrective action pursuant to this policy shall also be subject to disciplinary action, including immediate termination.

Sexual Harassment

Sexual harassment is any unwelcome sexual attention, advances, requests for sexual favors or physical or verbal conduct of a sexual nature forced by one employee, either male or female upon another. The unwanted attention may take the form of repeated requests for dates, obscene jokes, lewd and lascivious comments, or physical gestures, words, signs, calendars, and pranks, whether at or away from the company, and may include the following circumstances:

Submission to such conduct is made a term or condition of an individual's continued employment, promotion or other condition of employment. This can occur by clearly stated or implied words or actions.

Submission to or rejection of such conduct is used as a basis for employment decisions affecting an individual employee.

Conduct is intended to interfere or result in interference with an employee's work performance, creates an intimidating, hostile or offensive work environment for an employee, or otherwise adversely affects an individual's employment opportunities.

Derogatory or vulgar comments regarding any person's gender, sexually suggestive language, sexually vulgar language, remarks about a person's physical anatomy or characteristics, threats of physical harm or distribution of written or graphic sexual materials. Sexual materials would include nude pictures, sexually oriented magazines or posters and other words or pictures of a sexually suggestive nature.

Person(s) touching others in a sexually suggestive way. This would include touching others so as to invade their personal privacy, intentionally touching breasts, genital areas or derrieres. This would also include physical contact, such as hitting and pushing or threats to take such action.

Any promise or threat in exchange for sexual favors is called "quid pro quo" harassment. Any employee of the company who engages in this behavior, whether it be intentional or unintentional shall be immediately discharged.

Sincere compliments about a person's clothing generally will not be considered sexual harassment. Making comments about how someone looks in an outfit ("you look sexy" – "you sure fill that sweater," ...nice buns,") would be considered harassment.

Foul or obscene language.

Staring or stalking

Unwanted or offensive letters or poems.

Offensive E-mail or voicemail messages.

Whistling and catcalls.

Sitting or gesturing sexually.

Complaint Procedures

Management takes allegations of sexual harassment very seriously and intends to investigate all official complaints. The company will take appropriate actions against all substantiated allegations. Employees who believe they are being sexually harassed are requested to take the following actions:

In the event you feel you are a victim of harassment, you should contact your manager immediately. In the event your manager is the alleged harasser, you should contact the next level of management immediately. Another option is to utilize the "Employee Hotline." Your manager will have the telephone number or you may contact the Company for the number.

Any employees who are uncomfortable with face to face interaction may write down their complaints in a memo and submit it to the appropriate management person or the Company.

Managers are expected to contact a Corporate Officer immediately upon receiving a complaint of sexual harassment. Managers are not to try and handle the situation themselves. All complaints of harassment must be turned over to a Corporate Officer.

All complaints will be handled in a timely manner. The complaint will be handled in as confidential manner as possible. Under no circumstances will information concerning any employee's complaint be released by the company to any third person or to anyone within the company who is not involved in the investigation.

The purpose of this provision is to maintain impartiality and confidentiality. Both the complaining individual and the harasser have equal privacy rights under the law.

All authorized employees of the company are expected to contact senior management immediately upon learning of a sexual harassment complaint.

Retaliation against any person who complains about sexual harassment is illegal and will not be tolerated. Employees who take part in any retaliatory action will be terminated immediately. Retaliation may include, but is not limited to, demotion, poor performance appraisals, transfer, assignment of demeaning tasks or taking any kind of adverse actions against a person who complains about sexual harassment.

In addition to using the company's complaint process, you may file a formal complaint to the United States Equal Employment Opportunity Commission (EEOC).

Conducting the Investigation

The Company recognizes all official complaints as a serious matter and will follow through with an investigation of the allegations. All complaints must be investigated. At no time will an employee file a complaint and be required or allowed to handle the problem themselves.

All investigations into sexual harassment will follow these guidelines:

The complainant will be asked for specifics about what happened, where it happened, when it happened and why.

Coworkers can often be questioned, as they themselves may often be victims or may have witnessed the harassment.

The accused harasser will be questioned. He or she will be informed of who is complaining and be warned not to retaliate or to discuss the matter with the complainant.

Corrective Action

The Company will take prompt, effective action to end the current harassment and to deter future harassment.

After all the circumstances of the complaint, including responses of the alleged perpetrator and witnesses, have been documented in detail, a determination will be made as to whether or not a sexual harassment has occurred.

The complainant and other directly involved persons will be served notice of the company's disposition in the matter.

Prompt corrective action, if warranted, will follow immediately. This may include discipline or termination of the perpetrator or the complainant in the case that a falsified complaint or contributory behavior was discovered.

Whenever any disciplinary action is taken against an accused harasser, the victim will be informed only, that "corrective action was taken."

It shall be an ongoing policy of the company that all prior complainants be contacted by authorized employees of the company, on a periodic basis, to be certain they are currently working in an environment free from all forms of sexual harassment or intimidation.

Either the complaining employee or the alleged harasser has the right to appeal the determination of the investigation if he or she indicates so in writing, and delivers the appeal to senior management of the company within 10 days of the determination.

The Company accepts no liability for harassment of one employee by another employee. The individual who makes unwelcome advances, threatens or in any other way harasses another employee is personally liable for such actions and their consequences. The company will not provide legal, financial, or any other assistance to an individual accused of harassment if a legal complaint is filed.

INTERNET AND E-MAIL CODE OF CONDUCT

Access to the Internet has been provided to some employees for the benefit of the organization and its customers. It allows employees to connect to information resources around the world. Every employee has a responsibility to maintain and enhance the company's public image, and to use the Internet in a productive manner. To ensure that all employees are responsible, productive Internet users and are protecting the company's public image, the following guidelines have been established for using the Internet. The company intends to honor the policies set forth below, but must reserve the right to change them at any time as may be required under the circumstances.

Acceptable Uses of the Internet

Employees accessing the Internet are representing the company. All communications should be for professional reasons. Employees are responsible for seeing that the Internet is used in an effective, ethical and lawful manner. Internet Relay Chat channels may be used to conduct official company business, or to gain technical or analytical advice. Databases may be accessed for information as needed. E-mail may be used for business contacts.

Unacceptable Use of the Internet

The Internet should not be used for personal gain or advancement of individual views. Solicitation of non-company business, or any use of the Internet for personal gain is strictly prohibited. Use of the Internet must not disrupt the operation of the company network or the networks of other users. It must not interfere with your productivity.

Communications

Each employee is responsible for the content of all text, audio or images that they place or send over the Internet. Fraudulent, harassing or obscene messages are prohibited. All messages communicated on the Internet should have your name attached. No messages will be transmitted under an assumed name. Users may not attempt to obscure the origin of any message. Information published on the Internet should not violate or infringe upon the rights of others. No abusive, profane or offensive language is to be transmitted through the system. Employees who wish to express personal opinions on the Internet are encouraged to obtain their own user names on other Internet systems.

Software

To prevent computer viruses from being transmitted through the system there will be no unauthorized downloading of any software. All software downloads must be approved in writing by the employee's direct supervisor.

Copyright Issues

Copyrighted materials belonging to entities other than this company, may not be transmitted by employees on the Internet. Users are not permitted to copy, transfer, rename, add or delete information or programs belonging to other users unless given express permission to do so by the owner. Failure to observe copyright or license agreements may result in disciplinary action from the company or legal action by the copyright owner.

Security

All messages created, sent or retrieved over the Internet are the property of the company, and should be considered public information. The company reserves the right to access and monitor all messages and files on the computer system as deemed necessary and appropriate. Internet messages are public communication and are not private. All communications including text and images can be disclosed to law enforcement or other third parties without prior consent of the sender or the receiver.

Harassment

Harassment of any kind is prohibited. No messages with derogatory or inflammatory remarks about an individual or group's race, religion, national origin, physical attributes, or sexual preference will be transmitted.

Violations

Violations of any guidelines listed above may result in disciplinary action up to and including termination. If necessary the company will advise appropriate legal officials of any illegal violations.

E-Mail

The company maintains an electronic mail system. This system is provided by the company to assist in the conduct of business within the company. The electronic mail system hardware is company property. Additionally, all messages composed, sent, or received on the electronic mail system are and remain the property of the company. They are not the private property of any employee.

The use of the electronic mail system is reserved solely for the conduct of business at the company. It may not be used for personal business. The electronic mail system may not be used to solicit or proselytize for commercial ventures, religious or political causes, outside organizations, or other non-job related solicitations.

The electronic mail system is not to be used to create any offensive or disruptive messages. Among those which are considered offensive, are any messages which contain sexual implications, racial slurs, gender-specific comments, or any other comment that offensively addresses someone's age, sexual orientation, religious or political beliefs, national origin, or disability.

The electronic mail system shall not be used to send (upload) or receive (download) copyrighted materials, trade secrets, proprietary financial information, or similar materials without prior authorization.

The company reserves and intends to exercise the right to review, audit, intercept, access and disclose all messages created, received or sent over the electronic mail system for any purpose. The contents of electronic mail properly obtained for legitimate business purposes, may be disclosed within the company without the permission of the employee.

The confidentiality of any message should not be assumed. Even when a message is erased, it is still possible to retrieve and read that message. Further, the use of passwords for security does not guarantee confidentiality. All passwords must be disclosed to the company or they are invalid and cannot be used. Notwithstanding the company's right to retrieve and read any electronic mail messages, such messages should be treated as confidential by other employees and accessed only by the intended recipient.

Employees are not authorized to retrieve or read any e-mail messages that are not sent to them. Any exception to this policy must receive prior approval by the employer.

Employees shall not use a code, access a file, or retrieve any stored information, unless authorized to do so. Employees should not attempt to gain access to another employee's messages without the latter's permission. All computer pass codes must be provided to supervisors. No pass code may be used that is unknown to the company.

Any employees who discover a violation of this policy shall notify their immediate supervisor as soon as possible. Any employee who violates this policy or uses the electronic mail or internet system for improper purposes shall be subject to discipline, up to and including discharge.

IRS CASH REPORTING REQUIREMENTS

The Company complies with all IRS cash reporting laws and regulations as required by 26 U.S.C. 60501. All employees are required, and specifically agree by their continued employment, to abide by all IRS cash reporting regulations and follow all policies and procedures concerning cash reporting set up by the Company.

LEAVE OF ABSENCE POLICY

A leave of absence may be granted without pay by the Company. Request for a leave of absence must be made in writing to the employee's supervisor. Permission, if granted, shall be in writing and shall fix the date the leave becomes effective and the date the employee is to return to work. A leave of absence will suspend compensation and possibly Company benefits for the length of the leave.

If while on leave of absence, the employee accepts other employment or goes into business for him/herself, the employee automatically terminates employment with the Company. Date of termination will be the last day worked.

In the case of a non-occupational medical leave of absence, a release from the attending physician will be required before reinstatement will be considered.

Upon completion of an approved leave of absence the Company will make an effort to assign the same job or task and pay rate which was effective before the leave or make a reasonable accommodation in the case of an occupational injury or a qualifying disability as defined by the Americans with Disability Act. However, reinstatement after any leave of absence is not guaranteed except where required by law. Any employee who fails to report to work upon the expiration of an approved leave of absence will be automatically discharged. Date of termination will be the last day worked.

Medical insurance may be continued during an approved leave of absence by the employee paying the full premium for the coverage (provided such coverage was in effect prior to leave). The necessary arrangements must be made prior to leave. Failure to make such payments when due, will cause cancellation of coverage.

LIFE THREATENING ILLNESS

The Company is committed to protecting the health and safety of all employees. The Company recognizes that employees with life-threatening illnesses such as cancer, heart disease, and the illnesses associated with Acquired Immune Deficiency (Aids) and the like, may wish to continue to engage in as many of their normal pursuits as their condition allows.

In keeping with corporate objectives to secure a safe and healthy working environment for all employees and the safety of the public we serve, the company policy on life threatening illnesses was developed to address personnel issues related to employees who have such conditions. This policy statement is based on the most current medical and scientific information available. These areas of medical science are the subject of extensive research efforts designed to improve knowledge and the ability to cope with these illnesses. Accordingly, we will revise the policy statement and guidelines as needed in response to significant medical developments.

It is the Company's understanding that employees afflicted with most life-threatening illnesses, including AIDS, do not present a health risk to others in the workplace under normal conditions, nor do they present any threat to the consumers. Employees with life-threatening illnesses are subject to the same working conditions and performance requirements as those employees without such conditions. If there is management concern that an employee with a life-threatening illness is not able to perform assigned duties under normal working conditions, a medical clarification examination may be required to determine the employee's ability to fully perform his/her responsibilities. The results of this examination will guide future personnel decisions affecting the employee.

LOST, STOLEN, DESTROYED AND UNCLAIMED PAYROLL CHECKS

Lost, Stolen and Destroyed Payroll Checks

When an employee reports that a payroll check has been lost, stolen, or destroyed, the appropriate supervisor should immediately notify the Company in writing and request that a "stop payment" be issued. The Company has been lost, stolen or destroyed. Upon receipt of the duly signed affidavit from the employee and written confirmation from the bank that the "stop payment" is effective, the check will be reissued and forwarded to the appropriate supervisor.

Unclaimed Payroll Checks

When an employee fails to pick up his or her paycheck for whatever reason, the appropriate supervisor will immediately return the paycheck to the Company. In the event the employee does not collect the check within 90 days, the Company will cancel the paycheck. The employee will be required to present proper identification to payroll before the check will be reissued.

Termination or Resignation

In the event an employee has been terminated or resigned, it is the responsibility of the employee to provide a forwarding address and phone number. This information needs to be given to the Company no later than December 31 of that year for W-2 purposes and no later than the last day of work in the event of termination or resignation. In the event the W-2 or final paycheck is returned to the company, the company will hold the W-2 or the final check until claimed by the former employee or an individual authorized in writing by the former employee to collect the check and/or the W-2.

MILITARY LEAVE OF ABSENCE

Full time employees who are inducted into the U.S. Armed Forces are eligible for reemployment after completing military service, in accordance with the Selective Service Act, providing:

1. The employee submits a copy of his/her orders to his/her Supervisor as soon as they are received.
2. The employee satisfactorily completes his/her active duty service.
3. The employee enters the military service directly from his/her employment with the Company. The employee applies for and is available for re-employment within ninety (90) days after discharge from active duty. If the employee returns from up to six (6) months active duty for training, he/she must apply within a reasonable time (usually thirty (30) days) after discharge.

Military Reserves or National Guard Leave of Absence

Employees who serve in U.S. military organizations or state militia groups may take the necessary time off without pay to fulfill this obligation, and will return with all of their legal rights for continued employment under existing laws. These employees may apply accrued personal leave and unused earned vacation time to the leave if they wish; however, they are not obliged to do so.

The employee must notify his/her Supervisor as early as possible regarding active duty training dates so that replacement arrangements and work scheduling can be conducted to accommodate the absence.

REQUIRED NOTICES AND POSTERS

Every state has provisions requiring the posting of various kinds of law-related notices in the workplace. In many states, the prescribed notices are available from the state labor authorities at no charge to the employer. Most mandatory notices are intended to advise workers of their legal rights and duties in such areas as payment of wages, regulation of working hours, benefits for the unemployed and for those injured on the job, unlawful discrimination, family leave, "whistleblower" protections, plant closing regulations and workplace safety and health. The following posters are required to be posted in the workplace:

Federal Posters

- Fair Labor Standards Act
- Consolidated EEO Poster
- Notice to Employees
- OSHA Poster
- OSHA Form 300 (month of February only)
- Title VII Poster
- Employee Polygraph Protection Act

State Posters - Texas

- Notice of paydays form available from the Texas Workforce Commission
- Unemployment Benefits available from the Texas Workforce Commission

Notice of Workers Compensation Coverage available from the Workers' Compensation Commission
Notice to New Employees available from the Workers' Compensation Commission
Notice about Ombudsman Program available from the Workers' Compensation Commission
Uninsured employers must post notice informing workers of right to sue.

ACCEPTING OTHER EMPLOYMENT OR GOING INTO BUSINESS WHILE ON LEAVE

If you accept any employment while on a leave of absence from the Company, you will be considered to have voluntarily resigned from employment with the Company as of the day on which you began your leave of absence.

OCCUPATIONAL INJURY INSURANCE

All employees of the company are covered by Occupational Injury Insurance. It is paid for entirely by the company, and provides benefits for employees who suffer personal injury due to accidents arising out of their employment with the company.

Mandatory Requirements

1. Occupational Injury Insurance covers all employees during the time they are on the job.
2. Covered injuries and illnesses may be physical or mental and specific or cumulative.
3. An injury is considered job-related when it arises out of employment and when it happens during the course of employment.
4. The activity that caused the injury must also be an activity that is required by the employer.

Denial of Occupational Injury Insurance Benefits. Injuries not covered by Occupational Injury Insurance include those where the employee:

1. Was intoxicated on alcohol or drugs as determined by a drug or alcohol test authorized by the Plan Administrator.
2. Was in the process of committing a felony (and has been convicted).
3. Was participating in a social or recreational activity off-duty that was not directly related to his/her work.
4. Was commuting to or from work unless doing so under the direct control/orders of the company on company business.
5. Caused the injury intentionally, or committed suicide.
6. Was "horsing around" or fighting on the job.
7. The Plan Administrator determines (at any point in time) that the injury or illness was caused, in whole or in part, by the employee's violation of reasonable safety rules and/or practices, including, but not limited to, any written safety policies of the Company, was caused by the employee's failure to obtain available assistance provided for his benefit to accomplish a particular task or to properly utilize available appropriate equipment or appliances.
8. The employee refuses to sign a medical record release or injury reporting form.
9. The employee utilizes a health care provider other than an authorized health care provider. No physician or medical facility is an agent of the company. Although benefits under this Plan are conditional on your use of only approved physicians and facilities, you remain entitled to seek any medical care you deem appropriate from any provider of your choice.

10. The employee fails to follow the treatment and advice prescribed by the health care provider.
11. The employee refuses or fails to obtain a second opinion, if requested to do so by the Plan Administrator.
12. The employee fails to give the Company a progress report by contacting the Company office each week while receiving lost time compensation.
13. The employee fails to report to his/her supervisor for work immediately upon being released in whole or in part by the health care provider to return to work.
14. The on-the-job injury or illness arises from or is aggravated by a preexisting condition that is not otherwise covered hereunder.
15. If the employee becomes employed by another employer while receiving Benefits under this Plan.
16. If the employee fails to provide a complete statement, affidavit, or deposition upon request by the Plan Administrator concerning the incident which the employee believes resulted in an injury.
17. If the employee was untruthful in regard to any aspect of the required information supplied as part of the employment process including, without limitation, information as to physical or mental abilities to perform the job.
18. If the employee refuses to submit to drug and/or alcohol testing.

Reporting Requirements

1. Any employee suffering an injury or illness that is work related is responsible for immediately reporting that illness or injury – no matter how minor – to the immediate supervisor in charge or manager.
2. The immediate supervisor or manager should assist the individual immediately. Call for emergency help if necessary. Do not attempt to make any medical decisions.
3. Obtain all the details of the accident.
4. Obtain names and addresses of witnesses if necessary.
5. Complete appropriate incident form(s).
6. Employee will need to participate in post accident Drug and Alcohol Test procedure within 24 hours of the accident.
7. Submit appropriate incident form(s) to the company insurance carrier within 24 hours
8. Request for Leave
9. Any employee whose job-related injury or illness will prevent him or her from reporting to work within one week following the initial incident should contact the manager during the first week of the absence.

Occupational Injury Insurance leaves may be granted for situations in which there is a physician's written statement that a leave of absence is required.

1. The physician's statement must provide adequate details acceptable to the company regarding the nature of the disability and the anticipated length of absence from work.

2. The company may, at its discretion, require another medical opinion by an appointed physician at the company's expense. The company also reserves the right to select the physician to examine and treat the injury or illness, to seek additional medical opinions, and to deny benefits where there is insufficient evidence that the illness/injury arose out of or occurred in the course of employment.

3. If a leave of absence is needed in the case of a legitimate Occupational injury or illness, the employee shall be paid according to the Summary Plan Description and will remain on leave until he or she is released by a physician's statement.

Returning to Work

1. Upon expiration of a Occupational Injury Insurance leave and prior to returning to work, the employee must obtain a physician's release.

2. Failure to obtain a physician's release may result in termination.

Safety and Accident Prevention

1. The Safety Rules of the company are designed with the specific purpose of reducing, minimizing and avoiding injury, suffering and time away from the job.

2. Employees conducting company business in their personal vehicles, must carry their own vehicle insurance. If involved in an accident while on company business, their personal vehicle insurance takes precedence. Occupational Injury Insurance covers only physical injuries to the employee.

Questionable Liabilities

1. Members of management are not obligated to make any commitments or statements pertaining to the company's liability concerning an employee's injury or illness.

2. Employees desiring information about the company's position on the

Occupational Injury Insurance claim will be informed only that the company and/or its insurance carrier is conducting an investigation.

OUTSIDE ACTIVITIES

No employee may take an outside job, either for pay or as a donation of his personal time, with a customer or competitor of the Company; nor may they do work on their own if it competes in any way with the sales of products or services we provide our customers.

Employees wishing to obtain a second job must consult with their Supervisor prior to doing so to ensure a conflict of interest does not exist.

PERFORMANCE APPRAISAL

Objectives

The performance of every employee in the Company will be periodically evaluated to make sure that all employees know how they are doing in terms of carrying out their job duties and requirements. These performance appraisals also may be used as a factor in pay-increase decisions, performance improvement counseling efforts, and determination of training needs.

Supervisors will be responsible for evaluating the performance of each employee in their department. All supervisors will be provided with appropriate training in evaluations skills and techniques, as well as with written guidelines designed to help them carry out their responsibility to appraise employees in a fair, accurate, and objective fashion.

Performance appraisals normally will be conducted on an informal basis upon completion of the first 90 days of employment (Trial Period) and annually thereafter. Your Supervisor will inform you of how often and when performance appraisals are conducted. While formal appraisal sessions are an annual

event, supervisors are expected to observe and provide feedback on their employees' performance throughout the year. During the year, supervisors are expected to document information or incidents that would be helpful in making appraisals.

In addition to completing the appraisal form, supervisors must meet with the employee privately to explain and discuss the evaluation. Employees are expected to sign their appraisals to acknowledge their participation in the process and are entitled to receive a copy of the form.

Employees who are dissatisfied with their appraisals should put their objections in writing and submit copies of this statement to their supervisor and their supervisor's immediate superior, who will review the employee's complaint and determine whether remedial action is warranted.

All performance appraisal documents, including any statements of dissatisfaction, will be retained in the personnel file of the employee involved.

Performance appraisal results will be a major factor in determining an employee's eligibility for merit based pay increases. They will also be a significant factor in promotion decisions made to fill vacant positions within the Company.

All decisions and judgments made in connection with the Company's performance appraisal system will be based on job-related factors. To ensure this, all performance measures and indicators applied to any position must be based on the requirements, responsibilities, and duties contained in the job analysis or description prepared for the position.

PERSONNEL RECORDS

Accurate personnel records are just as important to the employee as to the Company. They are difficult to maintain without the cooperation of employees and Supervisors. The official personnel records for all employees are maintained in at the Corporate Offices of the Company. These confidential files are maintained on an up-to-date basis. Upon request and subject to approval by the Company, certain information contained in these files are available to certain executives, and to the employee's immediate Supervisor on a "need-to-know and/or business related" basis only.

Employee Personnel File

The Personnel File maintained by the Company for each employee may include the following forms and/or information:

1. Employment Application Form.
2. Employment Agreement.
3. Acknowledgment of the Drug-Free Workplace Policy.
4. Post Employment Information Sheet.
5. Group Insurance Enrollment Forms (if elected)/or Refusal Form.
6. Tests taken (if any).
7. Federal W-4 Form.
8. State W-4 form (if applicable).
9. Performance Appraisal and Salary Recommendation Form.
10. Notice of Termination, Transfer or Promotion Form.
11. Memos and/or Important Announcements of Promotions, Transfers, etc.
12. Correspondence and/or information pertaining to compensation or benefits.
13. Special Benefits/Club Memberships, etc. - if applicable.
14. Disciplinary Documentation.
15. Miscellaneous information per request of employee, supervisor or Company.
16. Notification of Occupational Insurance.
17. Copy of the Employment Eligibility Verification Form I-9 (Original in separate file.)

The above mentioned data will be used to establish the official personnel file, the appropriate benefit coverage, and to supply the necessary information for payroll purposes for each employee.

Change Procedure

The Personnel Records must contain accurate and up-to-date information concerning each employee. Since certain changes could affect federal income tax withholdings, benefit premiums, payroll deductions or other personnel records, any change in the following items should be reported to the Company immediately:

1. Name
2. Address
3. Phone Number
4. Marital Status
5. Dependency Status
6. Beneficiary
7. Job Function

Upon notification of a change the Company will supply any necessary forms for the employee's completion.

It is the responsibility and to the advantage of the employee to keep these records current. Supervisors should maintain certain records on the employees they supervise in addition to the records kept by the Company. This provides a double check on accuracy and gives the supervisor ready access to information necessary to establish a good supervisor-employee relationship.

Reference Checks

The Company is committed to protecting the privacy of its current and former employees. Any employee who receives phone calls or written requests to release information about any current or former employee is expected to forward all calls or requests to a manager or the Company.

Rules Regarding References

1. Employees who leave the company for any reason will be requested to sign a release allowing management to give out reference information.
2. Whenever the company is called to give out a reference, the manager or personnel department receiving the call should make a note of the name of the caller, the company name, and the date and time of the call. If the caller is unknown, he or she should get the caller's phone number and ask to call back later.
3. If the former employee signed a release with the company requesting the reference, a copy of this release should be requested by us before releasing any information.
4. If the former employee signed a release allowing the company to give out confidential information, only the following information in writing should be supplied:

Explain that we are giving out confidential information per the employee's request.

Be objective and specific. State the facts only.

Share only job-related information about performance that has been documented and is verifiable, e.g., missed 10 days in 6 months, late more than 45 minutes of 12 of the last 25 days of employment, met sales quotas 25% of the time.

No employee shall be permitted to release information concerning a former employee or current employee that is related to:

1. The employee's attitude.
2. The reason for leaving.
3. The circumstances under which the employee left.

4. The employee's shortcomings.

If asked any of the above, the correct response will be that this information is not available except through the Corporate Offices of the Company.

REHIRE OF FORMER EMPLOYEE

Employees who leave the Company voluntarily and in good standing and who subsequently reapply for employment are eligible for rehire. These individuals will be given equal consideration with other applicants based on job related qualifications and their past work history with the Company.

Employees terminated by the Company are generally not eligible for rehire unless approval from management is given prior to reemployment.

RESIGNATION

It is expected that an employee who is planning to resign from the Company will give not less than two weeks notice. Notice of resignation is preferred to be in writing and should state the reasons for resigning and the effective date of the resignation. Failure to give two weeks notice may result in the employee not being eligible for rehire.

RULES AND REGULATIONS

In all segments of society it is necessary to have certain rules and regulations. Rules and regulations are not meant to restrict the rights of anyone but are to protect the rights and increase the safety of all. The Company expects each person to act in a mature and responsible way at all times. However, to avoid any possible confusion, some of the more obvious unacceptable activities are noted below. Your avoidance of these activities will be to your benefit as well as the benefit of the company and your fellow employees. If you have any questions concerning any work or safety rule, or any of the unacceptable activities listed below, please see your manager for an explanation.

This list is not all-inclusive and, notwithstanding this list, all employees remain employed "at-will" and no other contract of employment is expressed or implied. Compliance with these rules does not guarantee continued employment for any specified period of time, nor does it require that an employee be discharged only for "cause."

All employees of the Company are expected to abide by these rules. Some of the more serious infractions that will subject an employee to discipline up to and including termination are outlined here.

1. Discussing any confidential matters with anyone outside the Company (or with unauthorized Company employees).
2. Violating the Company's equal employment opportunity program.
3. Stealing or attempting to steal property of the Company, its customers, or another employee.
4. Intentionally destroying Company property; advocating or participating in unlawful seizure of Company property.
5. Carrying weapons illegally on Company property.
6. Violation of Company policies or procedures as outlined in the Company Policy and Procedural Manual (Employee Handbook.)
7. Filling out the time sheet of another employee.
8. Improperly recording hours worked.
9. Sleeping on the job.
10. Insubordination or failing to carry out any reasonable order of a supervisor.

11. Absenteeism or tardiness.
12. Disregarding customer relations.
13. Disregarding personal appearance.
14. Conducting personal business during working hours.
15. Making personal telephone calls.
16. Soliciting among employees and customers.
17. Giving testimonials or endorsements on behalf of the Company without appropriate approval.
18. Releasing statements or stories to the news media.
19. Violation of the Company Safety Policies as outlined in the Company Safety Program.
20. Disregarding the appearance of work areas.
21. Fighting, inciting to fight, or attempting to inflict bodily injury upon another person on Company property.
22. Exhibiting disorderly conduct, such as using threatening, intimidating, or abusive language toward another person on Company premises.
23. Engaging in any form of horseplay, scuffling, or mischief on Company property.
24. Negligence, carelessness, or incompetence on the job resulting in inferior workmanship; loss or waste of materials, time, or products; or abuse of tools or equipment.
25. Visiting or loitering on Company property when off duty without the permission of supervisory staff.
26. Failing to return to work when notified by the Company and/or Supervisor to do so.
27. Posting unauthorized items on bulletin boards or distributing any literature not authorized by management.
28. Leaving work before quitting time. No one may leave the premises while punched in without the express permission of his/her Supervisor.
29. Gambling on Company property.
30. Reckless driving on Company property or with Company vehicles.
31. Continuous display of negative comments and actions toward the Company or other employees.
32. Dishonesty; willful falsification or misrepresentation on your application for employment or other work records; falsifying reason for a leave of absence or other data requested by the company; alteration of any company records or misrepresentation of reasons for absence.
33. Malicious gossip and/or spreading rumors; engaging in behavior designed to create discord and lack of harmony; interfering with another employee on the job; willfully restricting work output or encouraging others to do the same.
34. Any act of harassment, sexual, racial, or other, telling sexist or racial-type jokes; making racial, ethnic, age or religious slurs.
35. Leaving your work area during the day without permission from your supervisor.

36. Smoking outside of the designated smoking areas.
37. Using obscene or abusive language towards any fellow employee or customer.
38. Immoral conduct or indecency on company property.
39. Conducting a lottery or gambling on company property.
40. Using, duplicating or possessing keys to company property without permission.
41. Transacting personal business during working hours, including but not limited to excessive use of the company telephone, computers, or fax, using photocopying machine, using the postage meter or using company stationary for non-company business.

SAFETY POLICY

Safety in the workplace is the responsibility of every employee. It is the goal of the Company to provide a clean, safe and healthy work environment for all employees. However, this goal can only be achieved through the commitment of each employee to observe all safety rules and to keep the premises neat and clean.

The Company is mandated by the federal government to comply with C.F.R.'s 1900 and 1926 of the Occupational Safety and Health Administration. Compliance guidelines have been issued through the Company Safety Program and the Safety Manual.

As previously stated, safety in the workplace is the responsibility of every employee. It is incumbent on the Supervisor to ensure strict compliance with the Company Safety Program in its entirety. Violation of the Company's Safety Program as outlined in the Safety Manual, or careless violation of the Company's Safety Program as outlined in the Safety Manual, disregard of safe work practices, or careless endangerment by an employee may lead to disciplinary action up to, and including termination.

NOTE: Refer to the Company Safety Manual regarding general safety rules, federally mandated safety programs, and safe work practices including use of machines and equipment and personal protective equipment.

SECURITY

Theft

Policy statement

Employee theft is the most common security problem in the workplace. Theft of property, whether from the Company or from a fellow employee, will not be tolerated. Employees must have a supervisor's permission before removing any company material, tools or other items, including damaged goods or scrap materials from the Company premises. Any employee who violates this policy will be subject to disciplinary action, up to and including immediate discharge.

Proprietary Information

It is the responsibility of all employees to safeguard sensitive Company information. Employees are forbidden to disclose any trade secrets or other confidential information or data learned in the course of employment to individuals not employed by the Company, except with the Company's permission. Continued employment is contingent upon compliance with this policy. Each Supervisor bears the responsibility for the orientation and training of his or her employees to ensure enforcement of company confidentiality.

Employees who violate the Company's confidentiality rules will be subject to discipline, up to and including immediate discharge for serious violations. The Company also reserves the right to seek legal redress and remedies for breaches of its confidentiality policy by former employees. Supervisors will be responsible for periodically reminding employees of their confidentiality obligations. Staff meetings, individual evaluations and discussions, bulletin boards, and paycheck

notices are some of the means that may be used to ensure that employees stay mindful of the importance of maintaining confidentiality.

Supervisors will also be responsible for ensuring that departing workers are informed, preferably at an exit interview, of the Company's confidentiality policy and expectations of the employee's pre-hire agreement to abide by these rules.

External Threats

Workplace Violence

The intention of the Company is to protect its employees visitors, customers, and clients and, as such, will not tolerate the following:

Physical confrontation,
threats to use violence (implicit or explicit),
harassment or intimidation (implicit or explicit), and/or
the illegal possession and/or use of weapons on Company premises.

Workplace violence will not be tolerated on Company property, during working hours or while engaged in Company business regardless of location. Employees who violate the intent of this policy will be subject to disciplinary action, up to and including termination of employment, at the discretion of the Company.

All employees are responsible for ensuring that the workplace is free from violence, whether by employees or non-employees, at all times. Therefore, complaints of confrontations, threats, harassment, intimidation or the illegal possession of a weapon should be reported immediately to the President/CEO, a Manager or any Officer of the employee's choosing.

To ensure that the Company handles each matter with consistency, the President/CEO will be informed of all reports unless the circumstances of the complaint require otherwise. If you receive a threat away from Company property and not in the course and scope of your employment with the Company, you should report such threats to the individuals noted above if you have reason to believe that the threat may be carried out on Company Property or while engaged in Company business.

The Company reserves the right to conduct searches of employees at any time while on Company property and during working hours or while engaged in Company business. The Company is authorized to search employees' lockers, desks, purses, brief cases, baggage, tool boxes, clothing, and any other item to which the employee has access and in which an illegally possessed weapon may be hidden.

Additionally, the Company may search a vehicle owned by the Company on behalf of the Company at any time, regardless of whether it is located on Company property. Searches may be conducted by the Company management and if the employee is present, the employee may refuse the search, however; such refusal will result in termination of employment for failure to comply with Company policy. The Company reserves the right to conduct such searches without the employee being present.

SMOKING POLICY

Smoke Free Work Environment

The Company feels a strong obligation to provide our employees and customers with a clean, smokefree environment and promote healthful practices. For this reason, smoking is prohibited in all areas of the building and company vehicles. The use of chewing tobacco or snuff must be confined to the users personal workspace. Designated areas for smoking will be provided. The tobacco use policy is based on the following points:

Undeniable evidence exists that smoking and chewing tobacco is a significant health risk.

The Company understands that smokers have a right to smoke, but also recognizes that nonsmokers have a right to breathe smoke-free air.

The onset of many serious illnesses can be limited by the elimination of smoking, chewing

tobacco and second-hand smoke.

Smoking and chewing tobacco in the workplace is responsible for a measurable number of health-care claims.

Smoking is responsible for many fires.

Since the decision to smoke or not to smoke is a personal one, the company will permit smoking by its employees only in the designated areas.

Smoking in the designated smoking areas will be allowed only during scheduled work breaks and meal periods. Employees are not allowed to use these smoking areas during "work-time".

All employees will refrain from smoking and chewing tobacco in the presence of customers and/or visitors whether on Company property or outside of Company property.

When smoking in the designated smoking areas, employees are expected to extinguish their cigarettes and dispose of butts in the proper receptacles.

Customers who wish to smoke may do so in the designated smoking area directly outside the facility. An ashtray receptacle is provided in this area and should be emptied and maintained every day.

Any employee who violates this Smoking Policy will be subject to termination of their tobacco use privilege at work.

If an employee who calls on clients smokes regularly, it is strongly recommended that they do so in a manner that will not leave their clothes with a strong odor of cigarette smoke. Prior to calling on a client, a smoker is strongly encouraged to chew gum or use a mouthwash prior to the meeting.

TRIAL PERIOD

New Employee Probation

All non-exempt salaried and hourly employees are hired on a 60 day probationary period basis and are informed of that policy at the time of the job offer. During this period, the employee's work record and general adaptability to the Company's working conditions will be reviewed by the Supervisor to determine whether continuation of employment will be mutually satisfactory or not.

New employees with unsatisfactory job performance should be consulted and advised by the Supervisor as to their problems. If, after a reasonable amount of time and training, there is not satisfactory improvement, the employee may be terminated before the end of the probationary period. Documentation should be kept on all such terminations and sent to the individual's (Personnel File).

If at the end of the 2-month probationary period, an employee's work record is borderline, the employee's probationary period may be extended at the discretion of the Supervisor to give the individual the benefit of the doubt and further time to meet expected standards. In such a case Supervisors should inform the Company of the extension of the probationary period and fully document their actions. The Supervisor should also advise the employee of the extension and what is expected of him or her in order to be considered a full time employee.

Supervisors are encouraged to consult with the Company concerning terminations.

Disciplinary Probation

Any time during the course of employment, unusually irregular attendance, continuing unsatisfactory job performance and/or any other causes deemed appropriate by the Supervisor, may cause an employee to be placed on a Disciplinary Probation Period for an appropriately specified period of time. When on Disciplinary Probation, an employee will not be paid for any absences. In addition, no time off can be taken, with the exception to FMLA, and salary increases, transfers or promotions cannot be given.

It is the responsibility of the Supervisor to assign Disciplinary Probation as he/she deems appropriate.

Notification of the probation must be made in writing to the employee and the Company. The employee should be informed as to: 1) the specific problems, 2) the needs for improvement, 3) the time frame in which the corrections must be made, 4) the consequences of failure to improve, and 5) the fact that absences during this period will not be paid. Detailed documentation should be kept by a Manager concerning the problem and the action taken. Forms for such documentation are available from the Company.

If after a reasonable length of time there is not improvement, the employee will be terminated. Again, Supervisors are required to discuss potential problem termination with the Company.

USE OF PERSONAL VEHICLE

In addition to outside marketing personnel, occasionally, the Company will find it necessary to ask certain employees to attend training sessions, company meetings or company-sponsored events, or to provide customer related services that will take them outside of their normal work location. If any employee chooses to use his or her own personal vehicle to attend or participate in any of these activities, the following policy shall be understood and applied:

Using a personal vehicle for company business is completely voluntary and requires a manager's approval prior to use.

It is not the policy of the Company to provide vehicle insurance coverage for any of its employees who use their personal vehicles for business related purposes.

Employees who have reason to use their personal vehicles for company business are urged and are requested to consult their insurance agents to ensure proper coverage.

All employees who have reason to use their personal vehicles for company business accept the responsibility of incurring the necessary expenses to ensure that their vehicles are in safe operating condition.

Any employee who uses his or her personal vehicle for company business must have a valid Driver's License and proof of insurance.

The Company will reimburse its employees the appropriate IRS rate per mile for miles traveled on company business, when reported on a detailed mileage log reflecting the business purpose.

The Company assumes no responsibility beyond mileage reimbursement. All employees are legally liable for any moving violations or damage to their vehicles, and as such, shall carry the proper insurance coverage required by law.

Employees shall be required to submit receipts and an accurate accounting of all expenses within 5 (five) working days following the employee's return to work.

If any travel time results in the employee's working overtime, these hours will be paid at the normal overtime rate.

UNAUTHORIZED TAPING OF CONVERSATIONS

Unauthorized (secret) taping of any conversation is grounds for immediate termination.

VIOLENCE IN THE WORKPLACE

The Company provides the following information and guidelines for employees regarding the issue of workplace violence.

Signs of Potential Aggressors

Attitude – they become isolated from others.

Few if any outlets are available for their rage.

They have a tendency to blame others for their problems.

They develop a suspicion of everyone, “everyone is against me” so now everyone backs away because they’re tired of listening to this employee – which results in this employee becoming more and more isolated.

Verbal harassment

Develops a fixation, finds a particular person to blame for all their problems.

Usually the aggressor is an employee who’s been there awhile. Maybe they have been demoted or passed over for a promotion and now feels ashamed, and frustrated. Anger becomes bitterness, and they start to decay from the inside. They start to act differently from the past. They have trouble focusing. Work performance becomes inconsistent. These employees typically show an unusually high interest in TV or radio stories involving weapons. They discuss how they would plan an attack if they were going to do something like they saw on TV.

The opportunity could certainly arrive when a supervisor or fellow employee may have to deal with a potentially dangerous or angry employee. When this possibility presents itself, the following steps should be taken:

Never assume you can handle an angry employee by yourself. Always get assistance from another employee – preferably a supervisory employee.

If you deal with angry employees, always have your desk closer to the door than where the other person will be sitting.

In the event you have to terminate an employee and you believe the potential for danger exists, notify the local police department and inform them of your situation and request that an officer be near by.

Always take the potential for danger seriously!

Dealing with Potentially Dangerous Employees

The opportunity may arise when a supervisor or fellow employee may have to deal with a potentially dangerous or angry employee. When this possibility presents itself, the following steps should be taken:

Never assume you can handle an angry employee by yourself. Always get assistance from another employee – preferably a supervisory employee.

If you deal with angry employees, always have your desk closer to the door than where the other person will be sitting.

In the event that you have to terminate an employee and you believe the potential for danger exists, notify the local police department, and inform them of your situation, and request that an officer be near by.

Always take the potential for danger seriously!

The Company makes every effort to provide a violence free workplace, however, the responsibility for an employee’s personal safety rests entirely with the themselves, and each employee must exercise due diligence in staying aware of unfolding circumstances and provide for their own safety.

WAGE AND TAX STATEMENTS

All employees will receive a Wage and Tax Statement (Form W-2) from the company showing their annual earnings and the amounts deducted for social security, Medicare, and federal income taxes. Additional earnings and deductions that may be included, if applicable, are social security tips, allocated tips, advance earned income credit, and dependent care benefits. These W-2 forms will be prepared by the Company and distributed on or before January 31st of each year.

ACKNOWLEDGEMENT

I acknowledge that I have received the Company's Employee Handbook ("the handbook"), and understand that violations of the policies contained in the handbook could result in disciplinary action up to and including termination.

I further understand that the information contained in the handbook represents guidelines for the Company and that the Company reserves the right to modify the handbook or amend or terminate any policy, procedure, or employee benefit program at any time, with or without cause.

I further understand that the contents of the handbook are a general guide and the provisions of this handbook do not constitute a written employment agreement or contract or a guarantee for continued employment. All employees are employed for no definite period of time, regardless of the date of payment of wages or salary, and are considered "at will" employees. Either the Company or I have the right to terminate employment at any time. I acknowledge that I am employed at will.

I further understand that no Supervisor or representative of the Company, other than the President, has any authority to enter into any agreement guaranteeing employment for any specific period of time. I also understand that any such agreement, if made, shall not be enforceable unless it is in writing and signed by both parties.

I further understand that if I have any questions about the interpretation or application of any policies contained in the handbook, I should direct these questions to the Supervisor.

Employee must sign an Employee Handbook Acknowledgement provided and retain a copy and provide a copy to the company.