

Essence of Romance®, Inc. Distributor Agreement

A signed Distributor Agreement Form and Application and copy of picture identification may be mailed or faxed to the corporate office. No Kits will be shipped unless a signed agreement is on file with the corporate office.

This AGREEMENT dated this ____ day of _____, 20__ between Essence Of Romance, Inc. an Idaho corporation, with offices at 2525 W. Primeland Dr., Meridian, Idaho 83642 (hereinafter referred to as the "Company"); and _____ (hereinafter referred to as the "Distributor" or "Romance Specialist").

WHEREAS, the Company has expended time, effort and money to acquire experience and knowledge with respect to the business of buying, marketing, selling, merchandising and distributing certain sexual enhancement lotions, creams, objects and other products (hereinafter referred to as the "Products"); and

WHEREAS, the Company has expended time, effort and money to establish its reputation, supplier and customer contacts, training procedures, demand and goodwill; and

WHEREAS, Distributor understands the importance of upholding the quality reputation of Company and desires to be associated with and be loyal to the Company and to market and sell the Company's Products as a distributor according to Company's policies and procedures with the highest standards; and

WHEREAS, Distributor recognizes and acknowledges the unique relationship of each Distributor to the other and to the Company, and further recognizes and does acknowledge the mutual benefits to be derived through the maintenance of the high standards of quality and service delivered by the Company, and the necessity for the faithful performance of the terms and conditions of the Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Agreement, it is agreed by and between the parties as follows:

1. Training/Inspections. Company agrees to supply Distributor with the sales training techniques, product knowledge, forms, sales aids, promotional materials and other product literature. Distributor shall be free to pursue sales using the methods, manner and means deemed most effective, so long as the high standards of professionalism are utilized at all times. Distributor acknowledges and agrees that Company shall have the right to observe Distributor's presentations and inspect Distributor's records, operations and promotional materials to ensure Distributor is complying with the terms of this Agreement.

2. Company's Products. Distributor recognizes the sensitive nature of the Company's products and will continuously educate itself about Company's Products, sales and merchandising techniques in order to tastefully and discretely maximize Product sales. Distributor agrees to maintain the highest standards of integrity and honesty as a Distributor. Distributor agrees to sell the Company's Products in a positive and professional manner. The Distributor understands that an important part in upholding the philosophy and reputation of the Company that products will be delivered within seven to ten days after night of the party. Distributor agrees to uphold the philosophy of the Company and make every effort to fulfill this obligation to fill orders promptly. Distributor agrees to advise Company of any complaints concerning its Products, the Company, or other Distributor. Failure to comply with this provision, or the other terms of this Agreement, may result in the termination of this Agreement.

3. Distributor As Independent Contractor. Company shall supply Distributor with various Products for Distributor's own retail sales business. Distributor acknowledges and agrees it is an independent contractor and it possesses legal obligations to make declarations and payments with respect to estimated income taxes, and self-employment taxes to the extent required by law. Distributor agrees to comply with all federal, state and local laws and rules governing independent contractors. Distributor agrees that it will under no circumstances represent that it is an employee of the Company, and promises and agrees to hold Company harmless from any liability associated with its status as an independent contractor. The Company agrees to file all information returns with respect to transactions with the Distributor as may be required by the Internal Revenue Code of 1954, as amended. Distributor shall not hold itself out as an agent or employee of the Company and agrees that it has no authority to incur debt or liability or to exercise controls relating to Company's business. Distributor shall also be free to engage in any other business, trade or profession not in competition with the Company as set forth in paragraph 12 hereof.

4. Products. Company will furnish Distributor with a continuous source of Company's Products and will exercise its best efforts toward fulfilling this obligation. However, Company shall not be liable for any failure or delay in providing an adequate stock of Products when such delay is caused in whole or part by conditions beyond the Company's control. During the existence of any such cause or causes of delay, the time of performance by the Company shall be extended.

5. Indemnity. Distributor hereby agrees to hold harmless and to indemnify Company from any claim, loss, liability, cost, or expense sustained by the Company or Distributor arising out of or caused by the negligence or wrongful conduct of the Distributor, including reasonable attorney's fees and costs.

6. Insurance. The Distributor, at its own expense, shall maintain adequate insurance against all types of public liability in such amounts and with such insurance companies as shall be reasonably acceptable to the Company. All insurance of the Distributor shall name the Company as an insured. The Distributor shall, upon request, furnish to the Company certificates to show that such insurance is in force.

7. Compliance With Laws. Distributor agrees to comply with all local, state, and federal laws, rules and regulations applicable to Distributor's business of the sale of sex-related products, including any fees which may be imposed upon a retailer for the privilege of conducting a retail business. Distributor understands that should merchandise purchased for sale to consumers, compensation, bonuses and or overrides (including awards and gifts) exceed the prevailing IRS limits per calendar year, Company will provide a Federal Tax Form 1099 to Distributor. To the extent necessary, Distributor, at its own expense, shall carry and maintain worker compensation insurance.

8. Nonexclusive Agreement. This Agreement grants a nonexclusive right to sell merchandise and products supplied by Company. Distributor has no territorial or geographical restrictions regarding its sales and recruiting efforts. However, Distributor agrees not to sell Products to other Distributors of Company.

9. Exclusivity of Products. Distributor agrees that Company's Products shall not be displayed or sold in conjunction with any products other than those distributed by Company. Distributor further agrees that it shall not handle or sell, during the term of this Agreement, any products similar to those sold by Company (regardless of the manner or medium by which the Products are promoted by Distributor, whether in person, by mail, e-mail or via the internet, etc.). Distributor shall represent Company's Products exclusively and will not mix a Company presentation with products, sales, or presentation material from another company. Distributor agrees that Products shall not be sold or promoted in association with any X-rated or obscene literature or materials as determined by the Company in its sole discretion. Distributor agrees not to sell Company Products on any Internet auction site such as E-Bay. Distributor agrees that it may only use the Company website for the sale of Company Products through essenceofromance.com pursuant to the Company's website agreement.

(a) The Company reserves the right to sell Products to any reseller or customer. The Distributor shall not be entitled to any compensation related to sales by the Company to a reseller or customer.

10. Assignability. Because this is an agreement with Distributor based upon its unique and particular talents and skill, Distributor shall not have the right to assign this Agreement or any of its rights hereunder.

11. Confidentiality Provisions. All Company information, business information and materials provided to Distributor by Company including, but not limited to, Product information, forms, sales aids, promotional material, Distributor Training Handbook, videos, promotional materials, sales, Distributor or customer information, Company literature, customer lists, computer generated reports, operational methods, plans or strategies, and other business trade secrets and information (hereinafter "Confidential Information") are and shall be treated as confidential. Distributor shall keep this Confidential Information in strictest confidence both during and after the termination of this Agreement. Confidential Information shall not be disclosed by Distributor to any person except to officers and employees of Company or in some circumstances, other Distributors requiring such information or material to perform services pursuant to their distributor agreements. Company's Confidential Information shall not be used for the benefit of Distributor, except in connection with services rendered pursuant to this Agreement. Distributor shall be liable to Company for damages caused by any breach of this provision or by any unauthorized disclosure of Confidential Information. In the event that the Agreement is terminated by either party, Distributor shall cease the use of any Confidential Information, tradenames, trademarks and copyrighted materials, and shall surrender to Company all names and addresses of Distributor's customers, together with all other Confidential Information in its possession, including any copies or information extracted therefrom.

12. Covenant Not To Compete.

(a) Upon any termination of this Agreement, Distributor shall immediately discontinue its use or display of Company's name and any trademarks or other similar marks, including the use of stationary, business cards or forms bearing Company's name or marks, and shall immediately return to Company all materials provided by Company to Distributor including, but not limited to, all Confidential Information and information from past customers and hostesses, including names, addresses and telephone numbers.

(b) For one (1) year after the termination of this Agreement, regardless of cause, by Company or Distributor, the Distributor agrees that it shall not: (1) engage in the sale or promotion of products similar to those sold by Company within thirty (30) miles of the Distributor's then current residential or business address; (2) engage in the sale or promotion of products similar to those of Company to any person that purchased Products from the Distributor during the term or via the Internet; (3) influence, entice or solicit any other Distributor of Company to terminate such Distributor Agreement with Company or otherwise hire or employ any other Company Distributor; (4) render any services to any person or entity engaged in the sale of products similar to those of Company's; (5) solicit business from past customers for one year; and (6) have any ownership interest or act as a partner, shareholder, officer, director, principal, agent, employer, employee, trustee, consultant, or be involved in any other such relationship or capacity with an entity engaged in the sale of products similar to those of Company. However, Distributor may own, solely as an investment, interests in the securities of any business that is traded on any national securities exchange.

(c) In the event of a breach or threatened breach of this Agreement, the Company shall be entitled to an injunction restraining Distributor from any such breach. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedies for such breach or threatened breach. If it becomes necessary to enforce the provisions of this section, Company shall be entitled to its reasonable attorney's fees and related costs. This covenant not to compete is the essence of this Agreement and, should enforcement be necessary, it shall be separable from and survive any claim of breach or prior breach made by Distributor.

(d) Distributor acknowledges that it has reviewed this covenant and determined that its terms are reasonable and necessary for the protection of the Company. Distributor further agrees that the covenant is neither over broad nor unduly harsh in its restrictions.

(e) The Covenant Not To Compete survives termination of the contract.

13. Trademarks. Distributor acknowledges that Essence of Romance is a registered trademark of Company. Distributor further acknowledges that the Lady of Eden logo is copyrighted. Distributor agrees that the Company's trademarks, copyrighted materials, other brand names and product names may only be used by Distributor with Company's written consent. It is agreed that Distributor may use and display those trademarks, copyrighted materials, brand names and product names of Company (collectively "Company Marks") in connection with the sale of Products during the term of this Agreement. Distributor agrees to use the Company Marks in a professional and tasteful manner reflecting the Company's philosophy. Distributor agrees not to make false or fraudulent claims in connection with the Company Marks. Distributor agrees not to register a domain name incorporating any Company Marks, or otherwise register or use any mark that is similar to a Company Mark, or that possesses elements of a Company Mark.

14. Warranty/Limitation of Liability. The Company warrants to Distributor that the Products to be provided to Distributor are new and unused and free from defects in materials and workmanship. **No other warranties, express or implied (including, without limitation, the implied warranties of fitness for a particular purpose and merchantability) shall apply to the Products. In no event shall Company's liability exceed the replacement of the Product or a refund of its purchase price.** Distributor understands the nature of the Company's warranties regarding its Products and the limitations of its liability. Distributor understands and agrees that the warranties in this provision do not pass to customers of Distributor. Because of the unique nature of Company's Products, all sales to customers are final. Distributor agrees to advise its customers that the sale of Company products are final and that they do not possess a warranty because of their unique nature.

15. Overrides and Bonuses. In the event this Agreement is terminated by either party, Distributor shall not be entitled to any monies from Company for overrides or bonuses earned or accrued after the date of termination.

16. Termination. This Agreement shall be effective from the date it is signed by both parties and accepted by the Company until December 31 of the year in which it is executed. Thereafter, if not terminated as provided herein, it shall become automatically renewed on January 1 of each year for an additional term of one (1) year. This Agreement may be terminated by either party upon thirty (30) days' written notice. This Agreement may be terminated by the Company at any time and without prior notice upon (1) the Distributor's failure to meet minimum purchase requirements which may be established by the Company from time to time, or (2) for any breach by Distributor, or (3) any other conduct which willfully or recklessly injures the best interest and/or reputation of the Company, its shareholders, officers or employees.

17. Idaho Law. This Agreement constitutes the sole agreement between the Company and the Distributor, may be amended only in writing, and shall be governed by the laws of the State of Idaho. Any legal action commenced concerning this Agreement shall be filed in the courts of Ada County, Idaho. In the event litigation is commenced in connection with this Agreement, the prevailing party in such litigation shall be entitled to their costs and attorney fees.

18. Merger Clause. This Agreement supersedes all prior agreements between the Company and the Distributor, whether written or oral.

COMPANY: ESSENCE OF ROMANCE®, INC. By		DISTRIBUTOR:	
_____ President	_____ Date	_____ Signature	_____ Date