

Date: March 28, 2016

Hermosa Hardwoods Dealer Memorandum of Understanding

From: Andy Gallo – VP of Sales Hermosa Hardwoods

This Memorandum defines the understanding by which Hermosa Hardwoods and your company, as an authorized Hermosa Hardwoods Dealer, agree to operate under. It is not meant to be a legal document but rather mutually agreed upon guidelines.

Our goal is to establish a mutually profitable relationship with our Authorized Dealers. To achieve this goal, Hermosa Hardwoods seeks to support our dealers with unique products, innovative selling tools, leading web support and superior customer service.

Towards this goal, an overview of the key elements of our support and in return, our expectations are outlined below.

Sales Support

The Human Touch – Our Hermosa Hardwoods sales & customer support team is available to answer questions regarding product specs, installation & maintenance guidelines, lead times, environmental issues & more, by phone at 1.303.586.9400, by email and if requested, for in-store training sessions either by GotoMeeting or by visit.

Find the Info on the Web – Besides all the “deep” technical information made available to you on the web, once an Authorized Hermosa Hardwoods Dealer, you can generate Catalogs & Price Lists for your customers and access a growing array of web-based applications from your My Account page - once logged into Hermosa Hardwoods.

Sales Tools & Selling Systems

- Point of Purchase Displays - Hermosa Hardwoods offers retrofit kits for existing Hermosa Hardwoods Dealer Displays already in the field. Please visit HermosaHardwoods.com/Dealer-Displays.aspx to purchase the display retrofit kits and/or the new Display Systems being offered.
- For Collection Story Boards, Product Source Story Boards, Green Corner Showroom Kits, Architectural Folders & more – Visit HermosaHardwoods.com/Marketing-Tools.aspx.

The Web as your Selling Tool

In this day of the internet, web delivered applications & information are growing ever more important to our mutual success. We encourage our Hermosa Hardwoods Dealers to utilize the web fully and support you in adding our products to your website.

For those dealers who list our products branded as Hermosa Hardwoods and show prices, we do require that you DO NOT list prices BELOW our Minimum Suggested Retail Pricing (MSRP) as shown on our Price Lists. Thank you.

We offer three different methods to assist you in populating your website with our products:

1. For those Authorized Hermosa Hardwoods Dealers who have agreed to abide by MSRP, ALL of our

product images and product attributes are made available to you in formats that allows you (or your web developer) to easily import/data map them into your website framework.

2. Hermosa Hardwoods further encourages you and your web team to take our products and "ghost" them as your "own unique" products - simply by changing the SKU #'s and naming conventions. This allows you to then sell your "ghosted" products for a price of your choosing while at the same time avoiding local area & internet "comparison" shopping.
3. Dealers, with minimum web presences can also utilize our Hermosa Hardwoods Web Affiliate Program to place a link on your website whereby anyone who accesses Hermosa Hardwoods from your site is "tracked" with your unique identifier number with all their activity credited back to you (such as sample order leads, requests for quotes, etc.). Additionally, you can choose whether to show on your site:
 - a. MSRP Prices - show or not show - your choice (or show higher)
 - b. Sell Flooring - to either allow sales at the MSRP price (using our online shopping application) or to require end users to just "request a quote" that will then be directed to you alone for your follow up.
4. Also, we encourage Authorized Hermosa Hardwoods Dealers to make use of our web application Hermosa Hardwoods Clearance which allows you to purchase value priced opportunity buys for you're your own account & resell as you see fit or you can (suggested) place a link up on your website to offer your customers these products from your website and once again can choose to use the shopping cart function and make all items e-commerceable.

As an Authorized Hermosa Hardwoods Dealer you are automatically placed on the Hermosa Hardwoods Dealer Locator - please use the attached form to advise how you want to be listed or visit HermosaHardwoods.com/For-Our-Dealers.aspx to provide this info online.

Distribution Policy

Residential Products - All of Hermosa Hardwoods's Residential Flooring Products are to be sold through authorized Hermosa Hardwoods Dealers. We say "are to be" because Hermosa Hardwoods is in the middle of rejuvenating the Hermosa Hardwoods line and incorporating existing dasso Bamboo and Tesoro Woods products & dealers into the rejuvenated Hermosa Hardwoods. This transition will take the balance of 2016 to accomplish. As we move forward, our intention is to support our Dealers as follows:

- 1) Authorized Dealers are those that either have our displays or our products displayed in their showroom and/or are making use of displaying our products on their website. These dealers have signed this Memorandum, are listed on our Dealer Locator, have a web account and can access all the tools we make available there.
 - a. We are developing a Preferred Authorized Dealer Program. This exclusive club will recognize those Authorized Dealers who have made larger Web and/or Display commitments and who also have met certain sales volume thresholds. Added benefits include premier placement on the Dealer Locator and volume rebate incentive and/or reward programs. These programs will be announced when our new display systems become available.
- 2) Key Dealers are those dealers who do not make use of or leverage our selling tools. These dealers pay a higher cost for product than our Authorized Dealers.

As we move forward, Hermosa Hardwoods may choose to utilize local distribution in certain geographies

to provide enhanced logistic and billing/credit support. But in all cases, given the expertise required to understand and present green products correctly, Hermosa Hardwoods will maintain direct lines of communication & support to our Dealers. We will advise dealers in a given geography of any enhanced local distribution support we may have put in place to serve you better.

Commercial Products & Projects – Given the favorable environmental attributes found in our products and the role of the Design Community in Green Building, our products are being specified in a myriad of project types – from Single Family Homes, Multi-Family High Rises, Retail Store Chains, to Educational, Hospitality and Corporate settings. And to better address this audience, our ETXSurfaces.com lists all its standard products on Hermosa Hardwoods, thereby referring all residential leads to you but then provides both custom designed product selectors and value engineered selectors to support commercial needs.

Given that Hermosa Hardwoods, with the varying paths to market in the commercial world, cannot always know definitively who played what roles in specifying, much less how these products get purchased, and/or where they end up geographically, we have the following guiding policies in place regarding commercial sales:

- 1) Hermosa Hardwoods reserves the right to sell commercial projects direct - but with the following caveats, as we seek to encourage and support our Dealers to garner specifications and commercial sales:
 - a. If an Hermosa Hardwoods Dealer is involved in getting specifications, PLEASE register these specs/projects with us ASAP so we can fully credit/protect you to the best of our ability. Visit [Hermosa Hardwoods.com/For-Our-Dealers.aspx](http://HermosaHardwoods.com/For-Our-Dealers.aspx)
 - b. Our guiding principles, in terms of protecting, supporting & fairly rewarding Hermosa Hardwoods Dealers efforts in specifications/commercial sales is to:
 - i. Be Fair - based on the knowledge we have at the time, to compensate/reward all parties commensurate and in proportion with their efforts, (as many times these are shared efforts between our staff, distribution reps, your staff and maybe even dealers outside your region - yet the project gets bought and/or installed in your region or another one)
 - ii. Treat you as you would expect to be Treated if the roles were reversed.
 - iii. Referee differing Views fairly – but given that we are placed in a refereeing role all too often without all the facts we must make decisions based on the information on hand at that time. Also, in the interest of fairness we may have to change these decisions when additional information comes to light. Once again our guiding principals are to be fair and treat each as they would be expected if the roles/situation was reversed. In all cases our decisions are final.

Bamboo & Cork Products – other than Flooring

We believe that our dealers, (especially our green building products dealers who offer more than just flooring), should understand all that we offer. In the case of Bamboo, this includes a wide range of products such as decking, plywood, countertops, cutting boards, furniture & more. These products find their way through the respective channels they are typically brought to market (which is usually not through flooring dealers). We do invite you to contact us if you have projects, contacts or you yourself offer these products so we can explore ways to support your efforts. Visit dassoUSA.com to learn more about our non flooring bamboo offerings.



Terms & Conditions of Sale

We attach our Terms & Conditions of Sale covering how we do business. In areas where we have distribution support, then our Distribution Partner's Terms & Conditions replace ours. In signing this understanding, you acknowledge you have read these and accept them.

In Closing

Hermosa Hardwoods has a beautiful product line and customer-focused operations team to back it up. We are working diligently on creating innovative sales tools and web applications in support of our Authorized Dealer network.

We recognize that you, our Dealers, are our most important asset and we have to earn your support every day. And as emphasis to our need to earn your support, either party is free to void this agreement upon written notice to the other party and in the dealer's case, it can be voided with 24 hours notice and in Hermosa Hardwoods's case with 30 days notice to dealer.

Sincerely,

Andy Gallo
VP of Sales Hermosa Hardwoods

Dealer Agreement

☐ I want to become an Hermosa Hardwoods Authorized Dealer and I agree to this Memorandum of Understanding & Hermosa Hardwoods's Terms and Conditions of Sale.

Date*	Name*	Title*	
Company*			
Address*			
City*	State/Province*	Zip/Postal Code*	Country*
Phone*		Website	
Email*	Signature*		

Please return completed and signed form via email to agallo@TWFlooringGroup.com or fax to 1.303.586.9421

*Above Fields in **bold** are mandatory.