

EMPLOYEE HANDBOOK WITH TRUST MANAGEMENT SERVICES AND CO-EMPLOYER

TRACY STEIN MANAGEMENT SERVICES, INC.
P.O. BOX 580631
ELK GROVE, CA 95758-0011
FAX: (916) 399-9878

CONFIRMATION OF RECEIPT WITH AT-WILL LANGUAGE

I have received my copy of the Company's employee handbook. I understand and agree that it is my responsibility to read and familiarize myself with the policies and procedures contained in the handbook.

I understand that except for employment at-will status, any and all policies or practices can be changed at any time by the Company. The Company reserves the right to change my hours, wages, and working conditions at any time. I understand and agree that other than the president of the Company, no manager, supervisor, or representative of the Company has authority to enter into any agreement, express or implied, for employment for any specific period of time, or to make any agreement for employment other than at-will; only the president has the authority to make any such agreement and then only in writing, signed by the president.

I understand and agree that nothing in the employee handbook creates or is intended to create a promise or representation of continued employment and that employment at the Company is employment at-will; employment may be terminated at the will of either the Co.-Employer or my-self. My signature certifies that I understand that the foregoing agreement on at-will status is the sole and entire agreement between the company and my-self concerning the duration of my employment and the circumstances under which my employment may be terminated. It supersedes all prior agreements, understandings, and representations concerning my employment with the Company.

SIGNATURE OF CO-EMPLOYEE

DATE

THIS PAGE SHOULD BE SIGNED AND RETURNED TO TMS AT PO BOX 580631 ELK GROVE, CA 95758

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EMPLOYEE HANDBOOK

TRUST MANAGEMENT SERVICES AND CO-EMPLOYER

REVISED 10/2004

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EMPLOYEE HANDBOOK

CONTENTS

Essential Legal Provisions	4
Confirmation of Receipt with At-will Language	5
Introductory Statement	5
At-will Employment Status	5
Integration Clause and the Right to Revise.....	6
EEO with ADA Provision	6
Unlawful Harassment	6
Employment Policies and Practices	8
New Employees.....	9
Regular Employees	9
Full-time Employees	9
Part-time Employees.....	9
Job Duties.....	9
Work Schedules.....	9
Meal and Rest Periods.....	10
Timekeeping Requirements	10
Payment of Wages	10
Advances.....	10
Personnel Records	10
Employee References.....	10
Performance Evaluations	10
Open-door.....	10
Employment of Relatives	11
Conflicts of Interest.....	11
Involuntary Termination.....	11
Voluntary Termination	12
Standards of Conduct.....	13
Prohibited Conduct	14
Drug and Alcohol Abuse.....	14
Punctuality and Attendance	15
Dress Code and Other Personal Standards	15
Confidentiality.....	16
Operational Considerations	17
Employee Property	18
Health and Safety.....	18
Smoking	18
Housekeeping.....	18
Conducting Personal Business.....	18
Employee Benefits	19
Holiday — Vacation — Sick Leave.....	20
Insurance Benefits	20
Family and Medical Leave Eligibility.....	20
Family Leave and Pregnancy.....	20
Recreational Activities and Programs	21
Workers Compensation.....	21

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ESSENTIAL LEGAL PROVISIONS

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EMPLOYEE HANDBOOK

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INTRODUCTORY STATEMENT

Welcome! As an employee of Trust Management Services Inc. and Co Employer, you are an important member of a team effort. We hope that you will find your position with Trust Management Services Inc. and Co Employer rewarding, challenging, and productive.

Because our success depends upon the dedication of our employees, we are highly selective in choosing new members of our team. We look to you and the other employees to contribute to the success of Trust Management Services Inc. and Co Employer.

This employee handbook is intended to explain the terms and conditions of employment of all full- and part-time employees and supervisors. Written employment contracts between Trust Management Services Inc. and Co Employer and some individuals may supersede some of the provisions of this handbook.

This handbook summarizes the policies and practices in effect at the time of publication. This handbook supersedes all previously issued handbooks, and any policy or benefit statements or memoranda that are inconsistent with the policies described here. Your supervisor or manager will be happy to answer any questions you may have.

AT-WILL EMPLOYMENT STATUS

Company personnel are employed on an at-will basis. Employment at-will may be terminated with or without cause and with or without notice at any time by the employee or the Company. Nothing in this handbook shall limit the right to terminate at-will employment. No manager, supervisor, or employee of the Company has any authority to enter into an agreement for employment for any specified period of time or to make an agreement for employment on other than at-will terms. Only the Co- Employer of the Company has the authority to make any such agreement, which is binding only if it is in writing.

INTEGRATION CLAUSE AND THE RIGHT TO REVISE

This employee handbook contains the employment policies and practices of the Company in effect at the time of publication. All previously issued handbooks and any inconsistent policy statements or memoranda are superseded.

The Company reserves the right to revise, modify, delete, or add to any and all policies, procedures, work rules, or benefits stated in this handbook or in any other document, except for the policy of at-will employment. However, any such changes must be in writing and must be signed by the president of the Company.

Any written changes to this handbook will be distributed to all employees so that employees will be aware of the new policies or procedures. No oral statements or representations can in any way alter the provisions of this handbook.

This handbook sets forth the entire agreement between you and the Company as to the duration of employment and the circumstances under which employment may be terminated. Nothing in this employee handbook or in any other personnel document, including benefit plan descriptions, creates or is intended to create a promise or representation of continued employment for any employee.

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EMPLOYEE HANDBOOK

EEO WITH ADA PROVISION

This Company is an equal opportunity employer and makes employment decisions on the basis of merit. We want to have the best available persons in every job. Company policy prohibits unlawful discrimination based on race, color, creed, gender, religion, marital status, age, national origin or ancestry, physical or mental disability, and medical condition including genetic characteristics, sexual orientation, or any other consideration made unlawful by federal, state, or local laws. It also includes a perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics. All such discrimination is unlawful.

The Company is committed to compliance with all applicable laws providing equal employment opportunities. This commitment applies to all persons involved in the operations of the Company and prohibits unlawful discrimination by any employee of the Company, including supervisors and co-workers.

To comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability, the Company will make reasonable accommodations for the known physical or mental limitations of an otherwise qualified individual with a disability who is an applicant or an employee unless undue hardship would result.

Any applicant or employee who requires an accommodation in order to perform the essential functions of the job should contact a Company representative with day-to-day personnel responsibilities and request such an accommodation. The individual with the disability should specify what accommodation he or she needs to perform the job. The Company will then conduct an investigation to identify the barriers that interfere with the equal opportunity of the applicant or employee to perform his or her job. The Company will identify possible accommodations, if any, that will help eliminate the limitation. If the accommodation is reasonable and will not impose an undue hardship, the Company will make the accommodation.

If you believe you have been subjected to any form of unlawful discrimination, submit a written complaint to your supervisor or the individual with day-to-day personnel responsibilities. Your complaint should be specific and should include the names of the individuals involved and the names of any witnesses. The Company will immediately undertake an effective, thorough, and objective investigation and attempt to resolve the situation.

If the Company determines that unlawful discrimination has occurred, effective remedial action will be taken commensurate with the severity of the offense. Appropriate action also will be taken to deter any future discrimination. The Company will not retaliate against you for filing a complaint and will not knowingly permit retaliation by management employees or your co-workers.

UNLAWFUL HARASSMENT

The Company is committed to providing a work environment free of unlawful harassment. Company policy prohibits sexual harassment and harassment based on pregnancy, childbirth or related medical conditions, race, religious creed, color, national origin or ancestry, physical or mental disability, medical condition, marital status, age, sexual orientation, or any other basis protected by federal, state, or local law or ordinance or regulation. All such harassment is unlawful. The Company's anti-harassment policy applies to all persons involved in the operation of the Company and prohibits unlawful harassment by any employee of the Company, including supervisors and co-workers. It also prohibits unlawful harassment based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics.

Prohibited unlawful harassment includes, but is not limited to, the following behavior:

- Verbal conduct such as epithets, derogatory jokes or comments, slurs or unwanted sexual advances, invitations, or comments;
- Visual displays such as derogatory and/or sexually-oriented posters, photography, cartoons, drawings, or gestures;
- Physical conduct including assault, unwanted touching, intentionally blocking normal movement or interfering with work because of sex, race, or any other protected basis;
- Threats and demands to submit to sexual requests as a condition of continued employment, or to avoid some other loss, and offers of employment benefits in return for sexual favors; and
- Retaliation for reporting or threatening to report harassment.

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EMPLOYEE HANDBOOK

If you believe that you have been unlawfully harassed, submit a written complaint to your supervisor, or the personnel administrator Gary Montgomery at (916) 399-9878 as soon as possible after the incident. Your complaint should include details of the incident or incidents, names of the individuals involved, and names of any witnesses. Your supervisor will refer all harassment complaints to the personnel administrator, investigative officer, or the president of the Company. The Company will immediately undertake an effective, thorough, and objective investigation of the harassment allegations.

If the Company determines that unlawful harassment has occurred, effective remedial action will be taken in accordance with the circumstances involved. Any employee determined by the Company to be responsible for unlawful harassment will be subject to appropriate disciplinary action, up to, and including termination. A company representative will advise all parties concerned of the results of the investigation. The Company will not retaliate against you for filing a complaint and will not tolerate or permit retaliation by management, employees or co-workers.

The Company encourages all employees to report any incidents of harassment forbidden by this policy immediately so that complaints can be quickly and fairly resolved. You also should be aware that the Federal Equal Employment Opportunity Commission and the California Department of Fair Employment and Housing investigate and prosecute complaints of prohibited harassment in employment. If you think you have been harassed or that you have been retaliated against for resisting or complaining, you may file a complaint with the appropriate agency. The nearest office is listed in the telephone book.

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Employment Policies and Practices

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EMPLOYEE HANDBOOK

NEW EMPLOYEES

The first six months of continuous employment at the Company is considered a trial period. During this time you will learn your responsibilities, get acquainted with fellow employees, and determine whether or not you are happy with your job. During this time your supervisor will closely monitor your performance.

Upon completion of the trial period, the Company will review your performance. If the Company finds your performance satisfactory and decides to continue your employment, it will advise you of any improvements expected from you. At that time, you may express suggestions to improve the Company's efficiency and operations. Completion of the trial period does not entitle you to remain employed by the Company for any definite period of time, but rather allows both you and the Company to evaluate whether or not you are right for the position. After completion of the trial period, eligible employees will receive the benefits described in this handbook.

REGULAR EMPLOYEES

Regular employees are those who are hired to work on a regular schedule. Regular employees may be classified as full-time or part-time.

FULL-TIME EMPLOYEES

Regular full-time employees are those who are scheduled for and do work 40 hours per week. Following the completion of the trial period, regular full-time employees are eligible for most employee benefits described in this handbook.

PART-TIME EMPLOYEES

Part-time employees are those who are scheduled for and do work fewer than 20 hours per week. Part-time employees are eligible for the following Company benefits: Disability Insurance, Unemployment Compensation, and Workers Compensation.

JOB DUTIES

During the trial period, your supervisor will explain your job responsibilities and the performance standards expected of you. Be aware that your job responsibilities may change at any time during your employment. From time to time, you may be asked to work on special projects, or to assist with other work necessary or important to the operation of your department or the Company. Your cooperation and assistance in performing such additional work is expected.

The Company reserves the right, at any time, with or without notice, to alter or change job responsibilities, reassign or transfer job positions, or assign additional job responsibilities.

WORK SCHEDULES

The Company is normally open for business between the hours of 8:00 a.m. and 5:00 p.m. Monday through Friday. Your supervisor will assign your individual work schedule. All employees are expected to be at their work area and at the start of their scheduled shifts, ready to work.

Exchanging work schedules with other employees is discouraged. However, if you need to exchange schedules, notify your supervisor, who may authorize an exchange if possible. Work schedule exchanges will not be approved for the mere convenience of an employee or if the exchange interferes with normal operations or results in excessive overtime.

The workweek begins at 8:00 a.m. Monday and ends at 5:00 p.m. on Friday.

MEAL AND REST PERIODS

Due to the nature of work performed, all employees working 5 or more hours a day are provided with a 1/2 hour (30 minute) on duty meal period. The employee will be compensated for the meal time at their hourly rate of pay. On duty meal periods are to be taken at time scheduled by the supervisor.

Employees are allowed a 10-minute rest period for every four hours of work or major portion thereof. See your supervisor for your specific meal and rest period schedule.

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EMPLOYEE HANDBOOK

You are expected to observe your assigned working hours and the time allowed for meal and rest periods. Do not leave the premises during your rest period and do not take more than 10 minutes for each rest period.

TIMEKEEPING REQUIREMENTS

All non-exempt employees are required to use a time sheet to record time worked for payroll purposes. Employees must record their own time at the start and at the end of each work period. Any handwritten marks or changes on the timesheet must be initialed by a supervisor. Completing another employee's timesheet, allowing another employee to complete timesheet, or altering a time sheet is not permissible and is subject to disciplinary action.

Salaried and exempt employees also may be required to record their time on duty a time sheet.

Any errors on your timesheet should be reported immediately to your supervisor.

PAYMENT OF WAGES

All employees of the Company are paid on the 5th and 20th of each month with checks mailed the day before. If either the 5th or 20th fall on a Saturday, Sunday or legal holiday pay day will be on the following working day. If you observe an error on your check, please report it immediately to Gary Montgomery in payroll processing at (916) 394-1060 or your supervisor.

The Company offers automatic payroll deposit for employees at all locations. You may begin and stop automatic payroll deposit at any time. To begin automatic payroll deposit, you must complete a form (available from your supervisor and return it to Gary Montgomery in the payroll department at least 10 days before the pay period for which you would like the service to begin. You should carefully monitor your payroll deposit statements for the first two pay periods after the service begins.

To stop automatic payroll deposit, complete the form available from your supervisor and return it to payroll at least 10 days before the pay period for which you would like the service to end. You will receive a regular payroll check on the first pay period after the receipt of the form, provided it is received no later than 10 days before the end of the pay period.

ADVANCES

The Company does not permit advances against paychecks.

PERSONNEL RECORDS

You have a right to inspect certain documents in your personnel file, as provided by law, in the presence of a Company representative at a mutually convenient time. No copies of documents in your file may be made, with the exception of documents that you have previously signed. You may add your comments to any disputed item in the file.

The Company will restrict disclosure of your personnel file to authorized individuals within the Company. Any request for information contained in personnel files must be directed to the personnel manager. Only the personnel manager is authorized to release information about current or former employees. Disclosure of personnel information to outside sources will be limited. However, the Company will cooperate with requests from authorized law enforcement or local, state, or federal agencies conducting official investigations and as otherwise legally required.

EMPLOYEE REFERENCES

All requests for references must be directed to the Gary Montgomery at P.O. Box 580631, Elk Grove, Ca. 95758-0011. No other manager, supervisor, or employee is authorized to release references for current or former employees. By policy, the Company discloses only the dates of employment and the title of the last position held of former employees. If you authorize the disclosure in writing, the Company also will inform prospective employers of the amount of salary or wage you last earned.

PERFORMANCE EVALUATIONS

Each employee will receive periodic performance reviews conducted by his or her supervisor. Your first performance evaluation will take place after completion of your trial period. Subsequent performance evaluations will be conducted annually.

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EMPLOYEE HANDBOOK

The frequency of performance evaluations may vary depending upon length of service, job position, past performance, changes in job duties, or recurring performance problems.

Your performance evaluations may review factors such as the quality and quantity of the work you perform, your knowledge of the job, your initiative, your work attitude, and your attitude toward others. The performance evaluations are intended to make you aware of your progress, areas for improvement, and objectives or goals for future work performance. Favorable performance evaluations do not guarantee increases in salary or promotions. Salary increases and promotions are solely within the discretion of the Company and depend upon many factors in addition to performance. After the review, you will be required to sign the evaluation report simply to acknowledge that it has been presented to you, that you have discussed it with your supervisor, and that you are aware of its contents.

OPEN-DOOR

Suggestions for improving the Company are always welcome. At some time, you may have a complaint, suggestion, or question about your job, your working conditions, or the treatment you are receiving. Your good-faith complaints, questions, and suggestions also are of concern to the Company. We ask you to first discuss your concerns with your supervisor, following these steps:

- 1 Within a week of the occurrence, bring the situation to the attention of your immediate supervisor, who will then investigate and provide a solution or explanation.
- 2 If the problem persists, you may describe it in writing and present it to the personnel manager, who will investigate and provide a solution or explanation. We encourage you to bring the matter to the personnel manager as soon as possible after you believe that your immediate supervisor has failed to resolve it.

This procedure, which we believe is important for both you and the Company, cannot guarantee that every problem will be resolved to your satisfaction. However, the Company values your observations and you should feel free to raise issues of concern, in good faith, without the fear of retaliation.

EMPLOYMENT OF RELATIVES

Relatives of employees may be eligible for employment with the Company only if individuals involved do not work in a direct supervisory relationship, or in job positions in which a conflict of interest could arise. The Company defines “relatives” as spouses, children, siblings, parents, in-laws, and step-relatives. Present employees who marry will be permitted to continue working in the job position held only if they do not work in a direct supervisory relationship with one another or in job positions involving conflict of interest.

CONFLICTS OF INTEREST

All employees must avoid situations involving actual or potential conflict of interest. Personal or romantic involvement with a subordinate employee of the company, which impairs an employee’s ability to exercise good judgment on behalf of the Company, creates an actual or potential conflict of interest. Supervisor-subordinate romantic or personal relationships also can lead to supervisory problems, possible claims of sexual harassment, and morale problems.

An employee involved in any of the types of relationships or situations described in this policy should immediately and fully disclose the relevant circumstances to his or her immediate supervisor, or any other appropriate supervisor, for a determination about whether a potential or actual conflict exists. If an actual or potential conflict is determined, the Company may take whatever corrective action appears appropriate according to the circumstances. Failure to disclose facts shall constitute grounds for disciplinary action.

These types of relationships are therefore prohibited and violations of this policy will subject an employee to disciplinary action, up to, and including termination.

INVOLUNTARY TERMINATION

Violation of Company policies and rules may warrant disciplinary action. The Company has established a system of progressive discipline that includes verbal warnings, written warnings. The system is not formal and the Company may, in its sole discretion, utilize whatever form of discipline is deemed appropriate under the circumstances, up to, and including, termination of employment. The Company’s policy of progressive discipline in no way limits or alters the at-will employment relationship.

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EMPLOYEE HANDBOOK

VOLUNTARY TERMINATION

Voluntary termination results when an employee voluntarily resigns his or her employment, or fails to report to work for three consecutively scheduled workdays without notice to, or approval by, his or her supervisor. All Company-owned property, including vehicles, keys, and credit cards, must be returned immediately upon termination of employment.

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EMPLOYEE HANDBOOK

Standards of Conduct

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EMPLOYEE HANDBOOK

PROHIBITED CONDUCT

The following conduct is prohibited and will not be tolerated by the Company. This list of prohibited conduct is illustrative only; other types of conduct that threaten security, personal safety, employee welfare and the Company's operations also may be prohibited.

Falsifying employment records, employment information, or other Company records;

Recording the work time of another employee or allowing any other employee to record your work time, or falsifying any time card, either your own or another employee's;

Theft and deliberate or careless damage or destruction of any Company property, or the property of any employee or customer;

Removing or borrowing Company property without prior authorization;

Unauthorized use of Company equipment, time, materials, or facilities;

Provoking a fight or fighting during working hours or on Company property;

Participating in horseplay or practical jokes on Company time or on Company premises;

Carrying firearms or any other dangerous weapons on Company premises at any time;

Engaging in criminal conduct whether or not related to job performance;

Causing, creating, or participating in a disruption of any kind during working hours on Company property;

Insubordination, including but not limited to failure or refusal to obey the orders or instructions of a supervisor or member of management, or the use of abusive or threatening language toward a supervisor or member of management;

Using abusive language at any time on Company premises;

Failing to notify a supervisor when unable to report to work;

Unreported absence of three consecutive scheduled workdays;

Failing to obtain permission to leave work for any reason during normal working hours;

Failing to observe working schedules, including rest and lunch periods;

Failing to provide a physician's certificate when requested or required to do so;

Sleeping or malingering on the job;

Making or accepting personal telephone calls during working hours, except in cases of emergency;

Working overtime without authorization or refusing to work assigned overtime;

Wearing disturbing, unprofessional or inappropriate styles of dress or hair while working;

Violating any safety, health, security or Company policy, rule, or procedure;

Committing a fraudulent act or a breach of trust under any circumstances; and

Committing of or involvement in any act of unlawful harassment of another individual.

This statement of prohibited conduct does not alter the Company's policy of at-will employment. Either you or the Company remains free to terminate the employment relationship at any time, with or without reason or advance notice.

DRUG AND ALCOHOL ABUSE

The Company is concerned about the use of alcohol, illegal drugs, or controlled substances as it affects the workplace. Use of these substances, whether on or off the job can detract from an employee's work performance, efficiency, safety, and health, and therefore seriously impair the employee's value to the Company. In addition, the use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees and exposes the Company to the risks of property loss or damage, or injury to other persons.

Furthermore, the use of prescription drugs and/or over-the-counter drugs also may affect an employee's job performance and may seriously impair the employee's value to the Company.

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EMPLOYEE HANDBOOK

The following rules and standards of conduct apply to all employees either on Company property or during the workday (including meals and rest periods). Behavior that violates company policy includes:

- Possession or use of an illegal or controlled substance, or being under the influence of an illegal or controlled substance while on the job;
- Driving a Company vehicle while under the influence of alcohol or a controlled substances; and
- Distribution, sale, or purchase of an illegal or controlled substance while on the job.
- Violation of these rules and standards of conduct will not be tolerated. The Company also may bring the matter to the attention of appropriate law enforcement authorities.
- In order to enforce this policy, the Company reserves the right to conduct searches of Company property or employees and/or their personal property and to implement other measures necessary to deter and detect abuse of this policy.
- An employee's conviction on a charge of illegal sale or possession of any controlled substance while off Company property will not be tolerated because such conduct, even though off duty, reflects adversely on the Company. In addition, the Company must keep people who sell or possess controlled substances off the Company's premises in order to keep the controlled substances themselves off the premises.
- Any employee who is using prescription or over-the-counter drugs that may impair the employee's ability to safely perform the job, or affect the safety or well-being of others, must notify a supervisor of such use immediately before starting or resuming work.
- The Company will encourage employees with alcohol or drug dependencies to seek treatment and/or rehabilitation. The Company is not obligated, however, to continue to employ any person whose performance of essential job duties is impaired because of drug or alcohol use. This policy on treatment and rehabilitation is not intended to affect the Company's treatment of employees who violate the regulations described previously. Rather, rehabilitation is an option for an employee who acknowledges a chemical dependency and voluntarily seeks treatment to end that dependency.

PUNCTUALITY AND ATTENDANCE

As an employee of the Company, you are expected to be punctual and regular in attendance. Any tardiness or absence causes problems for your consumer, fellow employees and your supervisor. When you are absent, your assigned work must be performed by others.

Employees are expected to report to work as scheduled, on time, and prepared to start work. Employees also are expected to remain at work for their entire work schedule, or when required to leave on authorized Company business. Late arrival, early departure, or other unanticipated and unapproved absences from scheduled hours are disruptive and must be avoided.

If you are unable to report for work on any particular day, you must under all but the most extenuating circumstances call your supervisor at least six (6) hours before the time you are scheduled to begin working for that day. If you call less than two (2) hours before your scheduled time to begin work and do not arrive in time for your assigned shift, you will be considered tardy for that day. In all cases of absence or tardiness, employees must provide their supervisor with an honest reason or explanation. Employees also must inform their supervisor of the expected duration of any absence. Excessive absenteeism or tardiness, whether excused or not, will not be tolerated. This Company defines excessive absenteeism as more than 2 days absence in a 3-month period.

If you fail to report for work without any notification to your supervisor and your absence continues for a period of three days, the Company will consider that you have abandoned your employment.

DRESS CODE AND OTHER PERSONAL STANDARDS

Employees are expected to wear appropriate clothing for activity(s) with the consumer. Appropriate professional clothing is permissible. Clothing should be neat, clean and tasteful. Avoid clothing that can create a safety hazard. Supervisors' managers may issue more specific guidelines.

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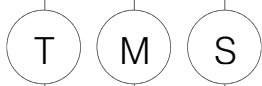
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EMPLOYEE HANDBOOK

CONFIDENTIALITY

Each employee is responsible for safeguarding all confidential information obtained during employment. In the course of your work, you may have access to confidential information regarding the Consumer and or their family. Confidential information is not to be shared with ANY other party. Divulgence of any information includes revealing that the consumer is a recipient of regional center services. You have responsibility to prevent revealing or divulging ANY information unless it is necessary for you to do so in the performance of your duties. Access to confidential information should be on a “need-to-know” basis and must be authorized by your Co.-Employer or supervisor. Any breach of this policy will not be tolerated and legal action may be taken by the Company.



Operational Considerations

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EMPLOYEE HANDBOOK

EMPLOYEE PROPERTY

An employee's personal property, including but not limited to lockers, packages, purses, and backpacks, may be inspected upon reasonable suspicion of unauthorized possession of Company property.

HEALTH AND SAFETY

All employees are responsible for their own safety, as well as that of others in the workplace. To help us maintain a safe workplace, everyone must be safety-conscious at all times. Report all work-related injuries or illnesses immediately to your supervisor and Gary Montgomery at (916) 394-1060, in the payroll department.

SMOKING

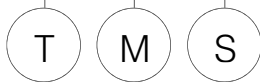
Smoking is not allowed on the property.

HOUSEKEEPING

All employees are expected to keep their work areas clean and organized. People using common areas such as lunch rooms, and restrooms are expected to keep them sanitary. Please clean up after meals and dispose of trash properly.

CONDUCTING PERSONAL BUSINESS

Employees are to conduct only Company business while at work. Employees may not conduct personal business or business for another employer during their scheduled working hours.



EMPLOYEE HANDBOOK

Employee Benefits

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EMPLOYEE HANDBOOK

HOLIDAY—VACATION - SICK LEAVE

The funding for your position is received through the Regional Center who in turn receives their funding from the State of California Department of Developmental Services (DDS). At this time DDS does not fund paid Holidays, Vacation or Sick Leave for this service.

INSURANCE BENEFITS

Medical Insurance—The funding for your position is received through the Regional Center who in turn receives their funding from the State of California Department of Developmental Services (DDS). At this time DDS does not fund Medical Insurance for this service.

Disability Insurance—Each employee contributes to the State of California to provide disability insurance mandated by the California Unemployment Insurance Code. Contributions are made through a payroll deduction. Disability insurance is payable when you cannot work because of illness or injury not caused by employment at the Company or when you are entitled to temporary workers' compensation at a rate less than the daily disability benefit amount. Specific rules and regulations governing disability are available from the personnel manager.

Unemployment Compensation—The Company contributes thousands of dollars each year to the California Unemployment Insurance Fund on behalf of its employees.

Social Security—Social Security is an important part of every employee's retirement benefit. The Company pays a matching contribution to each employee's Social Security taxes.

Workers' Compensation—You are protected by the Company's workers' compensation insurance policy while employed by the Company, at no cost to you. The policy covers you in case of occupational injury or illness.

FAMILY AND MEDICAL LEAVE ELIGIBILITY

Employees who have more than 12 months of service, who have worked at least 1,250 hours during the previous 12-month period before the date the leave is to begin, and who are employed at a work site where the Company maintains on the payroll (as of the date of the leave request) at least 50 part- or full-time employees within 75 miles (measured in road miles) of the work site where the employee requesting the leave works, are eligible under federal Family and Medical Leave Act and state California Family Rights Act family leave laws to take up to a maximum of 12 workweeks of unpaid family/medical leave within a 12-month period.

Family/medical leave time is permitted for the birth of the employee's child or placement of a child with the employee for adoption or foster care, to care for the employee's spouse, child, or parent who has a serious health condition, or for a serious health condition that makes the employee unable to perform his or her job.

FAMILY LEAVE AND PREGNANCY

Time off from work because of the employee's disability due to pregnancy, childbirth, or related medical condition is not counted as time used for California Family Rights Act leave, but is counted as time used for Family and Medical Leave Act leave. Pregnant employees may have the right to take a pregnancy disability leave in addition to family or medical leave. Such employees should contact their supervisor regarding their individual situation. Any leave taken for the birth, adoption, or foster care placement of a child does not have to be taken in one continuous period of time. California Family Rights Act leave taken for the birth or placement of a child will be granted in minimum amounts of two weeks. However, the Company will grant a request for a California Family Rights Act leave (for birth/placement of a child) of less than two weeks' duration on any two occasions. Any leave taken must be concluded within one year of the birth or placement of the child with the employee.

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EMPLOYEE HANDBOOK

The following procedures shall apply when an employee requests family leave:

Please contact your Co.-Employer as soon as you realize the need for family/medical leave.

If the leave is based on the expected birth, placement for adoption or foster care, or planned medical treatment for a serious health condition of the employee or a family member, the employee must notify the Company at least 30 days before leave is to begin. The employee must consult with his or her Co.-Employer regarding scheduling of any planned medical treatment in order to minimize disruption to the operations of the Company. Any such scheduling is subject to the approval of the health care provider of the employee or the health care provider of the employee's child, parent, or spouse.

If the employee cannot provide 30 days' notice, the Company must be informed as soon as practical.

RECREATIONAL ACTIVITIES AND PROGRAMS

The Company or its insurer will not be liable for payment of workers' compensation benefits for any injury that arises out of an employee's voluntary participation in any off-duty recreational, social, or athletic activity that is not part of the employee's work-related duties.

WORKERS COMPENSATION

The Company, in accordance with state law, provides insurance coverage for employees in case of work-related injury. The workers' compensation benefits provided to injured employees may include:

Medical care;

Cash benefits, tax free, to replace lost wages; and

Vocational rehabilitation to help qualified injured employees return to suitable employment.

To ensure that you receive any workers' compensation benefits to which you may be entitled, you will need to:

Immediately report any work-related injury to your Co.-Employer or Gary Montgomery at (916) 394-1060;

Seek medical treatment and follow-up care if required;

Complete a written Employee's Claim Form (DWC Form 1) and return it to Gary Montgomery Fax 916-399-9878; and

Provide the Company with a certification from your health care provider regarding the need for workers' compensation disability leave, as well as your eventual ability to return to work from the leave.

Upon submission of a medical certification that an employee is able to return to work after a workers' compensation leave, the employee under most circumstances will be reinstated to his or her same position held at the time the leave began, or to an equivalent position, if available. An employee returning from a workers' compensation leave has no greater right to reinstatement than if the employee had been continuously employed rather than on leave. For example, if the employee on workers' compensation leave would have been laid off had he or she not gone on leave, or if the employee's position has been eliminated or filled in order to avoid undermining the Company's ability to operate safely and efficiently during the leave, and no equivalent or comparable positions are available, then the employee would not be entitled to reinstatement.

An employee's return depends on his or her qualifications for any existing openings. If, after returning from a workers' compensation disability leave, an employee is unable to perform the essential functions of his or her job because of a physical or mental disability, the Company's obligations to the employee may include reasonable accommodation, as governed by the Americans with Disabilities Act.

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EMPLOYEE HANDBOOK

CONFIRMATION OF RECEIPT WITH AT-WILL LANGUAGE

I have received my copy of the Company's employee handbook. I understand and agree that it is my responsibility to read and familiarize myself with the policies and procedures contained in the handbook.

I understand that except for employment at-will status, any and all policies or practices can be changed at any time by the Company. The Company reserves the right to change my hours, wages, and working conditions at any time. I understand and agree that other than the president of the Company, no manager, supervisor, or representative of the Company has authority to enter into any agreement, express or implied, for employment for any specific period of time, or to make any agreement for employment other than at-will; only the president has the authority to make any such agreement and then only in writing, signed by the president.

I understand and agree that nothing in the employee handbook creates or is intended to create a promise or representation of continued employment and that employment at the Company is employment at-will; employment may be terminated at the will of either the Co.-Employer or my-self. My signature certifies that I understand that the foregoing agreement on at-will status is the sole and entire agreement between the company and my-self concerning the duration of my employment and the circumstances under which my employment may be terminated. It supersedes all prior agreements, understandings, and representations concerning my employment with the Company.

SIGNATURE OF EMPLOYEE

DATE