

PREFERRED LONG DISTANCE, INC.
TERMS AND CONDITIONS of USE

This Agreement (“Agreement”) is between Preferred Long Distance (“PLD”) and an end user, subscriber or customer of PLD’s services “Subscriber”(“customer” and or “end user”) which governs the service (“Services”) and any products (“Equipment”) used in conjunction with such Services. Please read the following Terms and Conditions of Use before using or ordering services or products from PLD so you are fully aware that End User and or Customer understands and fully agrees to be legally bound and hereby agrees irrevocably to the Terms and Conditions of Use of this Agreement. The Customer understands that PLD may change, modify, correct, suspend or discontinue any portion of this Agreement and limit or restrict any related functions of this site in whole or part, any time, without notice to end user.

End User hereby states that by activating or using our service that you are of legal age to enter into this Agreement and that you have read, understand and fully agree irrevocably to all its terms and conditions of use.

1. TERM. The term of this Agreement (“Term”) begins upon purchase and continues for the duration of the service period (“Service Period”) as defined by the service plan (“Service Plan”) that is selected by the End User or upon termination. Different Service Plans may have different Service Periods, for instance some Service Plans are monthly Service Periods and other Service Plans may be longer. Monthly Service Plans automatically renew for the same Term. Service Plans with Service Periods in excess of one month renew upon their expiration as monthly Service Periods unless End User gives fifteen (15) days written notice by U.S. mail or facsimile to PLD before the end of the Term or End User changes their Service Plan prior to the end of the existing Term. End User must provide written notice of termination by mail or facsimile. End User agrees and authorizes PLD to continue charging End User’s account and credit card for up to sixty (60) days after PLD receives written notice of termination by mail or facsimile. Email is not considered written notice.

2. TERMINATION. For Monthly Service Plans, if End User cancels before the Term ends then End User will be credited any amounts paid in advance that were unused. End User is fully responsible for all fees and charges that are billed in arrears. End User is responsible for all unbilled amounts incurred. If End User has a Service Plan with a Term greater in duration than one month and End User cancels service before expiration of the Term, then End User will not be reimbursed and will not receive any credits for any amounts paid in advance and all such amounts paid in advance are forfeited. Subsequent to the expiration of the Trial Period, if any End User terminates Service, the PLD shall charge a service Disconnection Fee of forty nine dollars and ninety five cents (\$49.95) per phone number which is all due and payable immediately. Any credits issued herein will be offset by any Disconnection Fees herein as well as any unbilled amounts and any remaining balance due by the End User. Any telephone number provided to End User by PLD is leased and not sold to End User. PLD may change, cancel, transfer or

suspend such number in its sole discretion without recourse from End User. End User shall only terminate by providing written notice to PLD in mail or by facsimile. Email is not considered written notice.

3. LIMITATION OF WARRANTIES and DISCLAIMERS. PLD MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND NEITHER PLD OR ITS VENDORS WILL BE LIABLE FOR UNAUTHORIZED ACCESS TO PLD OR END USERS TRANSMISSIONS FACILITIES OR PREMISE EQUIPMENT OR UNAUTHORIZED ACCESS TO OR ALTERATION, THEFT OR DESTRUCTION OF END USER'S DATA FILES, PROGRAMS, PROCEDURES OR INFORMATION THROUGH ACCIDENT, FRAUDULENT MEANS OR DEVICES OR ANY OTHER METHOD REGARDLESS OF WHETHER SUCH DAMAGE OCCURS AS RESULT OF PLD'S OR ITS VENDORS NEGLIGENCE. PLD WILL NOT BE LIABLE FOR ANY DELAY OR FAILURE TO PROVIDE SERVICE, INCLUDING 911 DIALING, AT ANY TIME OR FROM TIME TO TIME OR ANY INTERRUPTION OR DEGRADATION OF VOICE QUALITY THAT IS CAUSED BY ANY REASON OR FACTOR. ANY CLAIM MUST BE MADE WITHIN 90 DAYS OF THE EVENT OF THE CLAIM OR 90 DAYS FROM THE TERMINATION OF SERVICE, WHICHEVER IS EARLIER AND PLD HAS NO LIABILITY THEREAFTER. PLD'S LIABILITY IS LIMITED TO REPAIR, REPLACEMENT, CREDIT OR REFUND. ALL WARRANTIES COVER ONLY DEFECTS ARISING UNDER NORMAL USE AND DO NOT INCLUDE MALFUNCTIONS OR FAILURES RESULTING FROM MISUSE, ABUSE, NEGLIGENCE, ALTERATION, MODIFICATION, IMPROPER INSTALLATION OR REPAIRS BY ANYONE OTHER THAN PLD OR ITS VENDOR'S. IN NO EVENT SHALL PLD'S TOTAL LIABILITY HEREUNDER EXCEED THE AMOUNT PAID BY END USER TO PLD IN THE PRIOR TWELVE (12) MONTHS FROM THE DATE OF CLAIM.

IN NO EVENT WILL PLD, ITS OFFICERS, OWNERS, DIRECTORS EMPLOYEES, AFFILIATES OR AGENTS OR ANY OTHER SERVICE PROVIDER WHO PROVIDES SERVICES TO AN END USER BE LIABLE FOR ANY DIRECT, INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY, COMPENSATORY OR CONSEQUENTIAL DAMAGES OR FOR ANY OTHER DAMAGES, INCLUDING BUT NOT LIMITED TO PERSONAL INJURY, LOSS OF LIFE, WRONGFUL DEATH, PROPERTY DAMAGE, LOSS OF DATA, LOSS OF REVENUE OR PROFITS OR DAMAGES ARISING OUT OF INABILITY TO ACCESS EMERGENCY SERVICE, INCLUDING 911 DIALING SERVICE OR TO OBTAIN EMERGENCY HELP.

4. INDEMNIFICATION AND SURVIVAL. End User shall defend, indemnify and hold harmless PLD, its officers, owners, directors, employees, affiliates or agents or any other service provider who provides service to an End User from any and all claims, losses, damages, fines, penalties, costs and expenses, (including without limitation, all attorney fees and court costs), by or on behalf of End User or any third party or user of the service relating to services, including without limitation, 911 dialing. The provisions

of this Agreement shall survive any termination or any finding that part of this Agreement is null and void.

5. FORCE MAJEURE (EVENTS BEYOND OUR CONTROL). PLD shall not be liable for any delay in performance directly or indirectly caused by or resulting from events beyond PLD's control and/or acts of God including but not limited to fire, flood, accident, riot, war, government intervention, embargoes, strikes, labor difficulties, equipment failure, late delivery by suppliers or other difficulties of PLD even though PLD gave it our best efforts.

6. GOVERNING LAW. The Agreement is governed by the law of the state of California without regard to its conflict of law provisions. End User agrees that regardless of any statute or law to the contrary, any claim or cause of action arising out of or related to use of Service or the Agreement must be filed within (1) one year after such claim or cause of action arose or be forever barred.

7. MANDATORY ARBITRATION. All disputes or claims between End User, any member of End User household or any guests or employee of End User arising out of or relating to the Service or equipment will be resolved by arbitration before a single arbitrator administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules. The arbitration will take place in Los Angeles County, California. The arbitrator's decision will be the plain meaning of the relevant documents, including this Agreement, will be final and binding. Without limiting the foregoing, the parties agree that no arbitrator has the authority to (i) award relief in excess of what this Agreement provides or (ii) award punitive or exemplary damages. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. All claims shall be arbitrated individually. End User shall not bring, or join any class action of any kind in court or in arbitration. **THIS ARBITRATION PROVISION CONSTITUTES A WAIVER OF ANY RIGHT TO A JURY TRIAL.** Each party will bear their own attorneys fees, expenses and arbitrator and court costs, respectively. Before End User institutes any arbitration, End User hereby agrees to provide PLD with an opportunity to resolve the claim by sending a written description of the claim to PLD to Preferred Long Distance, Inc., Customer Service, 16830 Ventura Blvd. Suite 350, Encino, CA 91436. If PLD is not able to resolve the claim within 30 days from receiving the notice, then End User or PLD may initiate arbitration as described in this Agreement.

8. EMERGENCY SERVICE, 911 DIALING and 911 SERVICE LIMITATIONS.

A. Register, Confirm & Update Your Address

The vast majority of our customers have access to either basic 911 or Enhanced 911 (E911) service. Our 911 Dialing is not automatic; you must register the address where you will use the Services in order to activate 911 Dialing, and you must update that address if you are using your Service from another physical location from which you might call 911. You can check your current 911 Address or update it by using your Internet-based VoIP Control Panel (VCP), which you can access through our service web site – www.ourwebphone.com. You must do this for each Service phone number that you obtain.

With E911 service, when you dial 911, your telephone number and registered address is simultaneously sent to the local emergency center assigned to that location, and emergency operators have access to the information they need to send help and call you back if necessary. Customers in locations where the emergency center is not equipped to receive your telephone number and address have basic 911 service. With basic 911, the local emergency operator answering the call will not have your call back number or your exact location, so you must be prepared to give them this information. Until you give the operator your phone number, he/she may not be able to call you back or dispatch help if the call is not completed or is not forwarded, is dropped or disconnected, or if you are unable to speak. As additional local emergency centers become capable of receiving our customers' information, we will automatically upgrade customers with basic 911 to E911 service. We will not give you notice of the upgrade.

If you have not given us your address, or have given us an address which is outside the US or Canada or is in an area that is not covered by the landline 911 network, you will not have access to either basic 911 or E911. In this case, your 911 call will be sent to our national emergency call center. A trained agent at the emergency call center will ask for your name, telephone number and location, and then contact the local emergency center for that area in order to send help.

In addition, if you use a WiFi handset or our SoftPhone, and have traveled away from the address you registered with us, if you have not updated that address your 911 calls will be routed to the emergency center associated with the address we have, which may be half a state or across the country from where you are. This will significantly delay you getting the help you are calling for.

You authorize us to disclose your name and address to third parties involved with providing 911 Dialing to you, including, without limitation, call routers, call centers and local emergency centers.

B. Notify All Users

You should inform any household residents, guests and any other persons who may be present at the physical location where you utilize the Service of the important differences in and limitations of calling 911 with VoIP service as compared with calling 911 from a traditional landline.

C. Service Outages

911 Dialing will not function in the event of a power failure or disruption. If there is an interruption in your location's power supply, the Service, including 911 Dialing, will not function until power is restored. Following a power failure or disruption, you may need to reset or reconfigure the Device prior to utilizing the Service, including 911 Dialing.

In addition, network outages or suspensions or disconnections of service by your broadband provider or ISP will also prevent all Service, including 911 Dialing, from

functioning. Service outages due to disconnection of your account with us for any reason will prevent all Service, including 911 Dialing, from functioning.

Your ISP or other third party may intentionally or inadvertently block the ports over which the Service is provided or otherwise impede the usage of the Service. In that event, provided that you alert us to this situation, we will attempt to work with you to resolve the issue. During the period that the ports are being blocked or your Service is impeded, and unless and until the blocking or impediment is removed or the blocking or impediment is otherwise resolved, your Service, including the 911 Dialing feature, may not function.

You acknowledge that we are not responsible for the blocking of ports by your ISP or broadband provider or any other impediment to your usage of the Service, and any loss of service, including 911 Dialing, which may result. In the event you lose service as a result of blocking of ports or any other impediment to your usage of the Service, you will continue to be responsible for payment of the Service charges unless and until you disconnect the Service in accordance with this Agreement.

D. Re-Activation Required if You Change Your Number or Add or Port New Numbers. 911 Dialing will not function if you change your phone number or if you add or port new phone numbers to your account, unless and until you successfully register your address of use for each changed, newly added or newly ported phone number. Use your VCP to do this, or contact customer service.

E. Disclaimer of Liability and Indemnification

We do not have any control over whether, or the manner in which, calls using our 911 Dialing service are answered or addressed by any local emergency response center. We disclaim all responsibility for the conduct of local emergency response centers and the national emergency calling center. We rely on third parties to assist us in routing 911 calls to local emergency response centers and to our national emergency calling center. We disclaim any and all liability or responsibility in the event such third party data used to route calls is incorrect or yields an erroneous result. Neither we nor our officers or employees may be held liable for any claim, damage, or loss, and you hereby waive any and all such claims or causes of action, arising from or relating to our 911 Dialing service unless such claims or causes of action arose from our gross negligence, recklessness or willful misconduct. You shall defend, indemnify, and hold harmless us, our officers, directors, employees, affiliates and agents and any other service provider who furnishes services to you in connection the Service, from any and all claims, losses, damages, fines, penalties, costs and expenses (including, without limitation, attorneys fees) by, or on behalf of, you or any third party relating to the absence, failure or outage of the Service, including 911 Dialing, incorrectly routed 911 calls, and/or the inability of any user of the Service to be able to use 911 Dialing or access emergency service personnel.

F. Alternate 911 Arrangements

If you are not comfortable with the limitations of our 911 Dialing service, as described herein, you should consider having an alternate means of accessing traditional 911 or

E911 services or disconnecting the Service. Alternate means include mobile (cell) phones and traditional telephone landlines.

G. Network Congestion or Slow Service

Since the Service is dependent on the Customer provided internet or broadband connection, if there are problems with that connection or customer provided equipment, then the Service will not work as expected or may become unusable, in which case the 911 Service will not work.

H. Other Loss of Service

If the Service does not work for any reason whatsoever, then the 911 Service will not work.

9. CRITICAL SYSTEM LIMITATIONS. End user hereby confirms and acknowledges that the Service will not work without numerous third party services which are beyond PLD's control and for which PLD cannot be held partially or fully responsible for any loss or damage. These issues include but are not limited to the End User must have internet access that meets various thresholds of service and quality, and End User must have electrical power. PLD is not responsible for loss of Service for any reason whatsoever, including but not limited power failure or disruption, internet outage, Service suspension or disconnection, service outage due to ISP or broadband provider blocking ports or other acts. In the case of any loss of Service due to the above as determined solely by PLD, End User agrees it is responsible for all charges, unless agreed to otherwise in writing by PLD. End User confirms and acknowledges that Service will not work with standard or traditional phone systems such as security alarms, TTY equipment, satellite television systems or medical monitoring system equipment and End User has no claim against PLD for interruption or of such systems by the PLD Service. In all cases, End User agrees to be responsible for all charges

10. EQUIPMENT, SERVICE AND UNAUTHORIZED USE. PLD will not cover replacement for lost, stolen or modified End User equipment. End User will not resell or transfer the Service or equipment to another party without the prior written permission of PLD. The Service and equipment is prohibited from auto-dialing, continuous or excessive call forwarding, telemarketing of any nature, fax or voicemail broadcasting or voice mail blasting. In any case of abuse or otherwise (including but not limited to the End User generating in excess of 1,000 minutes of usage in any given month), PLD reserves the right to immediately disconnect or modify service to the highest commercial PLD plan in PLD's sole and absolute discretion immediately without notice to End User. End User is still responsible for service fees accrued and unbilled while any of the End User equipment is lost, stolen or not working.

Any use of the Services or equipment that causes or leads to a cause in disruption of PLD's network or its vendors will result in termination of End User's accounts immediately at PLD's sole discretion. End User Service that is offered in an unlimited minute plan by PLD plan is solely for reasonable personal use of End User only and is not for resell or transfer of Service or equipment or other abuse and is subject to

cancellation by PLD in PLD's sole discretion. End User will not transmit through PLD Service any unlawful, criminal, harassing, libelous, abusive, threatening, vulgar, obscene or otherwise objectionable material of any kind or nature. End User agrees that PLD in its sole discretion may cancel service immediately without notice and without any recourse by End User.

11. INTERNATIONAL USAGE. We provide the Service and Equipment to you for use of the Service within the United States and Canada, which may include placing calls to other countries. If you take or send the Equipment to a country other than the US or Canada or you use our Service in conjunction with a SoftPhone application running on a computer outside the US or Canada and the Service is used by you or another party from there, you/they do so at your/their own risk, including the risk that such activity violates local laws in the country where you/they do so. You are liable for any and all use of the Service and/or Device by any person making use of the Service or Device provided to you by us.

12. BILLING, PAYMENT, TAXES, DISCONNECTION. PLD only accepts payment by Credit Card. By agreeing to these Terms and Conditions, End User authorizes PLD to charge the Credit Card for all charges owed by End User under this Agreement. End User's Credit Card authorization will remain valid for sixty (60) days after PLD receives written notice in the mail or via facsimile from End User terminating PLD's authority to charge the Credit Card. Email is not considered written notice. It is End User's responsibility to ensure PLD has a valid Credit Card and if PLD's charges are rejected for payment for any reason, then PLD may suspend or terminate service at anytime. PLD may also stop accepting Credit Cards from certain issuers as determined in its sole discretion. If the Credit Card is no longer valid for any reason, then End User is responsible to substitute a valid Credit Card in order to avoid interruption or termination of Service as well as any other fees listed herein. PLD will provide End User with a monthly statement for Service if requested; and, will charge all services to End User's credit card in advance each month. Such charges include activation fees, monthly service fees, shipping and handling fees, disconnection fees, equipment charges, toll charges (including directory assistance fees, etc) and any other applicable charges and such as taxes, company fees and mandated regulatory fees. Charges are billed in advance of each month's service except toll charges which are accrued and paid in arrears. Payment is due immediately after the invoice date and is considered late after 30 days of the invoice date. A late fee of 1.5% per month will accrue until payment in full is received by PLD. Rates for PLD Service do not include any sales, use, vat, excise, federal, state, local, public utility, universal service or other mandated regulatory fees such as 911 fees and emergency 911 fees. PLD reserves the right to charge the Credit Card for up to sixty (60) days after receipt of notice of termination from the consumer. All such taxes shall be paid by End User and will be added to End User's account. A Regulatory Compliance Fee of \$3.95 will be added to each telephone number within End User accounts each month to offset the cost incurred by PLD in complying with inquires and obligations of governmental authorities. PLD may disconnect or suspend End User's Service immediately at any time in PLD's sole and absolute discretion if payment is not received

within a timely manner but in no event shall payment be made later than 60 days of the invoice date. If service is disconnected, End User is fully liable for all charges for Service and any and all collection costs and attorney fees. PLD will pursue collection for unpaid amounts and may report such to credit collection agencies. A Disconnection Fee will be imposed for disconnecting a number within the first twelve (12) months service. The Disconnection Fee is forty nine dollars and ninety five cents (\$49.95) per telephone number, plus all previously unbilled usage and unbilled remaining fees. Upon expiration, cancellation or termination of Service, End User will immediately stop using any phone numbers and voice mail from PLD Service. The following fees are per telephone number. There is a fee to reactivate a suspended number and a service fee for changing a number which is \$9.95. The initial activation fee is \$29.95. Calls which originate from a payphone to an End User will incur a \$0.29 surcharge fee. Local number portability fee is \$0.43 per line per month. Directory Assistance is \$1.35 per call. The Federal USF carrier cost recovery fee is charged to the End User at \$0.80 per number. There is a \$19.95 fee to port an existing number (LNP fee). If End User requests to cancel a port request more than 48 hours before being ported, then the cancellation fee is \$20.00. If End User requests to cancel a port request more than between 24-48 hours of being ported, then the cancellation fee is \$99.00. If End User requests to cancel a port request less than 24 hours before being ported, then there is a SnapBack cancellation fee of \$325.00. If End User purchases either a DID number or Virtual Number the cost is \$2.95 upon activation and End User will continue to incur said fee until End User contacts PLD in writing in a manner as required herein. PLD shall not be liable for any loss or damage resulting from said disconnection due to non-payment.

13. TRIAL PERIOD. PLD offers a trial period (“Period”) not to exceed 30 days to first time End Users of PLD Services. The Period starts upon purchase of Services by a new End User on the PLD web site. If End User is not satisfied with Services only during the first 30 days of the Period, End User may obtain a refund of the activation fee, monthly service fee and PLD will waive the Disconnection Fee during the Period only. The Period refund shall not apply to End User’s that have a Period of usage in excess of three (300) minutes during the Period or was a previous PLD End User. The Period ends when End User exceeds three hundred minutes during the Period even if such time is within the first 30 days of purchase. End user will remain fully responsible for international calls, payphone calls and directory assistance calls. PLD reserves the right to cancel the Period at any time and without notice to End User. Equipment may not be refundable at PLD’s sole discretion. The Period applies only to the first-ordered line per account. If PLD refunds the equipment (not shipping and handling in any event) End User must first obtain a “Return Authorization Number” from PLD and such equipment must be in reasonably new condition and working order as determined solely by PLD and returned in original packaging of the manufacturer. Replacement packaging will not be accepted. PLD does not warrant, in any way, such equipment from any manufacturer.

14. FEE FOR DIRECTORY ASSISTANCE. PLD will charge \$1.35 for directory assistance for each call.

15. RATE CHANGES and CREDITS. PLD may change prices for Services from time to time without notice. Such changes will be posted to the PLD web site. End User fully agrees the Services are provided “as is” and credit for interruption of service will not be provided.

16. BILLING DISPUTES. End User must provide written notice by facsimile or mail of any disputed charges for Services within 15 calendar days of the statement date where the charge appears. If PLD does not receive written notice by facsimile or mail within this time, then End User waives any objection as well as all rights to contest the charges and any further recourse. Written letters must be sent to Preferred Long Distance, Inc. Billing Department, 16830 Ventura Blvd. Suite 350 Encino, CA 91436. Facsimile must be sent to (818) 380-7032. End User remains responsible for amounts that are not in dispute and must pay such amounts immediately.

17. TOLL CHARGES. The duration of each call is calculated in one minute increments and rounded up to the next whole minute for billing charges. If the computed charge includes a fraction of a cent for toll usage or taxes, then such amount is rounded to the next whole cent. End User is aware that international calls by End User may result in higher rates if such international calls are to a cell or mobile phone in an international destination. Business Plans are required for small business End Users which they use primarily for commercial purposes.

18. NO WAIVER of RIGHTS. Failure to exercise or enforce any right or provision of this Agreement will not constitute a waiver of such right or **provision**.

19. ENTIRE AGREEMENT. The terms and conditions of this Agreement along with the rates posted on PLD’s website constitutes the entire agreement with regard to the sale and expressly supersedes and replaces any prior agreements, written or oral, relating to these Service. This Agreement is binding upon the heirs, successors and assigns of PLD and End User. The terms and conditions herein may be changed from time to time by PLD without notice to the Subscriber.

20. BREACH OR NON-PAYMENT. In the event End User breaches the terms of this Agreement, including but not limited to the failure to pay any sum due hereunder, End User will reimburse PLD for all collection and other costs incurred by PLD in the enforcement of PLD’s rights hereunder and PLD may keep any deposits or other payments made by End User.

21. PRIVACY. PLD uses the internet to provide these Services and can not guarantee the security of any type of communications. Upon the request of a governmental agency, law enforcement agency, court or as otherwise required by law, PLD may disclose personally identifiable information. PLD is not liable for any lack of privacy which may be experienced with regard to this Service.