

TERMS OF SERVICE

This agreement ("Agreement") is between Peopleline Telecom Inc ("we," "us" or "Peopleline") and the user ("you," "user" or "Customer") of Peopleline's Residential and Business IP telephone and fax services and any related products ("VoIP products" or "VoIP devices") or services ("Service"). This Agreement governs both the Service and any devices, such as an IP phone, Gateway, VoIP Gatekeeper, VoIP Adapter, Multimedia Terminal Adapter, Analog Telephone or Fax Adapter, or software, such as X-Ten Lite and Pro soft phones software, or any other IP connection device ("Device" or "Equipment"), used in conjunction with the Service. By activating the Service, you acknowledge that you have read and understood, and you agree, to the terms and conditions of this Agreement, and you represent that you are of legal age to enter this Agreement and become bound by its terms.

1. SERVICE

1.1 Term and Subscription:

Quarterly or 3 month Service: Peopleline's fax and voice over IP services are offered on a quarterly basis or 3 months for a term, every 3 months constituting a term or subscription. The \$6.95 Fax I-Line PC, \$9.95/mo Home I-Line, \$14.95/mo Home I-Line with Voice Mail and \$19.95/mo Office I-Line rates are based on ordering a minimum 3-month subscription term. The first 3 months' subscription begins on the date that you order your Peopleline subscription via Pay Pal or by telephone using pre-authorized credit card payment or in person at our office. Your Service term or subscription ends on the same calendar day 3 months after subscription signup. Subsequent quarterly subscription terms under this Agreement renew automatically and are automatically paid by you to Peopleline via Pay Pal or to your credit card on the term's anniversary date.

Bi-Annual or Annual Service: Peopleline's fax and voice over IP services are also offered on terms of six (6) months, one (1) year, two (2) years, or three (3) years. The first month service begins on the date that you order and make payment to Peopleline. Your Service term or subscription ends on the 6-month, 1-year, 2-years, or 3-years anniversary date, depending on the term you choose. Subsequent subscription 6-month, 1-year, 2-years, or 3-years terms under this Agreement renew automatically and are automatically paid by you to Peopleline via Pay Pal or to your credit card on the term's anniversary date.

Peopleline offers special 1-month term extensions to the subscription plans above, or 1-month terms at \$30 plus taxes for customers that only require 1-month service. Such 1-month terms do not automatically renew and will end on the 1-month anniversary date of the next month.

End of Term: Subscriptions and their pre-authorized payments by you to Peopleline via Pay Pal or by pre-authorized credit card will automatically continue on your term's anniversary date without further action by you until you cancel your pre-authorized subscription payments to Peopleline via Pay Pal or Pre-Authorized Credit Card.

When you subscribe to the service, note that you are purchasing the Service for full terms, meaning that if you terminate Service prior to the end of a term, whether it is 1

month, 3 months, 6 months or 1 year, 2 year or 3 year terms, you will still be responsible for the full term's charges to the end of the current term, including without limitation unbilled charges such as long distance, declined credit card payments, disconnection and reconnection fees, all of which immediately become due and payable. Expiration of the term or termination of Service does not excuse the Customer from paying all unpaid, accrued charges due in relation to the Agreement.

Please also note that to cancel subscriptions and preauthorized payments, you must contact Peopleline during office hours 9am-5:30pm M-F and 11am to 5pm Sat (excluding statutory holidays, by Telephone at 604-639-2550 or in person at our office, in order to verify your identity over your account. Email notices of cancellation will not apply as valid cancellation requests. Should you not call in to cancel as required in these terms of service and your term renews automatically, you will be responsible for the costs of the new subscription term.

1.2 Use of Service and Device:

If you have subscribed to a Peopleline Service and purchased a device from Peopleline, the Service and Device are provided to you for your personal use. This means that you are not misusing the Service or Device for autodialing, continuous or extensive call forwarding, telemarketing, fax broadcasting or fax blasting, or any other activity that would be inconsistent with normal usage patterns, or for any unlawful activities.

This also means that you are not to resell or transfer the Service or the Device to any other person, business or company for any purpose, or make any charge for the use of the Service, without express written advance permission from Peopleline. You agree that your use of the Service and/or Device, or the use of the Service and/or Device provided to you by any other person for any purpose will obligate you to pay Peopleline's service on account of all periods, including past periods, in which you use, or used, the Service. Peopleline reserves the right to immediately terminate or modify the Service, if Peopleline determines, in its sole discretion, that the Customer's Service is being misused.

1.2.1 Use of 3rd Party Sourced Device:

It is possible to use a 3rd party sourced device, IP Phone, adapter, softphone, Asterisk or open-sourced solutions, not acquired or purchased through Peopleline directly. Please note that there is a \$10 fee to connect a third-party device. Peopleline does not guarantee that such devices will work or be fully compatible with our services. Peopleline is not responsible for supporting such devices. You acknowledge that you will assume all risk and liability by using a 3rd party device and indemnify Peopleline, its employees and officers, against any liability, damage or loss created by use and any malfunction of a third-party sourced device in relation to Peopleline's services.

1.3 Lawful Use of Service and Device

1.3.1 Prohibited Uses:

You agree to use the Service and Device only for lawful purposes. This means that you agree not to use them for transmitting or receiving any illegal, harmful, threatening, abusive, harassing, defamatory, obscene, sexually explicit, profane, racially or ethnically

disparaging remarks or otherwise objectionable material of any kind, including but not limited to any material that encourages conduct or would constitute a criminal offense, give rise to a civil liability, or otherwise violate any applicable local, provincial, national or international law.

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 and agree to indemnify and hold harmless Peopleline against any and all liability for any such use that fails to comply with this Section 1.3.1. If Peopleline, in its sole discretion believes that you have violated the above restrictions, Peopleline may forward the objectionable material, as well as your communications with Peopleline and your personally identifiable information to the appropriate authorities for investigation and prosecution.

You agree not to hack or disrupt the service or to make any use of the Service that is inconsistent with its intended purpose or to attempt to do so.

Peopleline reserves the right, in its sole discretion, to terminate your service immediately and without advance notice if you violate any of this section 1.3.1 restrictions, leaving you responsible for the full month's charges to the end of the current term, including without limitation unbilled charges, all of which immediately become due and payable. Penalties and damages caused by such unlawful misuse, in addition and not limited to the Service fees owed for using the service, may be levied against the Customer.

1.3.2 Use of Service and Device by Customers Outside Canada:

Peopleline does not offer the Service to customers located in other countries, nor is Peopleline responsible for violations committed by the Customer when the Device is removed from Canada and used outside of Canada. If you remove the Device to a country other than Canada and use the Service from there, you do so at your own risk, including the risk that such activity violates local laws in the country where you 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, and you agree to indemnify and hold harmless Peopleline against any and all liability for any such use. You agree to indemnify and hold Peopleline harmless against all liability should the removal from Canada of the Device violate any export control law or regulation, you will be solely liable for such violation.

1.4 Loss of Service Due to Power Failure or Internet Service Outage:

You acknowledge and understand that the Service does not function in the event of power failure, or when you disconnect the power supply to your device. You also acknowledge and understand that the Service requires a fully functional broadband connection to the Internet (which is not provided by Peopleline) and that, accordingly, in the event of an Internet Service Outage of, or termination of service with or by, your Internet service provider ("ISP") and/or broadband provider, Peopleline's Service will not function, but that you will continue to be billed for Peopleline's Service, until you provide notice to terminate service or cancel your Peopleline service subscription via Pay pal, or Peopleline terminates your Service under the terms of this Agreement.

Should there be a power failure, or interruption of power supply, or ISP outage, the Service will not function until power is restored or the ISP outage is solved and repaired. A power failure or disruption may require the Customer to reset or reconfigure equipment prior to utilizing the Service again. Power disruptions or failures or ISP outages will also prevent dialing and reaching emergency service numbers including 911-calling. See section 2 - EMERGENCY SERVICES - 911 DIALING for (un) availability and terms related to 911 service.

Prior to contacting Peopleline concerning a service malfunction, you must check to see that your broadband access and power supply is functioning. If you have a power or Internet service outage, please contact the appropriate service providers. You may need to reboot, reset or reconfigure your Device when power and Internet service is restored.

1.5 Copyright / Trademark / Unauthorized Usage of Device, Firmware or Software:

The Service and Device and any firmware or software used to provide the Service or provided to you in conjunction with providing the Service, or embedded in the Device, and all Services, information, documents and materials on Peopleline's website(s) are protected by trademark, copyright or other intellectual property laws and international treaty provisions. All websites, corporate names, service marks, trademarks, trade names, logos and domain names (collectively "marks") of Peopleline are and shall remain the exclusive property of Peopleline and nothing in this Agreement shall grant you the right or license to use any of such marks. You acknowledge that you are not given any license to use the firmware or software used to provide the Service or provided to you in conjunction with providing the Service, or embedded in the Device, other than a nontransferable, revocable license to use such firmware or software in object code form (without making any modification thereto) strictly in accordance with the terms and conditions of this Agreement. You expressly agree that the Device is exclusively for use in connection with the Service and that Peopleline will not provide any passwords, codes or other information or assistance that would enable you to use the Device for any other purpose. If you decide to use the Service through an interface device not provided by Peopleline, which Peopleline reserves the right to prohibit in particular cases or generally, you warrant and represent that you possess all required rights, including software and/or firmware licenses, to use that interface device with the Service and you will indemnify and hold harmless Peopleline against any and all liability arising out of your use of such interface device with the Service. You shall not reverse compile, disassemble or reverse engineer or otherwise attempt to derive the source code from the binary code of the firmware or software.

1.6 Tampering with the Device:

Peopleline reserves the right to terminate your Service should you tamper with the Device without Peopleline's authorization. You agree not to change the electronic serial number or equipment identifier of the Device, or to perform a factory reset of the Device, without express permission from Peopleline. Should your service be terminated due to Device tampering, you will be responsible for the full month's charges to the end of the current term, including without limitation unbilled charges, all of which immediately become due and payable.

1.7 Theft or Loss of Service:

If the Device is stolen or if you become aware at any time that your Service is being stolen or fraudulently used, you agree to notify Peopleline immediately, in writing or by calling the Peopleline customer support line at 604-639-2550. When you contact Peopleline, you must provide your account number and a detailed description of the circumstances of the Device theft or fraudulent use of Service. Failure to do so in a timely manner may result in the termination of your Service and additional charges to you. Since you are responsible for your Device, you will be liable for all use of the Service using a Device stolen from you and any and all stolen Service or fraudulent use of the Service. You agree to indemnify and hold Peopleline harmless against all liability due to a Device or Service stolen from you and fraudulent use of the Service. Once again, you shall be deemed the owner of the Device, and assume all risk of loss of, theft of, casualty to or damage to the Device, from the time it is shipped to you until the time (if any) when it is returned by you pursuant to Section 1.8 and has been received by Peopleline.

1.8 Return of Device:

The Device may be returned to Peopleline within fifteen (15) days of shipment to receive a refund for the Device, less a 25% restocking charge, provided: (i) Customer retained proof of purchase and original packaging and (ii) contents are undamaged and in original condition and (iii) and all documentation and packaging materials are returned.

The Customer must contact and receive a return authorization "RA" number from Peopleline's Customer Service Department prior to returning the unit in order to be entitled to the refund. The RA number must be included with the Packing and Shipping Documents to be accepted by Peopleline. To receive an RA number, please contact T: 604-639-2550.

No refunds are issued for shipping costs, activation fees, if applied, or subscriptions of service, or referral credits. Refunds will only be issued for the Device, assuming Peopleline receives the Device in undamaged condition. The Customer is responsible for shipping the Device in good condition to Peopleline and all related shipping costs related to returning the Device.

If the Customer receives cartons and/or Devices that are visibly damaged, please note the damage on the carrier's freight bill or receipt and keep a copy. Keep the original carton, all packing materials and parts intact and contact Peopleline's customer care department immediately. Warranty coverage varies depending on the type of Device that Customer chooses, as issued by the manufacturer. Please refer to these warranty materials, if applicable, included in the packaging of your Device(s). Peopleline is not the manufacturer of these devices and does not provide warranties on the devices.

1.9 Number Transfer on Service Termination:

Peopleline may, at its sole discretion, release the telephone number that was ported into Peopleline by you and used in connection with your Service provisioned by Peopleline to your new service provider, if such new service provider is able to accept such number, upon your termination of the Service, and provided (i) your account has been terminated; and (ii) your Peopleline account is completely current including payment for all charges; and (iii) you request the transfer upon terminating your account.

1.10 Service Distinctions:

You acknowledge and understand that the Service is not a regular telephone or fax service, and that there are important differences between the regular public switched network telephone (PSTN) service and the enhanced IP Telephone and Fax Service from Peopleline. The Peopleline Service is subject to different regulatory treatment than the regular PSTN service. This treatment may limit or otherwise affect your rights of redress before Federal and Provincial telecommunications regulatory agencies.

1.11 No 0+ Calling; May Not Support x11 Calling:

Peopleline's Service does not support 0+ calling (including without limitation collect, third party billing or calling card calling). Peopleline's Service may not support 311, 511 and/or other x11 (other than 911, 211 and 411, which are provided for elsewhere in this Agreement) services in one or more (or all) service areas.

2. EMERGENCY SERVICES - 911 DIALING

Peopleline's VoIP or Basic 9-1-1 service has IMPORTANT limitations as compared to Enhanced or E911 services offered by traditional telephone companies.

2.1 Description of How Traditional Phone Companies' 9-1-1 and E911 Services Work

With traditional phone companies' 9-1-1 and E911 services, your 9-1-1 call is sent directly to the nearest Public Safety Answering Point (PSAP) or emergency response centre. In addition, with E911 service, your call back number and physical address are visible to the PSAP or Emergency response centre operator.

2.2 Description of How Peopleline VoIP Basic 9-1-1 Service Works

Unlike traditional phone companies' phone services, VoIP services are nomadic in that it is possible to connect a VoIP phone device at different locations where Highspeed Internet service is available. The VoIP call back number and location displayed to the operator cannot therefore be assumed to be correct.

Since the location visible through VoIP services cannot be assumed to be correct, Peopleline VoIP basic 9-1-1 calls are first directed to a national emergency call centre where your location is verified. The call centre's operator will confirm your location information, city and province, before transferring your call to the proper local PSAP or emergency response centre nearest to your location. The PSAP operator will then speak with you to determine the nature of your emergency and any other necessary details before dispatching emergency services (Police, Fire, Ambulance) to your location. This is an important extra step in the event of an emergency and is a key difference to traditional phone companies' 9-1-1 service.

Furthermore, in case you are unable to speak during a 9-1-1 call, the operator will dispatch emergency services to your last registered address. For this reason, it is very important that you keep this registry up to date. Peopleline will provide your address information to the 9-1-1-database overseer, and update this information when necessary. It is your responsibility to immediately inform Peopleline of any address

changes. Because of these important differences, please be aware of the following limitations regarding Peopleline's Basic 9-1-1 service.

2.3 VoIP or Basic 911 Services Limitations

- You must always provide the address where you intend to use the Peopleline VoIP service when you register for service.
- You must update your registered address with Peopleline if you move or relocate.
- When you add a line, change your number or cancel a number transfer / portability request, you must reconfirm your address information to enable basic 9-1-1.
- When calling 9-1-1, you must be prepared to confirm your location address and callback number with the operator who answers the 9-1-1 call since the operator may not have this information.
- All 9-1-1 calls will be routed to our national call centre, which will then route the call to the local 9-1-1 PSAP centre servicing the location, based on the address provided by you.
- Do not hang up until told to do so by the operator who answers your 9-1-1 call, and call back if you are disconnected.
- It is your responsibility to inform all potential users of the VoIP phone at your location of the limitations of basic 9-1-1 service. VoIP or Basic 9-1-1 services will work only if all of these conditions have been met:
- You have registered your service address with Peopleline and such address has been provided to Peopleline's phone carrier for data entry and 9-1-1-service provisioning.
- Your VoIP phone service, including 9-1-1 dialing, will not operate when your Internet connection is down, and/or your power is out.

2.4 Tips when using VoIP or Basic 9-1-1 services:

- Make sure you understand the limitations of VoIP basic 9-1-1 services, as compared to traditional phone line 9-1-1 services.
- Make sure that you have registered your current address with Peopleline for each phone number that you use from Peopleline.
- Understand that your VoIP phone service, including 9-1-1 dialing, will not operate when your Internet connection is down, and/or your power is out. We recommend having a backup UPS power supply for power outages and having a cellular phone on-hand for these types of situations.
- When calling 9-1-1, you must be prepared to identify your location and callback number to the operator and remain on the line with the operator, unless directed by the operator to hang up. If disconnected, you will need to call back 9-1-1.
- Make sure that you inform anyone, family and guests using your VoIP phone service of the limitations of the VoIP basic 9-1-1 service.
- Please append 911 warning sticker onto your VoIP phone equipment so it is clearly visible.
- Please also append the 9-1-1 warning sticker onto the telephone set connected to the VoIP equipment.
- For questions related to Peopleline's VoIP basic 9-1-1 services, please contact 604-639-2550 or info@peopleline.net

2.5 911 Limitation of Liability:

You acknowledge that Peopleline, its officers, directors, employees, affiliates or agents or any other service provider who furnishes services to you in connection with the Service, shall not be liable for any delay or failure to provide the Service, including 9-1-1 dialing, at any time or from time to time, or any interruption or degradation of voice quality that is caused by any of the following:

- 1.) act or omission of an underlying carrier, service provider, vendor or other third party;
- 2.) equipment, network or facility failure;
- 3.) equipment, network or facility upgrade or modification;
- 4.) force majeure events such as (but not limited to) acts of god; strikes; fire; war; riot; government actions;
- 5.) equipment, network or facility shortage;
- 6.) equipment or facility relocation;
- 7.) scheduled network or equipment maintenance;
- 8.) service, equipment, network or facility failure caused by the loss of power to you;
- 9.) outage of your ISP or broadband service provider;
- 10.) failure of local network equipment such as Internet modems, routers, phones, computers, phone adapters, software/firewalls, or cables;
- 11.) act or omission of you or any person using the Service or Device provided to you; or
- 12.) slow or congested network on your local network
- 13.) slow or congested network of your Internet Service Provider or the Public Internet
- 14.) any other cause that is beyond Peopleline's control, including without limitation a failure of or defect in any VoIP Device or phone, the failure of an incoming or outgoing communication, the inability of communications (including without limitation 911 dialing) to be connected or completed, or degradation of voice quality.

Peopleline's aggregate liability for (i) any failure or mistake; (ii) any claim with respect to Peopleline's performance or non-performance hereunder or (iii) any Peopleline act or omission in connection with the subject matter hereof shall in no event exceed Peopleline's Service charges with respect to the affected time period.

2.6 No Consequential Damages:

In no event shall Peopleline, its officers, directors, employees, affiliates or agents or any other service provider who furnishes services to you in connection with the Service be liable for any incidental, indirect, special, punitive, exemplary or consequential damages, or for any damages, including but not limited to loss of data, loss of revenue or profits, or arising out of or in connection with the use or inability to use the Service, including inability to be able to dial 9-1-1 or to access emergency service personnel through the Service. The limitations set forth herein apply to claims founded in breach of contract, breach of warranty, products liability, tort and any and all other theories of liability and apply whether or not Peopleline was informed of the likelihood of any particular type of damages.

2.7 Non-Availability of 911 or E911 Dialing Service:

You acknowledge and understand that we have informed you of Peopleline's Basic 911 limitations and that we do not offer 911 or E911 service as provided by traditional phone companies. By using this service, you expressly agree that Peopleline and its affiliates

and partners will not be liable in contract or tort or under any other theory of law should you or any person in your premise attempt to use the Service to contact 911 and emergency services are interrupted due to limitations stated, or delayed or frustrated because you cannot be located using your calling number. You also agree to hold Peopleline, its affiliates and its partners harmless and to indemnify them if any person at your premise attempts to falsely use the Service to contact 911, or fail to contact 911 using the Service for any reason such as power outages and Internet disruptions.

2.8 Alternative 911 Arrangements:

You acknowledge that we have advised you that it is recommended to have alternatives to contacting Peopleline's basic 911 service, such as a cell phone or landline and that it solely your choice and responsibility to have such alternatives available for accessing traditional E911 services.

2.9 Description of Limited 911-Type Routing Capabilities:

When you dial 911 from your Peopleline equipment it is to be routed to a National Call Centre where your location must be verified before you're routed and connected to the designated Public Safety Access Point's (PSAP) local emergency personnel for your address. Peopleline relies on third parties for the forwarding of information underlying such routing, and accordingly Peopleline and its third party provider(s) disclaim any and all liability or responsibility in the event such information or routing is incorrect. As described herein, this 911-type dialing currently is NOT the same as traditional 911 or E911 dialing, and at this time, does not include all of the capabilities of traditional 911 dialing. Neither Peopleline nor its 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 911 dialing. You agree to indemnify and hold harmless Peopleline and its third party provider from any claim or action arising out of misroutes of 911 calls or a failure to use of 911 services.

2.10 Service Outage:

You acknowledge and understand that 911 dialing will not function in the event of a power failure. Should there be an interruption in the power supply to the Device, the Service and 911 dialing will not function until power is restored. A power failure or disruption may require the Customer to reset or reconfigure equipment prior to utilizing the Service or 911 dialing.

You acknowledge and understand that service outages by your Internet or broadband provider will prevent ALL Service including 911 dialing. You acknowledge and understand that if there is a service outage for ANY reason, such outage will prevent ALL Service, including 911 dialing. Such outages may occur for a variety of reasons, including, but not limited to those reasons described elsewhere in this Agreement.

2.10.1 Service Outage Due to Suspension of Your Account:

You acknowledge and understand that service outages due to suspension of your account as a result of billing issues will prevent ALL Service, including 911 dialing.

2.10.2 Limitation of Liability and Indemnification:

You acknowledge and understand that the Company's liability is limited for any Service outage and/or inability to dial 911 from your line or to access emergency service personnel, as set forth in this document. You agree to defend, indemnify, and hold harmless Peopleline, its officers, directors, employees, affiliates and agents and any other service provider who furnishes services to Customer in connection with this agreement or the Service, from any and all claims, losses, damages, fines, penalties, costs and expenses (including, without limitation, reasonable attorneys fees) by, or on behalf of, Customer or any third party or user of Customer's Service relating to the absence, failure or outage of the Service, including 911 dialing and/or inability of Customer or any third person or party or user of Customer's Service to be able to dial 911 or to access emergency service personnel.

2.11 Failure to Designate the Correct Physical Address for 911 Dialing:

You acknowledge that failure on your behalf to provide the current and correct physical address and location of your Peopleline equipment will result in any 911 communications you may make being routed to the incorrect local emergency service provider.

2.12 Requires Re-Activation if You Change Your Number:

You acknowledge and understand that 911 dialing does not function if you change your phone number, or add multiple Devices with other phone numbers (which must be different from your first number or main number).

2.13 Change of Physical Location of Peopleline Equipment:

You acknowledge and understand that 911 dialing will not function properly or may not function at all if you take your equipment with you away from the address or physical location that you have designated. You acknowledge and understand that 911 dialing will not function properly or at all if you move or change the physical location of your Peopleline equipment to a different street address. Failure to provide the current and correct physical address and location of your Peopleline equipment will result in any 911 dialing you may make being routed to the incorrect local emergency service provider. There is a \$10 fee for change of address.

2.14 Possibility of Network Congestion and/or Reduced Speed for Routing 911:

Due to the manner in which it is technically possible to provide the 911 dialing feature for Peopleline at this time, you acknowledge and understand that there is a greater possibility of network congestion and/or reduced speed in the routing of a 911 communication made utilizing your Peopleline equipment as compared to traditional 911 dialing over traditional public telephone networks. You acknowledge and understand that 911 dialing from your Peopleline equipment will be routed to the general telephone number for the local emergency service provider, and will not be routed to the 911 dispatcher(s) who are specifically designated to receive incoming 911 calls at such local provider's facilities when such calls are routed using traditional 911 dialing. You acknowledge and understand that there may be a greater possibility that the general telephone number for the local emergency service provider will produce a busy signal or will take longer to answer, as compared to those 911 calls routed to the 911

dispatcher(s) who are specifically designated to receive incoming 911 calls using traditional 911 dialing.

2.15 Automated Number Identification:

At this time in the technical development of Peopleline 911 dialing, it may or may not be possible for the Public Safety Answering Point (PSAP) and the local emergency personnel to identify your phone number when you dial 911. Peopleline's system is configured in most instances to send the automated number identification information; however, the phone system routes the traffic to the PSAP and the PSAP itself must be able to receive the information and pass it along properly, and they are not yet always technically capable of doing so. You acknowledge and understand that PSAP and emergency personnel may or may not be able to identify your phone number in order to call you back if the call is unable to be completed, is dropped or disconnected, or if you are unable to speak to tell them your phone number and/or if the Service is not operational for any reason, including without limitation those listed elsewhere in this Agreement.

2.16 Automated Location Identification:

At this time in the technical development of Peopleline 911 Dialing, it is not possible to transmit identification of the address that you have listed to the Public Safety Answering Point (PSAP) and local emergency personnel for your area when you dial 911. You acknowledge and understand that you will need to state the nature of your emergency promptly and clearly, including your location, as PSAP personnel will NOT necessarily have this information. You acknowledge and understand that PSAP and emergency personnel will not be able to find your location if the call is unable to be completed, is dropped or disconnected, if you are unable to speak to tell them your location and/or if the Service is not operational for any reason, including without limitation those listed elsewhere in this Agreement.

3. CHANGES TO THIS AGREEMENT

Peopleline may change the terms and conditions of this Agreement from time to time. Agreement changes posted on the Peopleline web site supercede all previously agreed to electronic and written Terms of Service, including any documents shipped with Devices, or included with the Device's packaging.

4. CHARGES / PAYMENTS / DEFAULT / TAXES / TERMINATION

4.1 Billing:

To order Peopleline Products and Services on-line, you must place orders and make payments via Pay Pal, Peopleline's 3rd Party Credit Card billing agency. This means that you will need to sign up and establish a user or buyer account with Pay Pal, and provide Pay Pal a valid Credit Card number. Pay Pal supports and accepts most major Credit Cards, including VISA, AMEX, and MASTERCARD. To sign up as a Pay Pal user or buyer, please visit www.paypal.com.

To order Peopleline Products and Services in person or by Telephone, you may make payments via credit card, including MasterCard or Visa, or by cash or interac.

We will bill all charges, applicable taxes (GST/PST) and surcharges, related to the purchase of Service and / or Device, including Service Activation Fees, if applicable, Long Distance Calling Plans, Equipment, and Shipping Fees in advance to your credit card as you have authorized through Pay Pal or by you to us.

The Pricing for these services is detailed on the Peopleline Web Site. Peopleline reserves the rights to change service pricing at the end of a subscription term, or from time to time on products and additional service or setup fees without notice.

Additional service or setup fees include: change of account holder and address (\$10), change of number (\$25), reconnection fees (\$25), number transfer (\$20 per number), setup of third-party sourced device (\$10 per device)

Peopleline will issue invoices and statements on all Customer charges in arrears, such as subscription fees, taxes, long distance usage charges, which must be paid on receipt of an invoice. You must make your payments for as long as your account and service is active.

All prices are in Canadian Dollars and billing will be in Canadian Dollars.

4.2 Credit Card Responsibility

You acknowledge that Peopleline never has access to your credit card information and is unable to bill your credit card when you use Pay Pal. All payments to Peopleline for our issued invoices and statements to you are authorized by you and made by you via Pay Pal or as authorized by you to your credit card.

Peopleline is not responsible for your credit card information and not liable to credit card loss, theft or fraud. You accept full responsibility for your credit card and your purchases via Pay Pal or as authorized to your credit card through us. Peopleline is not responsible for your purchases, decisions to buy Peopleline Services and Products via Pay Pal or credit card, or your misuse or error using the Pay Pal service. As such, Peopleline is not liable or required to reverse charges, which may be the result of credit card loss, fraud, or theft, or user error of the Pay Pal Service or your credit card service.

If your credit card expires, you close your credit card account or your billing address changes, or the credit card is cancelled and replaced owing to loss or theft, you may need to advise Pay Pal or Peopleline. If you use Pay Pal, you must report credit card loss, theft or fraud to Pay Pal directly. You will still be responsible and liable for settling all outstanding bills and funds owing to Peopleline in the event of credit card loss, theft or closure.

Peopleline may terminate your Service at any time in its sole discretion, if any charge to your credit card or from your Pay Pal account is declined or reversed or in case of any other non-payment of account charges. Termination of Service for declined card, reversed charges or non-payment leaves you FULLY LIABLE to Peopleline for ALL CHARGES ACCRUED BEFORE TERMINATION and for charges incurred by Peopleline owing to your non-payment, such as (but not limited to) collection costs and attorney's fees.

In the event you cannot make payments via credit card via Pay Pal, bills may be settled via credit card, cheque or money order made out to Peopleline Telecom Inc. All cheques or money orders can be mailed to:

Customer Care Billing Department
Peopleline Telecom Inc., 201 -2780 Granville St, Vancouver, BC, V6H 3J3

4.2 Billing Disputes

Peopleline only receives payment after you have authorized and made payment via Pay Pal or credit card. If you're a Pay Pal user and notice any discrepancy in your credit card statement, suspect credit card fraud or anything suspicious, contact Pay Pal immediately at www.paypal.com.

For billing queries related to Peopleline products and services, please contact Peopleline at 604-639- 2550. You must contact Peopleline after receiving your credit card statement if you dispute any Peopleline charges that appear on your credit card statement or such dispute will be deemed waived.

For queries related to refunds or long distance usage, please contact Peopleline at 604-639-2550.

To contact Peopleline concerning long distance queries and refunds, please contact:

Customer Care Billing Department
Peopleline Telecom Inc., 201 -2780 Granville St, Vancouver, BC, V6H 3J3
E: info@peopleline.net; T: 604-639-2550; F: 604-630-3100

4.3 Payment:

For Peopleline Service account activation and the purchase of any Device such as an Adapter, gateway, soft phone or IP Phone, Peopleline accepts payment by credit card, cash, interac or Pay Pal.

To make payments via Pay Pal means that you will need to sign up and establish a user or buyer account with Pay Pal. To sign up as a Pay Pal user or buyer, please visit www.paypal.com. You can also sign up with Pay Pal from Peopleline's Web Site and Shopping Cart, which link directly to Pay Pal when you use Add to Cart and Subscription buttons located in our Web Site's Shopping Cart pages.

You will make prepaid service payments based on the service term using a valid credit card, cash, interac or Pay Pal for as long as your account and service is active. You pre-authorize these payments when you order a subscription from our Web Site's Shopping Cart pages or when ordering in person or by telephone.

The service subscription term's payment will be made on the same day you pre-authorize your payments using a credit card or Pay Pal. Subsequent payments will be automatically made on the anniversary date of the term until you cancel the pre-authorized payments. Peopleline reserves the right to terminate and discontinue Service should the Customer fail to make payments or misuse the service.

For Long Distance Calling Plans, Call10, Call25, and Call50, Peopleline only accepts advanced or prepaid payments by credit card, cash, interac or Pay Pal prior to a Long Distance Calling Plan being activated.

Peopleline may terminate your Service at any time in its sole discretion, if any charge to your credit card or Pay Pal account is declined or reversed or in case of any other non-payment of account charges.

Termination of Service for declined card, reversed charges or non-payment leaves you FULLY LIABLE to Peopleline for ALL CHARGES ACCRUED BEFORE TERMINATION and for charges incurred by Peopleline owing to your non-payment, such as (but not limited to) collection costs and attorney's fees.

4.4 Termination/Discontinuance of Service:

To cancel Peopleline Services and subscription terms, you must contact Peopleline by telephone at 604-639-2550, or in person at our office, in order for us to verify your identity and request. Email notices of cancellation of services will not be considered a cancellation request.

Peopleline reserves the right to suspend or discontinue providing the Service, or to terminate your Service, at any time in its sole discretion for failure of payment, declined payments, or misuse of service. If your Service is terminated for any stated reason, including without limitation violation of this Agreement, or because of any improper use of the Service or Device (such as, but not limited to, your attempts to hack, disrupt, or misuse the Service), you will be responsible for the full term's charges to the end of the current term, including without limitation unbilled charges, all of which immediately become due and payable. For Customer that hacks, disrupts or unlawfully misuses the Service, other penalties may be levied against the Customer. Peopleline reserves the right to charge a reconnection fee of \$25 for residential plans and \$50 for business plans.

4.5 Taxes:

Customer is responsible for, and shall pay any applicable federal (GST), provincial (PST), municipal, local or other governmental sales, use, excise, value-added, personal property, public utility or other taxes, fees or charges now in force or enacted in the future, that arise from or as a result of Customer's subscription or use or payment for the Service or a Device. Such amounts are in addition to payment for the Service or Devices and will be billed to your account. If Customer is exempt from payment of such taxes, it will provide Peopleline with an original government-issued certificate attesting to tax-exempt status. Tax exemption will only apply from and after the date Peopleline receives the Tax Exempt Document.

4.6 Use and Charges for Directory Calls:

Peopleline will charge \$1.50 for each call made to Peopleline 411 directory assistance. This charge will be deducted from your long distance calling plan deposit, if you have a long distance calling plan account and balance. To use this service, you must have a long distance calling plan on record.

4.7 Refund Policies:

All subscription terms, 1-month, 3-month, 6-month, 1-year, 2-years or 3-years plans are non-refundable after sign up and purchase of such plans. A \$25 cancellation charge also applies if the plan is cancelled within 6 months of signup.

Refunds are not provided on soft phones licenses, Service Activation Fees, if applicable, Service subscriptions fees, Special services such as number transfers, number searches or consulting, or shipping costs.

Prepaid Long Distance Calling Plans are non-refundable for amounts less than \$2.50. Referral credits applied to a long distance account are also non-refundable. Prepaid amounts greater than \$2.50 not claimed within 30 days of cancellation are also non-refundable. To claim, you must contact Peopleline at 604-639-2550 or in person at out office to verify your identity.

Equipment may be returned to Peopleline within fifteen (15) days of shipment to receive a refund, less a 25% restocking fee, for the Device, provided: (i) Customer retained proof of purchase and original packaging and (ii) contents are undamaged and in original condition and (iii) and all documentation and packaging materials are returned. The Customer must first contact and receive a return authorization "RA" number from Peopleline's Customer Service Department prior to returning the unit in order to be entitled to the refund. The RA number must be included with the Packing and Shipping Documents to be accepted by Peopleline. To receive an RA number, please contact T: 604-639-2550.

No refunds are issued for shipping costs, or activation fees, setup charges such as number transfer fees for transferring numbers to Peopleline, or for activating the Service, or on subscriptions. Refunds will only be issued for the Device, assuming Peopleline receives the Device in undamaged condition. The Customer is responsible for shipping the Device in good condition to Peopleline and all related shipping costs.

All returned equipment must be in the original packaging with the UPC or bar code intact. All components, manuals and registration card(s) must be included. Equipment must be returned with a valid return authorization number obtained from Peopleline Customer Care. User is responsible for return shipping of equipment.

If Customer receives cartons and/or Devices that are visibly damaged, please note the damage on the carrier's freight bill or receipt and keep a copy. Keep the original carton, all packing materials and parts intact and contact Peopleline's customer care department immediately. Warranty coverage varies depending on the type of Device that Customer chooses, as issued by the manufacturer. Please refer to these warranty materials, if applicable, included in the packaging of your Device(s).

5. WARRANTY and LIABILITY LIMITATIONS / INDEMNIFICATION

5.1 Limitation of Liability:

Peopleline shall not be liable for any delay or failure to provide the 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 of the following:

- 1.) act or omission of an underlying carrier, service provider, vendor or other third party;
- 2.) equipment, network or facility failure;
- 3.) equipment, network or facility upgrade or modification;
- 4.) force majeure events such as (but not limited to) acts of god; strikes; fire; war; riot; government actions;
- 5.) equipment, network or facility shortage;
- 6.) equipment or facility relocation;
- 7.) service, equipment, network or facility failure caused by the loss of power to Customer;
- 8) outage of Customer's ISP or broadband service provider;
- 9) act or omission of Customer or any person using the Service or Device provided to Customer; or
- 10) any other cause that is beyond Peopleline's control, including without limitation a failure of or defect in any Device, the failure of an incoming or outgoing communication, the inability of communications (including without limitation 911 dialing) to be connected or completed, or degradation of voice quality.

Peopleline's aggregate liability for (i) any failure or mistake; (ii) any claim with respect to Peopleline's performance or nonperformance hereunder or (iii) any Peopleline act or omission in connection with the subject matter hereof shall in no event exceed Peopleline's Service charges with respect to the affected time period.

5.2 No Consequential Damages:

In no event shall Peopleline, its officers, directors, employees, affiliates or agents or any other service provider who furnishes services to Customer in connection with this Agreement or the Service be liable for any incidental, indirect, special, punitive, exemplary or consequential damages, or for any damages, including but not limited to loss of data, loss of revenue or profits, or arising out of or in connection with the use or inability to use the Service, including inability to be able to dial 911 or to access emergency service personnel through the Service. The limitations set forth herein apply to claims founded in breach of contract, breach of warranty, products liability, tort and any and all other theories of liability and apply whether or not Peopleline was informed of the likelihood of any particular type of damages.

5.3 Indemnification:

Customer agrees to defend, indemnify, and hold harmless Peopleline, its officers, directors, employees, affiliates and agents and any other service provider who furnishes services to Customer in connection with this Agreement or the Service, from any and all claims, losses, damages, fines, penalties, costs and expenses (including, without

limitation, reasonable attorneys fees) by, or on behalf of, Customer or any third party or user of Customer's Service, relating to this Agreement, the Services, including 911 dialing, or the Device. This paragraph shall survive termination of this Agreement.

5.4 No Warranties on Service:

Peopleline makes no warranties, express or implied, including but not limited to, any implied warranties of merchantability or fitness of the Service or the Device for a particular purpose. Peopleline does not warrant that the Service will be without Service failure, delay, interruption, error, and degradation of voice quality or loss of content, data or information. Neither Peopleline nor its officers, directors, employees, affiliates or agents or any other service provider or vendor who furnishes services or products to Customer in connection with this Agreement or the Service will be liable for unauthorized access to Peopleline's or Customer's transmission facilities or premises equipment or for unauthorized access to, or alteration, theft or destruction of, Customer's data files, programs, procedures or information through accident, fraudulent means or devices or any other method, regardless of whether such damage occurs as a result of Peopleline's or its service provider's or vendors' negligence. Statements and descriptions concerning the Service or Device, if any, by Peopleline or Peopleline's agents or installers are informational and are not given as a warranty of any kind.

5.5 No Warranties, or Limited Warranties, for Devices:

If Customer purchased the Device new from Peopleline and the Device included a limited warranty at the time of purchase, Customer must refer to the separate limited warranty document for information on the limitation and disclaimer of certain warranties. If Customer's Device did not include a limited warranty from Peopleline at the time of purchase, Customer agrees that it accepts its Device "as is" and that Customer is not entitled to replacement or refund in the event of any defect.

5.6 No Third Party Beneficiaries:

No provision of this Agreement provides any person or entity not a party to this Agreement with any remedy, claim, liability, reimbursement, or cause of action or creates any other third party beneficiary rights.

5.7 Content:

You are liable for any and all liability that may arise out of the content transmitted by or to you or Users using the Services. You shall assure that your or User's use of the Services and content will at all times comply with all applicable laws, regulations and written and electronic instructions for use. Peopleline reserves the right to terminate or suspend affected Services, and/or remove Your or Users' content from the Services, if Peopleline determines that such use or content does not conform with the requirements set forth in this Agreement or interferes with Peopleline's ability to provide Services to you or others or receives notice from anyone that Your or Users' use or Content may violate any laws or regulations. Peopleline's actions or inaction under this Section shall not constitute review or approval of Your or Users' use or Content. You will indemnify and hold Peopleline against any and all liability arising from the content transmitted by or to you or to Users using the Services. A "User" means any person, whether authorized or unauthorized, using the Service and/or Device provided to you.

6. GOVERNING LAW / RESOLUTION OF DISPUTES

6.1 Governing Law:

The Agreement and the relationship between you and Peopleline shall be governed by the laws of the Province of British Columbia, Canada, without regard to its conflict of law provisions. You and Peopleline agree to submit to the personal and exclusive jurisdiction of the courts located within the Province or British Columbia, Canada. The failure of Peopleline to exercise or enforce any right or provision of the Agreement shall not constitute a waiver of such right or provision. If any provision of the Agreement is found by a court of competent jurisdiction to be invalid, the parties nevertheless agree that the court should endeavor to give effect to the parties' intentions as reflected in the provision, and the other provisions of the Agreement remain in full force and effect. You agree that regardless of any statute or law to the contrary, any claim or cause of action arising out of or related to use of the Service or the Agreement must be filed within one (1) year after such claim or cause of action arose or be forever barred.

6.3 Entire Agreement:

This Agreement and the rates for Services found on Peopleline's website constitute the entire agreement between you and Peopleline and govern your use of the Service, superseding any prior agreements between you and Peopleline and any and all prior or contemporaneous statements, understandings, writings, commitments, or representations concerning its subject matter. No amendment to this Agreement shall be binding upon Peopleline unless and until posted in accordance with Section 3 hereof.

6.4 Severability:

If any part of this Agreement is legally declared invalid or unenforceable, all other parts of this Agreement are still valid and enforceable. Such invalidity or non-enforceability will not invalidate or render unenforceable any other portion of this Agreement.

7. PRIVACY

Peopleline Service utilizes, in whole or in part, the public Internet and third party networks to transmit voice and other communications. Peopleline is not liable for any lack of privacy, which may be experienced with regard to the Service. Please refer to our Privacy Policy at www.peopleline.net for additional information.

8. CHANGES; NOTICES

Notice to Customer of any changes to the "Terms of Service" shall be considered given by posting to the Peopleline Web Site (currently located at <http://www.peopleline.net>). Notice will be considered received by Customer, and such changes will become binding on Customer, on the date posted to the Peopleline Web Site and no further notice by Peopleline is required.