

## **RESIDENTIAL SERVICE AGREEMENT**

Thank you for choosing GTC Communications (“GTC” or the “Company”) as your long distance service provider. This Residential Service Agreement (“Agreement”) represents a direct contractual relationship between you and the Company. It contains the regulations and guidelines applicable to the provision of domestic interstate and international telecommunications and governs the relationship between you and the Company with regard to such telecommunications. In-state, or “intrastate” rates are governed, where applicable, by the state tariff(s), which are available on the Company’s website.

Please read this Service Agreement in its entirety as it explains the following topics:

- I. The Agreement
- II. Description of Services
- III. Charges, Payment and Billing
- IV. Suspending and Canceling Services
- V. Indemnification
- VI. Limitations of Liability
- VII. Warranties
- VIII. Dispute Resolution
- IX. Choice of Law and Venue
- X. Miscellaneous
- XI. Changes to the Agreement
- XII. Enrollment in other GTC Services
- XIII. State Law

### **I. THE AGREEMENT**

This Agreement pertains to your state-to-state and international long distance services and charges, and governs your use of, and the Terms and Conditions for, those Services. The Company’s website will be continuously updated to maintain a current record of GTC Communications’ Consumer Long Distance Services. This Agreement, as well as the Company’s rates, plans and any additional terms and conditions of the Services (“T&Cs”) are available on the Company’s website at <http://www.myGTC.com>. The Company may change the terms of this Agreement at any time, subject to Section XI. below.

For purposes of this Agreement, “you” means the customer (“Customer”), defined as either: (1) the person identified in the Company’s account records as responsible for payment of all charges; or (2) any other person with actual or apparent authority to represent that person or to use the Service(s). “Service” or “Services” means: (1) the GTC Communications state-to-state and/or international consumer telecommunications services you subscribe to, use or pay for. “GTC,” “Company,” “we,” “our,” and “us” mean GTC Communications and any other affiliate authorized to provide you with GTC Services.

**BY SUBSCRIBING TO, USING, OR PAYING FOR THE SERVICES, YOU AGREE TO THE RATES, CHARGES, AND TERMS AND CONDITIONS IN THIS SERVICE AGREEMENT. THIS AGREEMENT INCORPORATES BY REFERENCE THE PRICES, CHARGES, RATES AND T&Cs AVAILABLE ON THE COMPANY’S WEBSITE. IF YOU DO NOT AGREE TO THESE RATES, CHARGES, AND TERMS AND CONDITIONS, DO NOT USE THE SERVICES AND NOTIFY THE COMPANY IMMEDIATELY AT 1-800-486-4030. HOWEVER, YOU WILL BE RESPONSIBLE FOR ANY SERVICES USED UP TO THE DATE OF CANCELLATION.**

### **II. DESCRIPTION OF THE SERVICES**

The applicable Plans and Rates for your Service are listed under the “Residential Plan” section in the “Domestic Services” section located at <http://www.mygtc.com>. The Residential Plan section contains the specific prices and charges, service descriptions and other terms and conditions not set forth here that apply to each of your Services. You can review the GTC Communications Rate Plans on our website at <http://www.mygtc.com> or request a copy of the GTC Communications Service Agreement for the Services you are enrolled in by calling GTC Communications toll free at 1-800-486-4030. You may place calls from any location in the United States where the Company has access to local exchange access service. Access is available to you when you subscribe to a local exchange telephone company’s interstate end user common line service and to their authorized users. To call within the U.S., you dial 1+area code+7 digit number. The Company also offers direct dialing to international countries. To call internationally, you dial 1+011+country code+ telephone number.

For your most current rates, charges and T&Cs with regard to a particular Service, the most current version of this Service Agreement, or if you have questions about your Service(s), please visit our website at <http://www.mygtc.com> or call us toll-free at 1-800-486-4030.

### **III. CHARGES, PAYMENT AND BILLING**

- A. General.** You agree to pay us for the Services at the prices and charges listed on the Company’s website. The prices and charges for any particular call may depend on a number of factors which include, for example, the duration of a call, the time of day and day of week, the distance called, and the type of service. The prices and charges for the Services may also include, for example, monthly fees, monthly

minimums, connection charges, or government-assessed surcharges and taxes. Any applicable prices and charges are available for viewing on the Company's website at <http://www.myGTC.com>.

- B. Price Changes.** Except as otherwise may be provided in this Agreement or by any applicable state laws and/or requirements, any decreases to your Interstate or International rates will become effective immediately without advance notice, and any increases to your Interstate or International rates will become effective only after the Company notifies you at least thirty (30) days in advance of such change through one of the following means: (i) by posting on the Company's website; (ii) by postcard or letter; (iii) by a message with your invoice; (iv) by calling and speaking to you or by leaving a message for you; or (v) by e-mail. Written notice to you will be sent to your last known address as reflected in the Company's records. Written notice is deemed received 3 days after deposit in the U.S. mail, postage prepaid, and properly addressed according to the address in the Company's records. At a minimum, changes to any other rates (including increases to charges that recover our costs associated with government programs but excluding taxes and surcharges under Section 1.E.), charges, or terms or conditions in the Agreement will be published in the Company's website at least thirty (30) days in advance of such change and will be incorporated by reference into this Agreement. We will notify you of increases to prices and charges for direct-dial call Services under state-to-state and international calling plans in the form of a billing insert, or a written message on the invoice, or by posting a notice on our website.
- C. Payments.** You must pay all bills or invoices on or before the applicable due date and in U.S. money. We do not waive our right to collect the full amount due if you pay late or you pay part of the bill, even if you write the words "Paid in Full" (or similar words) on any correspondence to us. If you make any late payments, we will charge you a late fee of 1.5%, or the maximum amount allowed by law, whichever is lower, to any unpaid and past due balances that remain unpaid. If the state law where you receive the Services requires a different rate, we will apply that rate. If your check, bank draft or electronic funds transfer is returned for insufficient funds, we will charge you an additional \$20 fee. If the state law where you receive the Services requires a different fee, we will charge you that amount. When payment is made by credit card, payment will also be subject to the terms and conditions required by the credit card issuer. In the event we incur fees or expenses, including attorney's fees for collecting or attempting to collect any charges owed to us, including check return fees, we may charge you, and you will pay, all such fees and expenses reasonably incurred.
- D. Charges and Billing.** Charges accrue through a full billing period. We may prorate or adjust a bill if the billing period covers less than or more than a full month. (For this purpose, each month is considered to have 30 days). To determine the charge for each call, we round up to the next full minute for any fraction of minutes used. We will determine the format of the bill and the billing period, and we may change both the bill format and the billing period from time to time. **YOU ARE RESPONSIBLE FOR PREVENTING THE UNAUTHORIZED USE OF THE SERVICES, AND YOU ARE RESPONSIBLE FOR PAYMENT FOR ANY SUCH UNAUTHORIZED USE.**
- E. Taxes and Other Charges.** You agree to pay all taxes, fees, surcharges and other charges that we bill you for the Services, unless you can show documentation satisfactory to us that you are exempt. Taxes and surcharges will be in the amounts that federal, state and local authorities require us to bill you by law, and may also include surcharges assessed to recover the costs of governmental programs, including but not limited to Universal Service Fund fees, pay phone per call compensation surcharges, Primary Carrier charges, or per minute surcharges for calls that terminate to international wireless telephone numbers. We will not provide advance notice of changes to taxes and surcharges, except as required by applicable law.
- F. Credit Check and Deposits.** You give us permission to obtain your credit information from consumer credit reporting agencies at any time. If we bill you for the Services and we determine that you may be a credit risk for: (1) unsatisfactory credit rating; (2) insufficient credit history; (3) fraudulent or abusive use of any GTC services within the last five years; or (4) late payments for current or prior bills, we may require a deposit (or an advance payment as permitted by state law) to ensure payment for the Services. The amount of the deposit will be no more than any estimated one-time charges required for the Services, plus three months of the estimated average per-minute charges and/or monthly fees for the Services. We will pay interest on customer deposits only where required by the law of the state where you receive the services, at a rate no higher than that prescribed by such state law. If you fail to pay for the Services when due, we may use the deposit without giving notice to you. If a credit balance remains on your account, we will refund or credit that amount.
- G. Credit Limits.** If we bill you for the Services, we may set a credit limit based on your payment history or your credit score from consumer credit reporting agencies. If we do this, we will notify you of your initial credit limit and all changes to your credit limit. If you exceed your credit limit, we will restrict your access to the Services. If you fail to make timely payments, we may also lower your credit limit.
- H. Dispute of Charges.** In the case of a dispute between you and GTC as to the correct amount of a bill rendered by us for Services furnished to you, you must report any objections to GTC within 30 days after receipt of your bill. Any claims for a refund of overpayment must be made within ninety (90) days of the date of the alleged overpayment, or it is waived. You can notify GTC of your objections by sending a written request for an investigation and review of the disputed amount. Any such request will be investigated upon receipt. **NOTE:** The undisputed portion of the bill and subsequent bills, other than the disputed amount, must be paid by the Due Date shown on the bill.
- I. Restoration of Service.** The use and restoration of the Services, if any, shall be in accordance with the priority system specified in part 64, Subpart D of the Rules and Regulations of the Federal Communications Commission.
- J. Third-Party Billing.** Third-Party Billing ("Casual Rates"), as set forth in this section, will occur and will be charged to you when calls are completed over one of GTC's underlying carrier's network, and the originating telephone line(s) is not active on GTC's service. Domestic Casual Rates billed by third-party entities may exceed \$3.00 per minute. GTC will not reimburse or re-rate any Casual Rates billed to you by a third-party billing entity. GTC must be notified directly for all long distance service requests, which includes but is not limited to, (i) signing

up a new GTC long distance account, (ii) adding a telephone line(s) to your existing GTC long distance account, (iii) moving your telephone line(s) to a new physical address, and (iv) adding an additional service to your existing GTC account. It is very important that all such requests be made directly to GTC so that your service may be properly configured and billed. Failure to do so may subject you to Casual Rates. Examples of situations when Casual rates will be charged include but are not limited to, the following:

- (1) If you sign up for GTC service or add a line to your existing GTC service by contacting your local telephone company without notifying GTC directly, and your local telephone company fails to notify GTC of the change in service;
- (2) If your local telephone company notifies GTC that you have requested cancellation of your GTC service, or if you have otherwise provided assurances to GTC that you have switched long distance carriers, then the Company will cancel your service account. If, however, after cancellation resulting from you or your local telephone company providing assurances to the Company that you have switched carriers, your new long distance provider has not switched your telephone line(s), you may be charged Casual Rates until your telephone line(s) has been switched to another carrier.

#### **IV. SUSPENDING AND CANCELING THE SERVICES**

- A. Cancellation by the Customer.** If you use more than one Service, you may change or cancel individual Services by calling the GTC customer service number on your GTC bill. This Agreement remains in effect for any Services that you continue to be enrolled in, use, or pay for. If you want to cancel all of the Services, you must discontinue your use of all the Services and then call your local telephone company and tell them you want to cancel your GTC Services. Please also call us toll free at 1-800-486-4030 for additional information.
- B. Cancellation by the Company.** GTC reserves the right to discontinue or limit Services without prior notice to you: (i) if it is necessary to meet changes in government regulatory or statutory rules and standards; (ii) when such rules and standards have an adverse effect on the economic feasibility of providing the Services, as determined by us; (iii) if we are ordered or requested to do so by a government entity; and (iv) if your equipment may adversely affect our facilities or service to other GTC customers.
- C. Fraudulent Use.** You will not use the Services for any unlawful, abusive, or fraudulent purpose, including, for example, using the Services in a way that (i) interferes with our ability to provide the Services to you or other customers; or (ii) avoids your obligation to pay for the Services. If GTC has reason to believe that you or someone else is abusing the Services or using them fraudulently or unlawfully, we can immediately suspend, restrict, or cancel the Services without prior notice.
- D. Failure to Pay.** We may suspend, restrict, or cancel the Services and this Agreement, if you do not make payments for current or prior bills by the required due date, including payments for late fees or any other required additional charges. If the state where you receive the Services has different laws and/or requirements relating to notice and disconnection of service, the state-specific requirements will apply.
- E. Outstanding Charges.** If Services are suspended, restricted, or cancelled, any charges will accrue through the date that GTC fully processes the suspension, restriction or cancellation. You must pay all outstanding charges for these Services, including payment of any bills that remain due after the date of cancellation. Subject to Section VIII and applicable state law, you must reimburse us for any reasonable costs we incur, including attorneys' fees, to collect charges owed to us. If you want us to renew or reconnect the Services, we may require that you pay a deposit and/or service restoration fee.
- F. Repair of Service.** We have the right at any time to suspend or interrupt the Services to make necessary repairs, updates or changes in the Services. GTC will use its best efforts to notify you via posting on the Company's website or via e-mail prior to any suspension or interruption. You will have no right to credit for any such suspension or termination.
- G. Other Reasons for Cancellation.** GTC reserves the right to cancel and terminate your Services at any time by providing you with thirty (30) days prior written notice.

#### **V. INDEMNIFICATION**

**YOU AGREE THAT GTC SHALL NOT BE RESPONSIBLE FOR ANY THIRD-PARTY CLAIMS AGAINST THE COMPANY THAT ARISE FROM YOUR USE OF THE SERVICES. FURTHER, YOU AGREE TO REIMBURSE GTC FOR ALL COSTS AND EXPENSES RELATED TO THE DEFENSE OF ANY SUCH CLAIMS, INCLUDING ATTORNEYS' FEES, UNLESS SUCH CLAIMS ARE BASED ON OUR WILLFUL MISCONDUCT OR GROSS NEGLIGENCE. THIS PROVISION WILL CONTINUE TO APPLY AFTER THE AGREEMENT ENDS.**

#### **VI. LIMITATIONS OF LIABILITY**

- A. IF THE COMPANY'S NEGLIGENCE CAUSES DAMAGE TO PERSON OR PROPERTY, GTC WILL BE LIABLE FOR NO MORE THAN THE AMOUNT OF DIRECT DAMAGES TO THE PERSON OR PROPERTY. IF THE COMPANY'S NEGLIGENCE CAUSES DAMAGE OF ANY OTHER SORT, GTC WILL BE LIABLE FOR NO MORE THAN THE AMOUNT OF OUR CHARGES FOR THE SERVICES DURING THE AFFECTED PERIOD. FOR ALL CLAIMS THAT ARE NOT THE RESULT OF GTC'S WILLFUL OR INTENTIONAL MISCONDUCT, GTC WILL NOT BE LIABLE FOR PUNITIVE, RELIANCE, OR SPECIAL DAMAGES, AND GTC WILL NOT BE LIABLE FOR INDIRECT OR CONSEQUENTIAL DAMAGES,**

INCLUDING BUT NOT LIMITED TO LOST PROFITS OR REVENUE OR INCREASED COSTS OF OPERATION. THESE LIMITATIONS APPLY EVEN IF THE DAMAGES WERE FORESEEABLE, OR THE COMPANY WAS TOLD THEY WERE POSSIBLE, AND THEY APPLY TO ANY NEGLIGENCE CLAIM THAT DOES NOT INVOLVE WILLFUL MISCONDUCT, NO MATTER HOW THAT CLAIM IS STYLED OR ON WHAT LEGAL GROUNDS (SUCH AS CONTRACT, TORT, STATUTE, MISREPRESENTATION) IT IS BASED.

- B. GTC WILL BE LIABLE ONLY FOR THE AMOUNT OF THE COMPANY'S CHARGES FOR THE SERVICES DURING THE AFFECTED PERIOD - IF SERVICES ARE INTERRUPTED DUE TO THE COMPANY'S NEGLIGENCE, OR THERE IS A PROBLEM WITH THE INTERCONNECTION OF OUR SERVICES WITH THE SERVICES OR EQUIPMENT OF SOME OTHER PARTY. THIS SECTION WILL CONTINUE TO APPLY AFTER THE AGREEMENT ENDS.

## VII. WARRANTIES

EXCEPT AS THIS AGREEMENT EXPRESSLY STATES, THE COMPANY MAKES NO EXPRESS WARRANTY REGARDING THE SERVICES AND DISCLAIM ANY IMPLIED WARRANTY, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THE COMPANY ALSO MAKES NO WARRANTY THAT THE SERVICES WILL BE UNINTERRUPTED OR ERROR FREE. THE COMPANY DOES NOT AUTHORIZE ANYONE, INCLUDING, BUT NOT LIMITED TO, GTC EMPLOYEES, AGENTS OR REPRESENTATIVES, TO MAKE A WARRANTY OF ANY KIND ON THE COMPANY'S BEHALF, AND YOU SHOULD NOT RELY ON ANY SUCH STATEMENT.

## VIII. DISPUTE RESOLUTION

PLEASE READ THIS SECTION CAREFULLY. THIS SECTION PROVIDES FOR RESOLUTION OF DISPUTES ARISING UNDER OR RELATED TO THIS AGREEMENT. EXCEPT AS PROVIDED FOR HEREIN, SUCH DISPUTES WILL BE RESOLVED THROUGH FINAL AND BINDING ARBITRATION BEFORE A NEUTRAL ARBITRATOR INSTEAD OF IN A COURT BY A JUDGE OR JURY, OR THROUGH A CLASS ACTION. BOTH YOU AND GTC AGREE TO AND ARE BOUND BY THE TERMS SET FORTH IN THIS SECTION.

- A. **Binding Arbitration.** For claims less than **\$25,000**, either you or GTC has the right to file an action in court in the venue provided for in Section IX(B) below. The arbitration process established by this section is governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16. All disputes for claims greater than \$25,000 arising out of or related to this Agreement must be resolved by final and binding arbitration in the State of California, Los Angeles County. This includes any dispute based on any product, service or advertising having a connection with this Agreement. The arbitration will be decided by one arbitrator. The arbitration will be conducted in accordance with the American Arbitration Association's ("AAA") applicable rules and procedures, as modified by this Agreement. You have the right to be represented by a lawyer in an arbitration. In conducting the arbitration and making any award, the arbitrator shall be bound by and strictly enforce the terms of this Agreement and may not limit, expand, or otherwise modify its terms. **NO DISPUTE MAY BE JOINED WITH ANOTHER LAWSUIT OR ARBITRATION, OR RESOLVED ON A CLASS-WIDE BASIS. THE ARBITRATOR MAY NOT AWARD DAMAGES THAT ARE BARRED BY THIS AGREEMENT AND MAY NOT AWARD PUNITIVE DAMAGES OR ATTORNEYS' FEES UNLESS SUCH DAMAGES OR FEES ARE EXPRESSLY AUTHORIZED BY THIS AGREEMENT OR AN APPLICABLE STATUTE. YOU AND GTC BOTH WAIVE ANY CLAIMS FOR AN AWARD OF DAMAGES THAT ARE EXCLUDED UNDER THIS AGREEMENT.**
- B. **Arbitration Information and Filing Procedures.** Before you take a dispute to arbitration or court, you must first contact our customer account representatives at 1-800-486-4030 or write to us at GTC Communications, 707 Wilshire Blvd., 12th Floor, Los Angeles, CA 90017, and give us an opportunity to resolve the dispute. Similarly, before GTC takes a dispute to arbitration or to court, we must first attempt to resolve it by contacting you. If the dispute cannot be satisfactorily resolved within thirty (30) days from the date you or GTC is notified by the other of a dispute, then either party may contact the AAA and request arbitration of the dispute. Each party is responsible for their respective arbitration costs. The arbitrator may also apportion these costs as appropriate under AAA rules. Information about the arbitration process and the AAA's Arbitration Rules and its fees are available from the AAA on the Internet at [www.adr.org](http://www.adr.org). Any arbitration under this Agreement will be conducted in the State of California, Los Angeles County. Arbitrations under this Agreement shall be confidential as permitted by federal law.
- C. **Final Determination and Costs.** The arbitrator's decision will be final and entered into any court of competent jurisdiction. The prevailing party will be entitled to recover its attorneys' fees and costs in connection with the arbitration. These costs and expenses shall include attorneys' fees incurred in staying the action or in enforcing compliance with this Section's arbitration provisions.

## IX. CHOICE OF LAW AND VENUE

- A. **Governing Law.** This Agreement is governed and interpreted by the Federal Communications Act to the full extent applicable, and otherwise by the laws of the State of California, without regard to its choice of law rules. **THIS GOVERNING LAW PROVISION APPLIES NO MATTER WHERE YOU RESIDE, OR WHERE YOU USE OR PAY FOR THE SERVICES.**

**B. Venue.** For the adjudication of any disputes arising under or relating to this Agreement, if such dispute is not handled in accordance to Section VIII above, both you and GTC hereby consent to personal jurisdiction and venue in the state and federal courts of the County of Los Angeles, California.

**X. MISCELLANEOUS**

**A. No Third Party Rights.** This Agreement does not provide any third party with a remedy, claim, or right of reimbursement.

**B. Acts Beyond Our Control.** Neither you nor we will be responsible to the other for any delay, failure in performance, loss or damage due to fire, explosion, power blackout, earthquake, volcanic action, flood, the weather elements, strike, embargo, labor disputes, civil or military authority, war, acts of God, acts or omissions of carriers or suppliers, acts of regulatory or governmental agencies, or other causes beyond our reasonable control, except that you must pay for any Services used.

**C. Assignment.** We can assign all or part of our rights or duties under this Agreement without notifying you. If we do that, we have no further obligations to you. You may not assign this Agreement or the Services without our prior written consent.

**D. Notices.** Notices from you to GTC must be provided as specified in this Agreement. Notice from you to GTC made by calling GTC is effective as of the date that our records show that we received your call. GTC's notice to you under this Agreement will be provided by one or more of the following: posting on our web site, recorded announcement, bill message, bill insert, newspaper ad, postcard, letter, call to your billed telephone number, or e-mail to an address provided by you.

**E. Severability.** If any part of this Agreement is found invalid, the rest of the Agreement shall remain valid and enforceable.

**F. Entire Agreement.** This Agreement constitutes the final and entire agreement between you and us and supersedes all prior agreements, understandings, statements or proposals, and representations, whether written or oral. This Agreement can be amended only as provided in Section XI below. No written or oral statement, advertisement, or service description not expressly contained in the Agreement will be allowed to contradict, explain, or supplement it. Neither you nor GTC is relying on any representations or statements by the other party or any other person that is not included in this Agreement.

**XI. CHANGES TO THIS AGREEMENT**

This Agreement may only be changed in the manner provided for in this Section XI. We may change this Agreement from time to time. If we make any changes to the prices or charges, we will comply with our notice commitments described in Section III of this Agreement. With respect to all other changes to this Agreement, we will notify you of the changes, and they will be effective no sooner than thirty (30) days after we post them at <http://www.mygtc.com>. You may also request a copy of the revised Agreement, for the Services you are enrolled in, by contacting us at GTC Communications, 707 Wilshire Blvd., 12<sup>th</sup> Floor, Los Angeles, CA 90017. **IF YOU CONTINUE TO BE ENROLLED IN, USE, OR PAY FOR THE SERVICES AFTER ANY CHANGES IN THE PRICES, CHARGES, TERMS OR CONDITIONS, YOU AGREE TO THE CHANGES.**

**XII. ENROLLMENT IN ANOTHER GTC SERVICE**

To enroll in an additional Service, or to switch from your existing Service to a different Service, you must notify us by: (1) calling the GTC customer service number on your GTC bill; (2) calling the GTC customer service number provided in GTC marketing materials; or (3) going to our web site at [www.mygtc.com](http://www.mygtc.com) and following any further instructions provided for enrollment. The terms and conditions of this Agreement will apply to the new or additional GTC Service. **BY ENROLLING IN, USING, OR PAYING FOR THESE NEW OR ADDITIONAL SERVICES, YOU AGREE TO THE PRICES, CHARGES, AND TERMS AND CONDITIONS IN THIS AGREEMENT.**

**XIII. STATE LAW**

You may have certain rights under the laws of the state in which you receive the Services. To the extent applicable state laws do not permit this Agreement to supersede such rights, those rights will govern the Services you receive.