

WaterOz

Preferred Customer Representative Rules & Regulations 2009

Revised on Mar. 12th,

1. Becoming a WaterOz Preferred Customer Representative:

- A) To become a WaterOz Preferred Customer Representative, a person must fill out and sign the application/agreement. This agreement must be received and accepted by the Company. Legible signed fax copies will suffice to place a new WaterOz Preferred Customer Representative in the compensation plan of the sponsor. Once these steps are completed, the WaterOz Preferred Customer Representative is authorized to resell products and to enroll new WaterOz Preferred Customer Representatives into the marketing plan.
- B) WaterOz Preferred Customer Representatives pay the \$50 administrative fee for entry and maintenance of data processing, materials, and communications. WaterOz Preferred Customer Representatives are expected to maintain a strong retail base so their downline will understand that this is the heart of the business.
- C) All WaterOz Preferred Customer Representatives shall be of legal age in the state in which they reside.
- D) All WaterOz Preferred Customer Representatives are only allowed to receive one membership per household or business team, as stated in Section 18, **“One WaterOz Business per WaterOz Preferred Customer Representative Household or Business Team”**.

2. Obligations of WaterOz Preferred Customer Representatives:

WaterOz Preferred Customer Representatives are independent businesses; not employees or agents of the company. The company has no direct control of independent businesses in their day-to-day functions as independent WaterOz Preferred Customer Representatives. However, there are certain obligations that each independent WaterOz Preferred Customer Representative must fulfill to remain in good standing. The major obligations are:

- A) Abide by any and all federal, state, provincial, county and local laws, rules and regulations pertaining to the independent business/independent WaterOz Preferred Customer Representative agreement and/or the receipt, holding, acquisition, distributing, selling, or advertising of company products.
- B) The independent WaterOz Preferred Customer Representative will bear the expense to execute and file all such reports, and obtain such licenses as are required by law or public authority, with respect to his or her business. This also includes the receipt, selling, holding, distributing or advertising of company products.
- C) Independent WaterOz Preferred Customer Representatives will not make any claims or representations regarding the company compensation plan, or earnings that they or others may earn.
- D) WaterOz Preferred Customer Representatives are solely responsible for declaration and payment of all local, state, provincial, federal and general taxes, and fees as may be payable because of the independent WaterOz Preferred Customer Representative's activities in connection with his or her independent business.
- E) As an independent business, each WaterOz Preferred Customer Representative is responsible to ensure that all applicable state, provincial, and general sales taxes are paid in accordance with all laws that pertain to such taxes.

3. Advertising, Trademark and Trade Name Restrictions:

- A) The name of the Company and other names as may be adopted by the Company are proprietary trade names and trademarks of the company. As such, these marks are of great value to the Company and are supplied to the WaterOz Preferred Customer Representative

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for the WaterOz Preferred Customer Representative's use only in an expressly authorized manner. The WaterOz Preferred Customer Representative agrees not to advertise the Company products in any way other than the advertising or promotional materials made available to the WaterOz Preferred Customer Representative by the Company. The WaterOz Preferred Customer Representative agrees not to use any written, printed, recorded or any other material in advertising, promoting or describing the product or the Company marketing program, or in any other manner, any material which has not been copyrighted and supplied by the Company, unless such material has been submitted to the Company and approved in writing by the Company before being disseminated, published or displayed.

- B) The WaterOz Preferred Customer Representative, as an independent business, is fully responsible for all of their verbal and written statements made regarding the products and marketing program which are not expressly contained in writing in the current WaterOz Preferred Customer Representative agreement, and advertising and promotional materials supplied directly by the Company. The WaterOz Preferred Customer Representative agrees to indemnify the Company and hold it harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs or lost business incurred by the Company as a result of the WaterOz Preferred Customer Representative's unauthorized representations.
- C) The Company will not permit the use of its copyrights, designs, logos, trade names, trademarks, etc. without *prior written permission*.
- D) All Company materials, whether printed, on film, or produced by sound recording, are copyrighted and may not be reproduced in whole or in part by its WaterOz Preferred Customer Representatives or any other person except as authorized by the Company. Permission to reproduce any materials will be considered only in extreme circumstances. Therefore, a WaterOz Preferred Customer Representative should not anticipate that approval will be granted.
- E) A WaterOz Preferred Customer Representative may not produce, use or distribute any information relative to the contents, characteristics or properties of Company product which has not been provided directly by the Company. This prohibition includes but is not limited to print, audio or video media.
- F) A WaterOz Preferred Customer Representative may not produce, sell or distribute literature, films, or sound recordings, which are deceptively similar in nature to those produced, published and provided by the Company. Nor may a WaterOz Preferred Customer Representative purchase, sell or distribute non-company materials which imply or suggest that said materials originate from the Company.
- G) Any display ads or institutional or trademark advertising copy, other than covered in the foregoing rules, must be submitted to the Company and approved by the Company prior to publication.
- H) All advertising copy, direct mailing, radio, TV, newspaper, and display copy must be *approved in writing* before being disseminated, published or displayed with the exception of blind ads where no reference is made to the Company name or product name.
- I) No claims as to therapeutic or curative properties about the products may be made except those officially approved in writing by the Company or as contained in the Company literature. In particular, no WaterOz Preferred Customer Representative may make any claim that the Company products are useful in the treatment or cure of any disease. Such statements can be perceived as medical claims. Not only is this totally against Company policy, but it is also against the regulations governed by the United States Food and Drug Administration.

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4. Ownership Transfer:

Sale of an independent WaterOz Preferred Customer Representative position requires the prior written approval of the company before such action is taken. The immediate active Upline WaterOz Preferred Customer Representative has first right of refusal for the sale. A \$25.00 fee will be charged for administrative expenses incurred by the company for the transfer.

5. Cancellation of Agreements:

An independent WaterOz Preferred Customer Representative may cancel his or her independent WaterOz Preferred Customer Representative agreement at any time for any reason by submitting written notice to the Company. The notice must bear the current name, address, telephone number and identification numbers of the independent business. Notices must be mailed to the WaterOz home office.

6. Return of Product:

Any commissions or retail profits originally paid on returned product will be charged back to the WaterOz Preferred Customer Representative.

WaterOz honors a 72-hour period from the time of submission of a WaterOz Preferred Customer Representative application in which that new WaterOz Preferred Customer Representative may change his/her mind and return or refuse shipment of first product order for a full refund. Requests for this must be submitted in writing (or by fax) within 72 hours of submission to the company of the application.

7. Ordering of Products:

Independent WaterOz Preferred Customer Representatives are encouraged to order their products early in the month. The cut-off for commission calculations will be the last working day of the month at 4:00 P.M. Pacific Time. Orders may be placed by telephone, internet, mail, or fax. All telephone or fax orders may be paid by Visa, MasterCard, Discover, American Express, or debit cards. Orders by mail may be paid by, check, money order, Visa, MasterCard, Discover or American Express. Only one payment type is allowed per order. When paying by credit card, be sure that you have the card in front of you when placing your order. The exact name on the card, number, and expiration date must be complete. The company is not responsible for any errors or delays caused by the mail, private carriers, fax transmission or any other condition leading to non-receipt of orders, **including orders placed as messages on answering machines and/or with answering services.**

8. Proper Completion of All Documents:

All agreements, orders and forms must be completely and properly filled out and signed. The Company will not be responsible for loss of commissions or bonuses due to late submission of agreements or orders. This also applies to WaterOz Preferred Customer Representative Agreements, and their registration into the computer system. This also applies to errors by WaterOz Preferred Customer Representatives in preparing or transmitting agreements, orders or any other document. The company will not be responsible for transmittal errors as outlined in Section 7 **"Ordering of Products"**.

The company will not be responsible for the inability of WaterOz Preferred Customer Representatives to place orders during peak telephone and fax hours, which will normally be at the end of the month.

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9. Calendar Month Credit on Commissions:

All documentation and orders will be credited to the month they are received. All mail documents will be date/time stamped to verify when received. All fax, phone and Internet orders will be electronically documented. **Commission qualifications must be received by 4:00 PM Pacific Time of the last working day of the month for which commissions are to be paid.**

10. Autoship Monthly Orders

The Autoship Monthly ordering option is available for processing on the 1st, 10th, and the 25th. When the processing day falls on a weekend or a holiday processing will be done the following business day. When filling out the WaterOz Preferred Customer Representative Application, the WaterOz Preferred Customer Representative selects an Automatic Monthly Order date. The initial product order accompanying the application will be shipped immediately when processed. The following month and all subsequent months the Automatic Monthly Order request will be activated on the requested day, providing no qualifying orders have been placed for the month. **Any changes or deletions to the Automatic Monthly Order requests must be submitted in writing (fax, mail, or email) to WaterOz no less than 3 business days before the ship date.**

11. Delivery of Goods:

Orders for products will normally be processed within 1 to 2 business days of receipt of order. Shipment will be by common carrier with a normal shipping time of 7-10 days to be expected. Third day shipping is also available. **All third day delivery orders must be received by 10:00 A.M. (Pacific Time) in order to guarantee same day shipping.**

12. The Company Independent Business Identification Number

WaterOz Preferred Customer Representative identification numbers will be sequential numbers and are linked to the WaterOz Preferred Customer Representative's **Social Security Number (SSN)**. If the WaterOz Preferred Customer Representative is a small business, partnership, **or corporation a federal tax identification number may be used**, which will be linked to a sequential identification number. False or misleading information submitted to the company in the application process of becoming an WaterOz Preferred Customer Representative is grounds for termination.

13. Record Keeping For Federal, State and Local Purposes:

If the WaterOz Preferred Customer Representative earns \$600 or more from the company in a given year, he/she will receive a form 1099 showing total earnings. The WaterOz Preferred Customer Representative is responsible for all actions concerning payment of income and social security taxes. WaterOz Preferred Customer Representatives should keep records of all business expenses.

14. Checks and Monthly Business Reports:

Checks will be mailed on or about the 15th day of each month for the preceding month's commissions and bonuses based upon the current compensation schedule. When the 15th day falls on a holiday, the checks will be mailed the following business day. Each WaterOz Preferred Customer Representative qualifying for a commission and bonus check may view downline, volume and commission reports on line showing the status of each independent WaterOz Preferred Customer Representative in their organization with WaterOz ecommerce at a nominal charge.

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15. Questions or Errors:

The Company will not be responsible for omissions, errors, or problems with commissions, bonuses, business reports, orders or charges after a 45 day time period. Notify the company immediately in writing of any suspected discrepancy, in a timely manner.

16. Retail Selling in Stores or Consignment:

This may be allowed if an independent WaterOz Preferred Customer Representative operates a retail establishment. This activity is approved on a case-by-case basis by the company. Apply to the Sales and Marketing department giving the details and requesting permission.

17. Inactive WaterOz Preferred Customer Representative Reactivation:

After a period of six months inactivity, (no orders placed) the WaterOz Preferred Customer Representative (without group) can rejoin the company in any organization they desire as a brand new member. They will pay any applicable enrollment fees and **their original membership will be forfeit**. The same applies if the individual has voluntarily terminated their agreement with the company. Use of false names and business entities with different social security numbers or federal I.D. numbers to circumvent this policy is prohibited.

18. One WaterOz Business per WaterOz Preferred Customer Representative Household or Business Team:

A WaterOz Preferred Customer Representative may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one WaterOz business. No household or company team may have, operate or receive compensation from more than one WaterOz business.

19. Voluntary/Involuntary Cancellation of WaterOz Preferred Customer Representative Agreements:

Voluntary or involuntary cancellation of a WaterOz Preferred Customer Representative agreement will result in the person or business entity losing all rights to their marketing organization. A WaterOz Preferred Customer Representative whose agreement is canceled will not receive commissions and bonuses during the month of cancellation, and thereafter. In the case of returns and cancellations, the amount returned can be deducted from up-line commissions. The individual or entity will not represent themselves as WaterOz Preferred Customer Representatives for the Company thereafter.

20. Involuntary Termination:

A WaterOz Preferred Customer Representative, (or any business entity acting as such) that violates any of the terms and conditions of the independent WaterOz Preferred Customer Representative agreement, or any part of these policies and procedures, or engages in illegal or unethical conduct in business, may be terminated at the Company's discretion. This action will result in cancellation of the independent business/independent WaterOz Preferred Customer Representative agreement. This will result in the independent WaterOz Preferred Customer Representative or consultant, or business entity losing their marketing organization, bonuses and commissions. The notification of termination is effective the date that written notice is mailed by certified mail, return receipt requested, to the last known address of the independent WaterOz Preferred Customer Representative or business entity.

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21. Cross Recruiting Prohibited and Terms of Company Promotion:

Independent WaterOz Preferred Customer Representatives may be active in other network marketing ventures, but are prohibited from soliciting independent agents from the Company to other network marketing venture. This act of recruiting is reason for termination, or suspension of commission payments. The use of name lists to include addresses and phone numbers is also considered a violation of this policy. WaterOz Preferred Customer Representatives will not offer any other products or services for sale at any the Company training seminar, rally, launch, event, or convention. Any such products will be handled through "the company store." Any negative or disparaging statements against the company are grounds for termination. Any violations of these procedures will subject the independent WaterOz Preferred Customer Representative to termination in accordance with Section 20, "**Involuntary Termination**".

22. Media Relations:

All inquiries from radio stations, television stations, magazines or newspapers will be referred to the Company. An independent WaterOz Preferred Customer Representative may not discuss their independent business with the Company with the media, or act as a spokesperson for the company. All questions will be referred to the Company's corporate office. Media activity planned by WaterOz Preferred Customer Representatives will need pre-approval from the corporate offices. Inaccuracy in the media can be dangerous to independent agents and their business, thus affecting the company. Violation of this policy may be cause for involuntary termination.

23. Transfers of Independent WaterOz Preferred Customer Representatives within organizations:

Sponsors can request the transfer of independent WaterOz Preferred Customer Representatives within their organization, provided:

- A) The transferee is within their first 60 days
- B) The transferee has not sponsored any customers or directors
- C) The transferee is aware of and is in favor of the change

The company reserves the right to approve or disapprove any transfers at its' discretion. Submit requests for transfer with \$25 to the WATEROZ home office.

24. Independent WaterOz Preferred Customer Representative Positions can be willed:

An Independent WaterOz Preferred Customer Representative business position can be willed to heirs. Documentation will be in accordance with the county, state, or province in which the Independent WaterOz Preferred Customer Representative holding-member lived at time of death. The "title" to the business shall be free of all claims and disputes before transfer to the inheritor. The inheritor will initiate an independent marketing agreement and abide by these policies and procedures. The inheritor shall sign the marketing agreement in a timely manner, or risk involuntary termination of the WaterOz Preferred Customer Representative. In the case of the death of a member, please inform the business office as soon as possible with the disposition of the membership. If probate settlement exceeds 6 months and the membership has not placed a qualifying order see Section 17, "**Inactive WaterOz Preferred Customer Representative reactivation**".

25. Restrictions on International Marketing:

The business opportunity, (recruiting) will not be promoted in foreign countries, nor any actions potentially detrimental to the company, until the company is in full compliance and ready to operate in those countries Company products can be sold at retail or wholesale in foreign countries, provided all customs and duties requirements are met by both sender and receiver.

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26. Binding Arbitration:

In accordance with the signed marketing agreement, and these policies and procedures, the independent business as an independent WaterOz Preferred Customer Representative agrees that in a case of dispute, they are subject to binding arbitration in Idaho by the rules of the American Arbitration Association. Louisiana WaterOz Preferred Customer Representatives may arbitrate in New Orleans.

27. Changes, Amendments or Adjustments to this Statement of Policies, the Independent Marketing Agreement and Compensation Plan:

With published notification to independent WaterOz Preferred Customer Representatives, the Company may, at its discretion, change, amend or adjust the Statement of Policies, The Independent Marketing Agreement and the Compensation Plan. By signing the Independent WaterOz Preferred Customer Representative Agreement, independent Directors agree to be bound by any such alterations. The continuation of an independent Member's business and/or the independent Member's acceptance of commission checks constitutes their acceptance of any alterations.

28. Definitions:

PV: Personal Volume; the amount that commissions are paid on.

Autoship Order: the regular monthly order that the WaterOz Preferred Customer Representative has committed to purchase every month.

Compensation Schedule: the commission structure that compensates members for their efforts in expanding and increasing sales:

Personally Sponsored: 10%

These percentages are paid based upon **PV** (Personal Volume) of WaterOz Preferred Customer Representatives and not on gross sales receipts.