

TERMS & CONDITIONS

The 'Live the Source' (hereinafter called: "LTS") Policies and Procedures, and the LTS compensation plan are incorporated by reference into the terms and conditions of this agreement. In their current form and as amended by LTS at its sole discretion. As used throughout this document, the term 'Agreement' refers to this Distributor application and agreement, the LTS Policies and Procedures, and the Compensation Plan.

1. The LTS Policies and Procedures, and the LTS Compensation Plan are incorporated by reference into the terms and conditions of this agreement, in their current form and as amended by LTS at its sole discretion. As used throughout this document, the term "Agreement" refers to this Distributor Application and Agreement, the Policies and Procedures, and the Compensation Plan.

2. I understand and agree that the Company may make modifications to the Agreement at its sole discretion, and that all such changes shall be binding upon me. All changes to the Agreement shall become effective upon publication in official Company literature. The continuation of my business or my acceptance of bonuses or commissions shall constitute my acceptance of all amendments.

3. I have read this Agreement and acknowledge receiving and reading all documents, incorporated by reference, and agree to abide by (and be bound by) the terms contained herein.

4. I shall be subject to disciplinary sanctions as specified in the Policies and Procedures at the Company's discretion for the violation or breach of any term or provision of the Agreement. Upon the voluntary or involuntary cancellation of this Agreement, I shall lose, and expressly waive, any and all rights, including property rights, to my previous downline organization and to any bonus, commission, or other compensation arising from the sales generated by my prior downline organization or myself.

5. I agree to indemnify and hold the Company harmless, from any and all claims, damages, and expenses, including attorney's fees, arising out of my actions or conduct, and that of my employees and agents in violation of this Agreement.

6. As a LTS distributor, I acknowledge that I am an independent contractor and not an agent or employee of LTS. I understand that I will not be treated as an employee for federal or state tax purposes.

7. As a distributor, I will not make exaggerated statements, disclosures, claims or representations to sell LTS products or services, or in recruiting other prospective distributors, other than those contained in approved LTS literature.

8. I understand that no purchase other than a Distributor Kit is necessary to become a distributor. I understand that I may terminate my distributorship at anytime. I further understand that I am under no obligation to make any financial investment to become a distributor. I also understand that any successful retail business will incur business expenses beyond the purchase of product. I understand that in the months that I earn a bonus check, a monthly administrative fee of \$5 will be deducted from my bonus check.

9. As a LTS Distributor and above, I must generate a minimum monthly personal sales volume of 90 PV. If I fail to do so, I will be considered inactive for that month and ineligible for any bonus or commissions.

10. If I am at the Distributor Level and I do not have personal sales volume (PV) for six consecutive months, I will then become a Preferred Customer and my distributorship will be cancelled. I understand that if I am at the Executive Level or higher and I don't have at least a 90PV Qualifying order in 6 consecutive months, I will become a preferred customer, my distributorship will be cancelled and my downline will roll up to the next qualified upline distributor. I understand that I may re-enroll after 12 months, which will require me to:

a.) Submit a new Independent Distributor Agreement Form, (with the sponsor of my choice), no sooner than 12 months (365 days) after my resignation or termination date.

b.) Purchase a current Distributor Kit.

c.) Begin at entry level in building a new downline organization. d.) If you were terminated due to non-renewal of your Independent Distributorship** and you wish to reapply to become an Independent Distributor under the same sponsor, you can reapply no sooner than 3 months (90 days) after your termination from the Company but you will no longer have your original downline. This is the only time when reapplication after a 3-month waiting period is considered. If you wish to reapply under a new sponsor of your choice, the 12-month waiting period, after termination, applies (your personal group will roll up to the next qualified upline distributor).

11. I understand that in order to maintain a viable marketing system and to comply with changes in applicable laws, LTS reserves the right to change prices, company policies, company literature and/or the compensation plan without prior notice.

12. I understand that, should I wish to terminate my distributorship, I must notify LTS within 30 days after resignation. Any salable product may be returned to LTS for a refund equal to 100% of the original purchase price, less any commissions or bonuses paid. This refund is subject to the distributor's prior representations regarding compliance with the 70% rule, referred to in this document and in the company's policy and procedures manual. In any state in which a specific buyback requirement has been enacted which may vary from the foregoing, LTS shall repurchase products in accordance with the applicable statute. Perishable items, such as food or skin care products; will not be refunded after 90 days from the date of purchase.

13. I understand that in order for me to be successful in this program I must purchase and sell LTS products and retail them myself and sponsor other distributors to do the same. (In order for my sponsors to be successful, they must purchase and sell products at retail and recruit other people to do the same... and so on). I understand that, in order to qualify for commissions and bonus, I must retail or use in business building... 70% of the product purchased before I purchase additional product. Florida residents please note: I further understand that I must retail 70% of the previous month's product purchases, before I am eligible to qualify for bonuses for the following month, on that purchases volume.

Reports referring to large earnings of successful LTS distributors are neither necessarily typical nor representative of what individual LTS distributors may earn. No one can be guaranteed success as a LTS distributor and not all distributors earn derivative income. Furthermore, it is not recommended by LTS that any prospective distributor leave current employment or make any substantial product purchase until such time as their retail business, from the sale of products, generates steady and significant income. Individual earnings are strictly dependent upon individual time, effort and enterprise.

Annual Renewal Fee

The position of Independent Distributor is valid for one year and must be renewed annually by the close of the last business day of the anniversary month in which you became an Independent Distributor. While timely renewal is your responsibility, LTS will attempt to notify you prior to your renewal date. You may submit the Annual Renewal Fee by check, money order or credit card. Failure to renew will be considered a voluntary termination and will result in the loss of all Independent Distributor rights, removal from the marketing structure, forfeiture of future commissions, loss of right to any incentive or awards, and loss of your downline organization, which will be transferred to your qualified upline sponsor in the next commission period. To re-apply see item 10(d) Terms and Conditions and Policies & Procedures for detailed information.

AutoShip Program

1. LTS will automatically draw funds from your Visa, MasterCard, Discover Card or American Express Debit or Credit Card, in the amount you have authorized. See below for AutoShip details.

2. You may cancel the optional AutoShip program at any time after the first month by notifying the company.

Cancellations must be received at least two business days prior to the appropriate draft dates.

3. LTS cannot withdraw funds from your account (on a monthly basis) other than those you have preauthorized.

4. LTS will charge a processing fee for all AutoShip product transactions. (See AutoShip order form for details)

5. If your credit card does not clear on the day withdrawals are made, you will not receive AutoShip products. It is your sole responsibility to place an order by month end to receive order credit to qualify for any bonuses or commissions; LTS is not responsible for notification.

6. Draft date for the AutoShip is any business day of your choice, during a calendar month. Declined credit cards will be re-attempted twice.

AutoShip Options

• AutoShip orders will be processed on any business day of the month that is chosen by the distributor.

• Change or cancel your monthly AutoShip order anytime two days prior to the processing day.

• Automatically achieve your predetermined monthly Personal Sales Volume (PV) (orders must be a minimum 90 PV (or more) by using AutoShip.

• Choosing an AutoShip package is easy: Fill out the Auto Ship order form, choose from pre-selected packages or customize your AutoShip. Return the order form with your application.