SONITROL SECURITY, INC.

A California Corporation

FRANCHISE DISCLOSURE DOCUMENT

(3 Party Agreement)

FRANCHISE DISCLOSURE DOCUMENT

SONITROL SECURITY, INC.
A California Corporation
1300 Galaxy Way, #6
Concord, California 94520
(925) 687-1055
sonitrol@sbcglobal.net

The franchise will continue to operate a Sonitrol business, involving the sale and installation of integrated security services.

A renewing franchise obtained pursuant to this disclosure document shall be responsible for distributing, within a specified geographic area, integrated security services provided by Stanley Convergent Security Solutions, Inc. a Delaware corporation. Your renewal agreement is for an initial term of fifteen years with the right, upon compliance with certain conditions, to renew for up to one additional fifteen-year renewal term.

It is estimated that the total investment necessary to continue the operation of a Sonitrol Renewing franchise business ranges from $50,000 to $223,200 if you purchase central monitoring equipment and $50,000 to $100,000 if you do not purchase central monitoring equipment. This includes the $0 to $120,000 that must be paid to Stanley Convergent Security Solutions, Inc.

This disclosure document summarizes certain provisions of your renewing franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise renewal**. Note, however, that no governmental agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

This disclosure document must be accompanied by a disclosure document from Stanley Convergent Security Solutions, Inc.

Issuance Date: November 4, 2022~~1~~

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit M.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit N includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Sonitrol business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Sonitrol franchisee?	Item 20 or Exhibit M lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit J.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda following the Franchise Agreement.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Delaware. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Delaware than in your own state.

2. **Inventory control.** You must make inventory and supply purchases of at least $10,000 each calendar year, even if you do not need that much. Your inability to make these purchases or to maintain inventory levels at all times may result in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.

3. **Exclusive Territory.** You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that the Franchisor owns, or from other channels of distribution or competitive brands that the Franchisor controls

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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ITEM 1
THE FRANCHISOR

The franchisor, Sonitrol Security, Inc. (referred to in this disclosure document as the "sub-franchisor", "we", "us" or "our") is a California corporation. Our home office is located at 1300 Galaxy Way, #6, Concord, California 94520. We conduct business under the name "SONITROL" as well as under the name Sonitrol Security, Inc. Its agent authorized to accept service of legal process is Ruth Nicholas, President, at the above address.

Sonitrol Security, Inc. is the Sub-franchisor of Sonitrol Alarm Products and Security Systems and related products supplied to it by Stanley Convergent Security Solutions, Inc. (surviving entity of Sonitrol Franchise Company, L.L.C.) a Delaware Corporation. Under a distribution agreement dated March 24, 1976 between (the predecessor Sonitrol Corporation) Stanley Convergent Security Solutions, Inc. and Sonitrol Security, Inc., we are authorized to use the trademark "SONITROL," to renew franchises in conjunction with Stanley Convergent Security Solutions, Inc., and to sell Sonitrol products to franchisees within certain counties in Northern and Central California and in the state of Hawaii.

The Sub-franchisor has the primary responsibility for selling, promoting, leasing and servicing Sonitrol Products bearing the trademark "SONITROL", within the counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glen, Humboldt, Inyo, Kern, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo and Yuba, California and also the state of Hawaii.

The Sub-franchisor was incorporated on September 2, 1975 with Articles of Incorporation filed with the Secretary of State of the State of California. Securities were issued under the authority of the Commissioner of Corporations pursuant to California Corporations Code 25102 (h). Since that time, it has been engaged as a Sub-franchisor for Stanley Convergent Security Solutions, Inc. (formerly Sonitrol Corporation) in the counties identified above and in the State of Hawaii. Prior to incorporation of the Sub-franchisor, Mr. George Nicolino, its founder, worked for a Sonitrol Sub-franchisor in Northern and Central Ohio. Between 1969 and 1975, Mr. Nicolino was General Manager of Sonitrol of Cleveland, Inc., a Sonitrol dealership, and was General Manager of Sonitrol Service Corporation, a Sonitrol Sub-franchisor. Mr. Nicolino sold his first dealer franchise in California in 1975 and now services fifteen dealer franchises in Northern and Central California and Hawaii. The Sub-franchisor has not granted franchises in any other line of business.

Stanley Convergent Security Solutions has not granted franchises in any other line of business. We and Stanley Convergent Security Solutions, Inc. are parties to the Sonitrol Renewing Franchise Agreement ("Renewing Franchise Agreement") you sign. Both we and Stanley Convergent Security Solutions, Inc. have certain rights and obligations under the Renewing Franchise Agreement. Therefore, Disclosure Documents from both us and Stanley Convergent

Security Solutions, Inc. should be delivered to you. You should carefully review both documents.

The Franchisee

For purposes of this disclosure document, "you" means the person who is renewing the franchise. If you elect to renew a Sonitrol franchise through a corporation, limited liability company, partnership or other business entity, the word “you” also includes the shareholders, members, partners or other owners of that entity.

The Franchise Renewed

We renew franchises and provide marketing, operational and other business support to you under the federally registered trademark "SONITROL." You provide a wide range of loss prevention services to your customers. Our approach to security begins with understanding the specific areas where the customer has security concerns or potential risks and then designing an electronic system to help reduce losses and minimize risks.

We have offered franchises for sale and renewed franchises in Northern and Central California and Hawaii similar to the franchise presently being renewed since 1975. Sonitrol Security, Inc. does not currently operate any Sonitrol franchises of the type being renewed. However, Sonitrol Security, Inc. has operated Sonitrol franchises for 27 years from 1977 through 2004. Stanley Convergent Security Solutions, Inc. (or its predecessors) has offered franchises in Southern California and throughout the United States similar to the franchise presently being renewed since 1965. Stanley Convergent Security Solutions, Inc. has not offered franchises in any other line of business. They have operated franchises of the type being renewed since 2008. The renewing franchise agreement is attached as Exhibit A to this Disclosure Document.

As a renewing franchisee, you sign a Renewing Franchise Agreement in which you are granted renewal of an Area of Primary Responsibility ("APR"). At renewal, Sub-franchisor may expand or modify Franchisee’s non-exclusive territory. The APR is a specific geographic boundary typically defined by zip codes. This is a non-exclusive territory, and you are responsible for promoting the sale of Sonitrol products and services within your APR. (See Item 12).

As a renewing Sonitrol franchisee, you lease or sell Sonitrol security systems and other security products using Sonitrol proprietary products (“Sonitrol Products”) and services (collectively with Sonitrol Products, the “Sonitrol Products and Services”) to residential and commercial alarm customers, who are referred to as "Subscribers." Subscribers sign contracts in a form we provide to you ("Subscriber Contracts"). Each account with a Subscriber is a “Subscriber Account” (collectively, “Subscriber Accounts”). You also install the Sonitrol Products and Services at the Subscriber's premises and service the alarm systems. You may, under certain circumstances, have the right to offer complementary non Sonitrol Products and Services to potential customers (“Complementary Products and Services”) under the Sonitrol name.

As a renewing franchisee, you monitor or contract for the monitoring of the Subscriber's security alarm systems from an approved Sonitrol Central Monitoring Station. You also provide all service functions for the Subscriber, such as the performance of repairs and response to service inquiries. In return, you receive the full monthly fee owed by the Subscriber for monitoring and service.

Description of Products

As a renewing Sonitrol franchisee, you offer a broad line of security systems and services to commercial and residential Subscribers. A majority of Sonitrol Products and Services are sold to businesses, that have typically been in operation for over a year. Examples of these are public and private schools, warehouses, retail stores and high value establishments like jewelry stores and pawnshops.

The Sonitrol line of security products you offer to the public range from our impact activated verified audio burglary detection alarms to fire detection, access control, video services, fenced enclosure (perimeter) protection, hold-up alert, and mechanical equipment and process supervision.

The types of Sonitrol Product and Services you will sell include:

- **Intrusion Detection.** Sound activated sensors transmit the sounds of an intrusion over telephone, IP or cellular to an authorized Sonitrol central monitoring station, where a trained operator interprets them. Alternative conventional detectors are also available with this system depending upon the specific application needed.

- **Access Control.** Individuals authorized to enter restricted areas pass through a control door that is tied to an integrated system connected to a central monitoring station. After the on-site microcomputer-controlled panel and programming determine that the individual is authorized to enter that location at that time, it grants access. Local access control systems are also provided for subscribers who wish to manage their own system.

- **mySonitrol.net.** A web-based security management tool providing customers with one-stop access to vital security and access control information. Working in conjunction with the SONIP™ monitoring platform, customers are able to view the latest alarm activity or dispatches from any of their facilities, check when their systems were armed or disarmed, review and update detailed access control information, and view actual video of their facilities via web-enabled cameras.

  In addition to the Sonitrol Products and Services described above, you may offer the following Complementary Products and Services:

- **Fire Detection.** Fire and smoke detectors are connected to approved fire control panels and each detector is monitored by the central station operators in accordance with local, state and federal regulations. Sonitrol offers fire control panels manufactured by a third party.

- **Video Services (SonaVision®).** Three types of services are included in our SonaVision® line enhancing CCTV surveillance technology. These services include — digital recording and storage of video images, remote video management, and video alarm verification into the central monitoring station.

- **Industrial Process Monitoring.** Any mechanical or electrical function such as lighting, temperature, pressure, and water flow can be monitored and controlled.

The intrusion detection Sonitrol Products and Services that you are authorized to sell are impact-activated audio alarm systems, consisting of a custom-engineered configuration of audio sensors, control panels, and other devices that are installed on the Subscriber's premises. When the audio sensors are activated, they transmit the sounds of intrusion over telephone lines or Internet protocol or cellular to a central monitoring station, where a central station operator interprets the sounds. If the operator determines the sounds to be threatening, the appropriate authorities are immediately contacted. If the activation was caused by a non-threatening situation (such as a loud passerby, excessive road traffic, etc.), the operator resets the system. This feature is unique to Sonitrol and results in a reduced rate of false alarms which is an area of concern to the law enforcement community, the security industry and subscribers. This is particularly important in areas that have enacted false alarm ordinances.

Central Monitoring Station

As a renewing franchisee, you have the option of purchasing a central station monitoring system that Stanley Convergent Security Solutions, Inc. or its designee manufactures or you may have Stanley Convergent Security Solutions, Inc. or another authorized franchisee monitor your Subscriber Accounts. All existing Sonitrol franchisees that have a central station monitoring operation have migrated to the latest monitoring system known as SONIP™ which is powered by Microsoft Windows. The design of this platform can provide an interface to business applications, allowing for a more integrated, centralized business platform. If you purchase a Central Monitoring Station, you must utilize this monitoring system. If you utilize the SONIP™ platform, you must sign the SONIP™ Equipment Purchase Agreement, SONIP™ Software License Agreement, and SONIP™ Service Agreement, with Stanley Convergent Security Systems, which are included as Exhibits G, H, and I, respectively, to this disclosure document. SONIP™ software may only be used in the manner and with the equipment permitted by Stanley Convergent Security Solutions.

Sonitrol and Sonitrol franchisees enjoy strong relationships with police departments across the country. The ability to hear and provide intelligence on what is transpiring at the protected premises affords the operator the ability to keep police informed with up-to-the-minute information about the incident. This information might include the exact location of an intrusion, the suspect's movements, the number of suspects involved, and other details as they occur. Since 1977, when Sonitrol first began compiling information on apprehensions, Sonitrol franchisees have been responsible for the apprehension of over 183,250 ~~182,704~~ intruders.

Market and Competition

The market for security and alarm systems is well developed and competition is significant and has increased over the past several years. Sonitrol Products and Services are generally considered to be "high-end" security products. Therefore, you may often face price competition from other security alarm companies that may restrict your ability to compete in low-risk, price-sensitive markets. The sale of Sonitrol Products and Services is a year-round business without seasonality. The general market for the Sonitrol Products and Services that you offer consists of commercial customers. As a renewing Sonitrol franchisee, you compete with other companies in the security industry, which may have outlets that are local, regional, or national in scope that offer a range of security alarm products and services. You may also have to compete with some Sonitrol franchisees with locations outside of your APR who may have the right to sell to potential Subscriber Accounts within your APR. Stanley Convergent Security Solutions may have the right to sell Sonitrol Products and Services within your APR, directly or through others, to the U.S. Government, to certain national chain account Subscribers ("National Accounts") and, if you are in default under your Renewing Franchise Agreement, to other potential Subscribers. Stanley Convergent Security Solutions and Sub-franchisor also have the right to sell non-Sonitrol Products and Services within your APR to any potential customer. (See Item 12 of this disclosure document.)

Industry-Specific Laws and Regulations

As a renewing Sonitrol franchisee, you are subject to numerous laws and regulations that apply to businesses generally, as well as to laws and regulations which specifically apply to the security and alarm industry. Over the last few years, an increasing number of states, counties and cities have enacted regulations specific to the security and alarm industry. These regulations vary widely across the country. In order to sell burglar alarm systems, some areas require that the company, its officers, general manager, sales people and alarm installation and service personnel register with the jurisdiction. Other jurisdictions require that alarm company personnel pass tests in order to be certified. In many communities around the country, verification laws related to alarm monitoring have been enacted. Verification laws require that the alarm company take certain affirmative steps to verify a risk of burglary prior to dispatching law enforcement officials. Still other areas require that you employ a licensed electrician and/or journeyman to install your alarm systems. Many jurisdictions have also enacted similar laws and regulations, which relate to fire detection. Because these laws vary greatly across the country and are changed frequently, we strongly recommend that you consult with an attorney regarding the specific regulations that apply in your area.

ITEM 2
BUSINESS EXPERIENCE

The following is a list of directors, principal officers and other executives who have management responsibility in the operation of our business relating to the franchises described in this disclosure document:

A. Ruth Nicholas, President and Director.
Employer: Sonitrol Security, Inc., Concord, California
August, 1990 - Present

B. Constance E. Horvath, Secretary/Treasurer and Director.
Employer: Sonitrol Security, Inc., Concord, California
October, 1975 – Present

C. Joan Kallansrud, Warehouse Manager.
Employer: Sonitrol Security, Inc., Concord, California
August, 1996 - Present

Sonitrol Security, Inc. does not have any franchise brokers.

ITEM 3
LITIGATION

Neither the sub-franchisor, nor any person in item 2 of this Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

There is no litigation pending against us.

ITEM 4
BANKRUPTCY

No person previously identified in Items 1 or 2 of this disclosure document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code or in any foreign jurisdiction required to be disclosed in this Item.

ITEM 5
INITIAL FRANCHISE FEE

There is no initial fee or renewal fee upon execution of the Renewing Franchise Agreement. We are not selling new franchises.

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ITEM 6
OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fees	Varies; determined for each Renewing Franchise by dividing; (i) the aggregate amount of royalty fees due under franchisee's existing franchise agreement for the calendar year ending December 31, 2009, by (ii) franchisee's aggregate Gross Revenues for the Applicable Calendar Year. As of the issuance date of this disclosure document, the Royalty Fee is 3.25% of Gross Revenues.	Payments will be made on a monthly or quarterly basis in advance on the first day of each month or quarter, as applicable.	The royalty rate will not increase more than .25% in any calendar year and will never exceed 4.0%. (See Note 1).
Service Charges on Late Royalty Fee Payments	0.1% per day will be assessed on all Royalty payments not received on the date due.	Immediate	The amount of interest charged for late Royalty Fee payments will not exceed the maximum amount allowed under state law which is 10% annually.
Training Fees	Program fee (if any), costs of travel, living accommodations, and/or wages for personnel.	Upon registration	

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
National Accounts Program	13% of the Total Contract Value for each National Account system installed. Under certain circumstances, this fee may be reduced to 6.5% or 0%.	Net forty-five (45) days from date of installation.	Determination of discounted fee in accordance with the terms of the Sonitrol National Accounts Guide. (See Note 2.)
Transfer Fees	$7,500	When you sell your franchise or ownership interests in the franchise, aggregating at least 50% of all ownership interests.	Payable when you sell your franchise or ownership interests in the franchise. (See Note 1)
Audit Fees	Reasonable cost of audit, including accountant fees, travel, lodging and meal expense for employees or agents to conduct the audit. We estimate the cost of the audit to be $4,000 to $8,000.	Upon invoicing	Payable only if audit shows an understatement of at least 5% of Gross Revenue for any period audited.
Proprietary Product Purchases	Price of Products Set by Sub-franchisor	Upon invoicing	Must be purchased from us. (See Note 3.)
Controlled Product Purchases	Price of Products Set by Sub-franchisor	Upon invoicing	Must be purchased from us or third-party vendors approved by us.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Subscriber Contracts	$0-$32 per pack of Subscriber Contracts	Upon invoicing	A typical franchisee purchases one pack of Subscriber Contracts every three to four months. Subscribers' contracts are available in paper format for $32 per pack or are available electronically for no cost to you.
Shipping Costs	Varies	Upon invoicing	You must pay for shipping costs of all products
Restocking Fee for Returned Products	15% of purchase price if returned the first 90 days after shipment and 25% if returned after 90 days.	Upon invoicing	
Installer Training	Approx. $ 800.00 – 1400.00 per person, plus all travel and living expenses	Upon invoicing	Each Individual
Monitoring Fees	Average is approximately $15 to $20 per Subscriber account, per month, for basic monitoring.	Monthly, Upon Invoicing	Payable to Stanley Convergent Security Solutions or other approved franchisee if they monitor your Subscriber Accounts. Varies according to system type, number of accounts and types of services. (See Note 4).

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Optional Central Monitoring Station Equipment Annual Software License and Service Fees	$9,500 to $13,000 per year, depending on the number of consoles.	Upon Invoicing.	Payable to Stanley Convergent Security Solutions, Inc. (See Note 5).
MySonitrol.net Website Access/Maintenance	Setup fee of $200.00 for remote setup or $600/day, plus travel for on-site setup; Monthly fee of $200 per month for subscriber facilities 1-500 and $40 per month for each additional 100 subscriber facilities, capped at $1,200 per month for each franchisee control group or two or more legal entities owned by a franchisee or franchisee's affiliate.	Upon Invoicing	Payable to Stanley Convergent Security Solutions. (See Item 8C).
Renewal Fee	There is no renewal fee.		
SONIP™ Equipment	If applicable, a typical franchisee pays approximately $120,000 for the SONIP™ Equipment and related software. Depending on the number of consoles, a typical franchisee pays approximately $1,000 per month for software licensing and servicing fees associated with the SONIP™ Equipment.	The fee for equipment and related software is due within 30 days of installation. The fee for software licensing and service fees are due annually.	If applicable, in an amount and upon terms decided by Stanley Convergent Security Solutions and you. (See Note 6).
Repair of Central Monitoring Station	A typical franchisee pays approximately $1,000 to	Monthly, upon receipt of invoice	Costs to repair Central Monitoring

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
and other Proprietary Products	$2,000 annually for repair of its central monitoring station and other Proprietary Products.		Station or other Proprietary Products are payable to Stanley Convergent Security Solutions, Inc. if repairs are made by them. Fee amounts are established by Stanley or by a vendor designated by Stanley.
Computer Software and Technical Support Fees	$600/day, plus travel.	Upon receipt of invoice	Payable to Stanley Convergent Security Solutions, Inc.
Indemnification	Any claim, expense, loss, damage or liability to the extent it arises out of your: violation or breach of material obligation under any agreement with us or Stanley Convergent Security Solutions; alleged infringement or violation of any patent, trademark, copyright or other proprietary right of a third party; alleged violation of any law; any misleading or untrue statement or failure to disclose any fact in connection with execution of any agreement with us or Stanley Convergent Security Solutions or in any sale of any of our products or services; installation or service of equipment; monitoring	Upon receipt of invoice	Costs and expenses incurred by us to the extent they arise from your breach of agreements with us or other circumstances as described in the Renewing Franchise Agreement.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
	of Subscriber's premises or accounts or services provided to subscribers; and any acts, errors or omissions by you or any of your agents, servants, employees, officers, directors, contractors, owners, affiliates, or representatives related to the operation of your business		
Attorneys' fees, costs and expenses and damages	We and Stanley Convergent Security Solutions are entitled to recover damages, costs and expenses and attorneys' fees that we incur as a result of your default under the Renewing Franchise Agreement, or as a result of our enforcement of the provisions of the Renewing Franchise Agreement.	Upon receipt of invoice	

Generally, fees and payments are non-refundable. We do not collect any payments for a third party. We do not make financing available to you.

NOTES:

Note 1: Royalty Fee: The royalty fee is payable to us and is non-refundable. One half of any Franchise transfer fee is paid to Stanley Convergent Security Solutions, Inc. and one half to Sonitrol Security, Inc., and is non-refundable. All other fees are imposed by and are payable to us or Stanley Convergent Security Solutions, Inc. and are non-refundable. The term "Gross Revenue" as used in the Renewing Franchise Agreement means all revenue received by you from the sale of all products and services, and all revenue of every kind or nature received by you from the business which is the subject of the Renewing Franchise Agreement. Gross Revenues do not include (1) documented refunds, credits and/or allowances that you give in good faith to Subscriber Accounts, and all sales, use, gross receipts or similar taxes on your revenues or receipts (excluding income taxes) that you are legally required to collect from a third

party and pay to the appropriate taxing authority; (2) revenues derived directly from any permitted dealer-to-dealer transaction; (3) bad debt/uncollectible charges, sales allowances, coupons and discounts given to customers or employees, to the extent the full retail price was credited to sales revenue and the amount of the discount, charge or allowance was then charged as an expense; and (4) revenues derived from Complementary Products if you elect to opt out under the Renewing Franchise Agreement. You may decide at the time of your signing the Renewing Franchise Agreement whether to pay your royalties monthly or quarterly.

Note 2: National Accounts Program: On an annual basis, you may elect not to participate in the National Accounts Program by exercising the National Account Opt-Out, but if you do, we may assign another sub-franchisee of ours to have the right to solicit or contract directly with all and/or certain National Accounts customers and locations serviced by you or located within your APR, for direct sales and/or leases, as applicable, of products, and to sell, install, service and, when applicable, monitor the locations, and sub-franchisee will have the right to keep any revenue related to the National Account. If you chose to participate in the National Accounts Program, the monitoring of accounts may be required by the customer to be performed by Stanley Convergent Security Solutions, Inc. If so, the monitoring services will be provided on the terms set out in the Monitoring Agreement. If you participate in the National Accounts Program and you sell security products and services to a National Account subscriber, you must pay Stanley Convergent Security Solutions 13% of the total contract value for each National Account to compensate Stanley Convergent Security Solutions for the costs of operating the National Accounts Program. Renewing Franchises may pay a lower fee of 6.5% if they introduced the National Account to Sonitrol and had the predominate business relationship with that customer prior to it becoming a National Account, or 0% if they had an effective contract with the National Account location at the time the customer became a National Account, as detailed in the Renewing Franchise Agreement. If Stanley Convergent Security Solutions, Inc. determines that the National Account Program is no longer successful, it may be terminated by them.

Renewing Franchisees, in accordance with the terms of the Renewing Franchise Agreement, may within thirty (30) days from receipt of the pricing parameters for National Accounts provide written notification to the Sonitrol National Accounts department of their intent to not participate (or "National Accounts Opt Out") in the National Accounts Program for any (i) leases of products to National Account customers, or (ii) for all sales (including direct sales and leases) of products to National Account customers. Franchisees electing the National Accounts Opt Out acknowledge that they are removing themselves from participation in the National Account Program for a period of three (3) years. Any Renewing Franchisee not exercising the National Accounts Opt Out within the allotted time period will be deemed a voluntary participant in the National Accounts Program and will follow the Sonitrol Franchise National Accounts Guide.

Note 3: Proprietary Product Purchases Fees: Any products approved by Stanley Convergent Security Solutions for sale, lease or installation in connection with the Sonitrol Business that are proprietary, impact-activated, audio intrusion detection devices and system or integrated central station managed access control products and bear the Sonitrol Marks are referred to as our "Proprietary Products". We will give you a list of these products, and you are required to buy these products only from us. Stanley Convergent Security Solutions may change the list from

time to time as it modifies Proprietary Products, or add new products to their Proprietary Product line, as a result of their research and development efforts.

Note 4: Monitoring Fee: If you chose not to have a central station monitoring system, you must have your Subscriber accounts monitored by Stanley Convergent Security Solutions, Inc. or another authorized Sonitrol franchisee. If you have not exercised your National Account Opt-Out, and lack the capacity to support "mySonitrol.net" for your accounts to be monitored by a Central Monitoring Station, and a National Account Customer requires that capability, you agree to transfer the monitoring of the account to Stanley Convergent Security Solutions (or other authorized Sonitrol franchisee) within a reasonable period of time. Any monitoring services must be provided in accordance with the terms of the Monitoring Agreement. Stanley Convergent Security Solutions, Inc. or another authorized franchisee charges a monthly monitoring fee for this service. Stanley's current rate is $15 to $20 per Subscriber Account, per month, for basic monitoring, which may not be increased by more than the percentage increase in monitoring charges applied to the applicable National Account Customer. A copy of Stanley Convergent Security Solutions, Inc.' Monitoring Agreement is attached as Exhibit F to the Disclosure Document.

Note 5: SONIP™ Software License Fees: Software licensing fees for years two through five of your SONIP™ Software License Agreement will not exceed a 10% increase over the prior year's annual licensing fee. Stanley Convergent Security Solutions may charge you for any unauthorized use of the SONIP™ software discovered during an inspection of your records and operations.

Note 6: SONIP™ Equipment Fees: If you use SONIP™ equipment in your Sonitrol Business, you must periodically update or replace your equipment. The price for this equipment will be the then current list price, plus shipping and handling, taxes, and duties and/or assessments levied or imposed with respect to the purchase. You will not, however, be required to expend more than 15% of the original purchase price paid by you for your SONIP™ equipment for each year from the effective date of your SONIP™ Equipment Purchase Agreement until the replacement or upgraded equipment is required to be purchased. If replacement or upgraded equipment is required during the initial one-year warranty period for the equipment, the replacement or updated equipment will be provided at no cost to you.

Reports and Financial Statements

You must provide Sub-franchisor, Royalty Reports in the form and content prescribed in the Sonitrol Franchise Standards Manual within fifteen (15) days of the end of each calendar month. At Stanley Convergent Security Solutions' and/or Sub-franchisor's request, you agree to provide within four months of the close of each fiscal year, your financial statements prepared by an independent certified public accountant. Your reports and financial statements required to be submitted to Sonitrol and Sub-franchisor under the Renewing Franchise Agreement are prepared at your expense. You also agree to provide annually to Stanley Convergent Security Solutions and Sub-franchisor a year-end chart of accounts. The documents which must be submitted to the Sub-franchisor should be sent to the Sub-franchisor at 1300 Galaxy Way, #6, Concord, California 94520. The documents which must be sent to Stanley Convergent Security Solutions, Inc. should be sent to them at 8350 Sunlight Drive, Fishers, Indiana 46037~~55 Shuman Boulevard,~~

~~Suite 900, Naperville, Illinois 60563~~. The cost of preparing your Royalty Report of your gross revenues cannot be estimated by Sub-franchisor, because such report is normally prepared by your own employee(s). The cost of preparing the financial statements should not exceed Fifteen Thousand Dollars annually, though your actual cost may be more or less than that figure depending upon the prevailing costs in your area for the services of a Public Accountant.

ITEM 7
YOUR ESTIMATED INITIAL INVESTMENT

The following tables represent estimates of your initial investment for a Renewing Sonitrol franchise and are provided as illustrative examples only. We relied on our experience in the security alarm business to make these estimates. You should review these figures carefully with a business advisor before making any decision to renew the franchise. (Notes are at the end of the table.) Actual amounts will vary for each franchisee and each location depending upon a number of factors. Generally, none of the amounts presented in this Item 7 chart are refundable.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Renewal Fee	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Optional Central Monitoring Station Equipment (See Note 1.)	$0 to $120,000	As Incurred	As Incurred	Sonitrol and other suppliers
Professional fees (i.e., attorneys' fees, accountant's fees	$0 to $3,200	As Incurred	As Incurred	Attorneys, Accountants and other professionals
Additional Funds (See Note 2.)	$50,000 to $100,000	As Incurred	As Incurred	Employees, Suppliers, Utilities, Landlord and Others
Total: (See Note 3.)	$50,000 to $223,200 (if you purchase central monitoring station equipment) or $50,000 to			

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
	$103,200 (if you do not purchase central monitoring station equipment)			

Note 1: As a Renewing Franchisee, you may elect to participate in the National Accounts Program by not exercising the National Account Opt-Out under the Renewing Franchise Agreement. The recommended Central Monitoring Station must have the capacity to support "mySonitrol.net" (the "Internet Site") for accounts to be monitored by such Central Monitoring Station. If you chose to participate in the National Accounts Programs, the monitoring of accounts may be required to be performed by Stanley Convergent Security Solutions, and if so, the monitoring services will be provided on the terms set out in the Monitoring Agreement. You will have the option of either purchasing or upgrading your central monitoring station equipment so that you will be able to monitor your Subscriber Accounts, or you may contract with Stanley Convergent Security Solutions or, if permitted by us and Stanley, another approved franchisee to provide monitoring services. If you purchase central monitoring station equipment from Stanley Convergent Security Solutions, you will be required to sign agreements governing the purchase and servicing of the central monitoring station equipment and an agreement governing the licensing of software used in connection with that central monitoring station equipment.

Note 2: The total payments that you will have to make in order to continue operations will be dictated in large part by the normal expenses related to the operation of any business. These expenses will vary substantially, depending on a number of factors including the location and population of your APR, your independent business judgment concerning your business needs, your own management skill, economic conditions, competition in your area and other factors. These estimates are based on our management's experience and expertise in the owning, operating and franchising of Sonitrol Businesses.

Note 3: This estimate takes into account fees that are in addition to the normal operations of the existing franchise necessary to renew the franchisees' Franchise Agreement. The cost estimate for the SONIP™ platform is $50,000 to $120,000, plus annual license and service fees after the first year.

There is no specific required inventory of products. However, you must continue business operations with, and maintain a sufficient inventory of, Sonitrol Products and supplies to allow you to satisfy your obligation for sales of new Subscriber Accounts and to be able to fully and efficiently service the Subscriber Accounts. You lease or sell Sonitrol systems to your Subscribers. A typical Sonitrol intrusion system and access control system consists of the following items:

Intrusion System	Access Control System
(1) Sonitrol Control Panel	(1) Access Panel
(1) ~~Key Pad~~Keypad	(4) Readers
(4) Microphones	(1) Keypad
(4) Contacts	(1) Locking Mechanism

The cost to you of a Sonitrol system varies depending upon the equipment selected, the type of Subscriber base, and the supplier's price list then in effect for the various components in the system. This price list is subject to change upon 30 days' notice. The prices for Sonitrol Products are set by us, and are subject to change. The prices of products purchased from other suppliers are set by the other suppliers, not us. The price currently ranges from $550.00 to $2250.00 per Sonitrol system.

You must obtain your own facilities for the continued operation of your Sonitrol business; however, it is possible and permitted for you to operate the business without an office facility as long as you do not have a central monitoring station. You may either purchase or lease these facilities and the facilities must meet standards established by us and be located within your APR. If you lease, you must use reasonable efforts to include certain provisions in your lease. The cost to you for your facility will vary substantially from area to area, depending upon the prevailing cost of real estate and prevailing rental rates for commercial space. The minimum office space if you do not have a central station should be approximately 1,500 square feet. The minimum space if you have a central station should be approximately 3,000 square feet. Franchisees' offices are generally located in light commercial areas with adequate parking. Your offices should contain a separate stockroom that can be locked. Office design is generally left to your discretion; however, you are subject to the graphic standards for Sonitrol signs and marketing materials that are included in our Graphic Standards Manual. Your offices must always present a professional image.

You must maintain insurance against all types of liability, with accredited insurance companies. The types of liability to be insured against include, without limitation, comprehensive general liability insurance (covering premises, product liability, completed operations, blanket contractual and personal injury liabilities), errors and omissions insurance, worker's compensation insurance, and automobile insurance. The coverage limits for each type of insurance must be at least $1,000,000.00 for each type of insurance for which such limits are available. The cost of this insurance varies depending upon your dollar volume of sales, your business location and changes in insurance rates.

Proper insurance coverage is important because of the significant liability exposures present in the security alarm industry. Subscribers who have suffered losses due to break-ins or fires frequently sue security alarm companies, including Sonitrol franchisees.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

A. Sources of Supply for Security Equipment Sold or Leased to Subscribers

We place restrictions on the sources from which you can purchase certain products that you sell or lease to Subscribers or otherwise use in your Sonitrol business. The types of products you are permitted to sell or lease to Subscribers or otherwise use in your business, and the restrictions on your sources of supply of those products, fall into the following three categories.

l. Proprietary Products

The first category of products you can sell or lease to Subscribers or use in your Sonitrol business consists of alarm panels, central monitoring station equipment, and related software, spare parts and accessories which are manufactured by Stanley Convergent Security Solutions or for Stanley Convergent Security Solutions under an exclusive manufacturing arrangement. We refer to these products as "Proprietary Products" because Stanley Convergent Security Solutions holds rights to the technology for these products and they are manufactured exclusively for Stanley Convergent Security Solutions to sell them to our franchisees. Proprietary Products are our signature products that distinguish us from our competitors. You will be given a list of these products, and you must buy these products only from us or from suppliers we designate. We do not permit you to contract with alternative suppliers. We may change the list from time to time as Stanley Convergent Security Solutions modifies its Proprietary Products, or adds new products to the Proprietary Product line, as a result of research and development efforts. You must purchase Proprietary Products only from Sub-franchisor except that you may only purchase Central Monitoring Station and SONIP™ equipment and installation services related thereto from Stanley Convergent Security Solutions. The Sub-franchisor and Stanley Convergent Security Solutions earn revenue on the sale of Proprietary Products to you. (See Item F below.)

The legacy central monitoring station (SONNT®) and other legacy Proprietary Products (SONPLUS) operated on an analog-based system. Stanley Convergent Security Solutions has developed a digital-based system. The full implementation of the new digital-based system occurred in 2009 and Stanley Convergent Security Solutions made the digital-based system available to franchisees also in 2009. As of 2009, Franchisees who choose to upgrade their existing central monitoring station are required to purchase the new digital-based central monitoring station (SONIP™). Pricing for these new Proprietary Products will be established and evaluated by Stanley Convergent Security Solutions from time to time.

2. Controlled Products

The second category of products you can sell or lease to Subscribers are Controlled Products. You may only purchase Controlled Products from Sub-franchisor, or, if approved in writing by Sub-franchisor, from Stanley Convergent Security Solutions or an Approved Vendor. Controlled products are products Stanley Convergent Security Solutions does not manufacture and for which they do not own the proprietary rights. Some Controlled Products are an integral

part of, and necessary for the proper functioning of the Sonitrol Products and Services. Franchisee must use these Controlled Products in conjunction with the Sonitrol Products and Services and may not substitute other products for these Controlled Products. Stanley Convergent Security Solutions specifies these Controlled Products by manufacturer and part number. Other Controlled Products are those that Stanley Convergent Security Solutions has authorized to bear the Sonitrol Marks. Stanley Convergent Security Solutions may establish and revise the list of controlled products from time to time. Pricing for Controlled Products will be established, evaluated and modified from time to time. Any proposed supplier must be able to meet our standards and specifications for each Controlled Product, and possess adequate quality control and capacity to supply your needs promptly and reliably. We derive revenue from your purchases of inventory and equipment from us. We do not permit you to contract with alternative suppliers.

3. Non-Proprietary Products

Certain Renewing Franchisees may, under certain circumstances and in compliance with their respective renewing Franchise Agreements, sell a third category of products that are not proprietary or controlled products and are not manufactured by or for Stanley Convergent Security Solutions for exclusive sale to our franchisees ("Non-Proprietary Products"). We will provide you a list of Non-Proprietary Products that are approved. Non-Proprietary Products may be available through one or more suppliers, including Stanley Convergent Security Solutions and/or us, and we do not limit from whom you can buy these products. We are not required to approve of these suppliers.

If you wish to purchase a Non-Proprietary Product to sell or lease to your Subscribers that has not been approved in writing by Stanley Convergent Security Solutions, you may do so only if (a) the product is functionally equivalent to an approved Non-Proprietary Product (b) the supplier of the non-approved product possesses adequate capacity to supply the franchisee's needs in the quantities and with the reliability required for the efficient operation of the Sonitrol Business and (c) such products fully integrate with and do not in any way impair the functioning of any of the Proprietary Products, Controlled Products or other Non-Proprietary Products. The list of approved Non-Proprietary Products may change from time to time.

4. Complementary Products and Services

Certain Renewing Franchisees may (if they have not exercised their right to opt out under their renewing Franchise Agreement) under the Sonitrol name, sell non-competitive, Complementary Products and Services. Complementary products and services are those products and services which are: (1) related to the security industry, access control (managed or otherwise), fire alarm, video (closed circuit television) and/or alarm systems and that do not involve the use of any Proprietary Products, other than those contained in the Central Monitoring Station; (2) not competitive with the Sonitrol System; (3) not materially detrimental or harmful to the Sonitrol System. If you opt out under the renewing Franchise Agreement, you may not lease or sell Complementary Products and Services in connection with your Sonitrol Business, rather, you may only lease or sell Complementary Products and Services without reference to the Sonitrol Marks if you set up a separate entity to do so and the products and services are not

competitive with Sonitrol Products and Services. Additional requirements for your sale of complementary products and services may be set out in the Manuals.

As a Renewing Franchisee permitted to sell Non-Proprietary Products, while you are not restricted in your source of supply for Non-Proprietary Products, we are one source of supply of certain of these products. If you would like to purchase, sell or use Complementary Products not previously approved by Stanley Convergent Security Solutions, you may do so if (1) the product will not materially harm the Sonitrol Marks or the Sonitrol System, (2) the product is not competitive with the Sonitrol System, (3) the product is not integrated into the Sonitrol System, and (4) you obtain Stanley Convergent Security Solutions prior written consent. You must submit your proposed Complementary Product to them and pay any expenses that they incur to test, examine and inspect the proposed product. Although we are not required by the renewing Franchise Agreement to do so, from time-to-time Stanley Convergent Security Solutions or we negotiate special purchasing and pricing arrangements with suppliers for the benefit of our franchisees. We will advise you of the terms and conditions of any special arrangements Stanley Convergent Security Solutions or we are able to negotiate so that you may decide whether you wish to take advantage of the arrangements we have negotiated. We do not provide material benefits to you based on your purchase of particular products or services or use of particular suppliers. There are no purchasing or distribution cooperatives required to be disclosed in this disclosure document.

Certain suppliers of products to Sonitrol franchisees and us pay fees or rebates to Stanley Convergent Security Solutions calculated as a percentage of either the net revenue or purchase price received by the supplier for certain products.

No officers of the company own an interest in any supplier listed in Item 8.

B. Sources of Supply of Subscriber Contract Forms

You are required by your Renewing Franchise Agreement to use Subscriber Contracts in the form Stanley Convergent Security Solutions prescribes. The Subscriber Contracts must be obtained from us and no other source.

C. Website Development and Hosting

You must continue to have Internet access and an Internet website for your Sonitrol Business. Your website is subject to Stanley Convergent Security Solution's review and approval for protection of their proprietary rights and for functionality with any Sonitrol Products that may be web-based or web-integrated.

Stanley Convergent Security Solutions maintains a website at www.sonitrol.com which contains information for use by the general public regarding Sonitrol security systems and products. Stanley Convergent Security Solutions also maintains a website at www.mySonitrol.net. The website is maintained for the convenience of franchisees and their subscribers. It contains non-public information about subscribers that can only be accessed by

the subscriber, its franchisee, and Stanley Convergent Security Solutions. The types of information accessible over the website includes identifying information for each subscriber, the description of the subscriber's locations and the type of security service provided to each subscriber. Further, once the subscriber has been provided with a user name and password, the subscriber is able to view the latest alarm activity or dispatches from any of their locations, check when their systems were armed and disarmed, review and update detailed access control information, and view actual video of their locations via web-enabled cameras.

For privacy reasons, information about your subscribers will be accessible through the website mySonitrol.net by use of an automated password that they will be assigned. Stanley Convergent Security Solutions charges a setup fee of $200 for remote setup and $600 per day for onsite setup. A monthly fee of $200 per month is charged to franchisees for subscriber facilities 1 – 500 and $40 per month for each additional 100 subscriber facilities, capped at $1200 per month for each franchisee control group of two or more legal entities owned by a franchisee or franchisee's affiliate. On an optional basis, you may charge your customers an access fee as a part of the security services provided to the subscriber. You must sign a mySonitrol.net Agreement with Stanley Convergent Security Solutions, in the form of Exhibit D to this disclosure document, which governs your use of the mySonitrol.net website. Stanley Convergent Security Solutions has the right to change or discontinue use of the website.

D. Central Monitoring Station

If you choose to monitor your Subscriber Accounts by using a central monitoring station, you must buy the central monitoring station from Stanley Convergent Security Solutions or a supplier designated by them. When purchasing your central monitoring station, you must sign the SONIP™ Equipment Purchase Agreement (included as Exhibit G to this disclosure document). Your central monitoring station must at all times be equipped with the hardware needed to operate the station. In your central monitoring station, you must utilize the latest monitoring software known as SONIP™, which is powered by Microsoft Windows and you must sign the SONIP™ Software License Agreement (included as Exhibit H to this disclosure document). SONIP™ software may only be used in the manner and with the equipment permitted by Stanley Convergent Security Solutions. They may further develop custom-designed and licensed software for use in central monitoring stations, and if so, they may require you to use this software in accordance with their specifications and standards. If you use a central monitoring station, you must provide monitoring services in accordance with their specifications and standards, and you must sign their SONIP™ Service Agreement (included as Exhibit I to this disclosure document).

E. Sources of Supply for Other Products

Other than as discussed above, there are no other restrictions on your sources of supply for equipment, products or supplies which you will need in the operation of your Sonitrol business. You may purchase office furnishings, stationery, signs, non-central station computer equipment and software, non-proprietary products, non-controlled products, complementary products, motor vehicles, tools and similar products from suppliers of your choice. However, you

must comply with graphic standards for the display of the Sonitrol Marks. Your business operations must be in compliance with our Sonitrol Franchise Standards Manual, Graphic Standards Manual, and National Accounts Guide (collectively, the "Manuals"), copies of which we will loan to you.

F. Revenue Derived by Sonitrol Security, Inc. From Sales to Franchisee

We derive revenue from your purchases of inventory and equipment from us. The total revenue derived from sales to franchises was $~~853,795~~774,743 for year-end August 31, ~~2020~~2022. Of this total amount, $~~620,832~~626,453 or ~~73~~81% represents required purchases of Proprietary Products and Subscribers' Contract forms from us. This does not include any purchases of non-proprietary products from us, which are not required.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the renewing franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Renewing Franchise Agreement

Obligation	Section(s) in Agreement	Disclosure Document Item
a. Site Selection and acquisition/lease	Definitions Section and 10.01	Items 7 and 11
b. Pre-opening purchases/leases	Section 6.02	Items 5,6,7, 8, and 10
c. Site development and other pre-opening requirements	Definitions Section	Item 7
d. Initial and ongoing training	Article III	Item 6,7,11 and 15
e. Opening	Section 6.03	Item 11
f. Fees	Section 6.04, Article VII and Sections 10.16(a)-10.16(h)	Items 5, 6, 7, 8,10, 11 and 17
g. Compliance with standards and policies/Manuals	Sections 6.05, 10.02, 10.10 and 10.16	Item 8,11 and 13
h. Trademarks and proprietary information	Definitions Section and Article XI and XXI	Items 13 and 14
i. Restrictions on products/ services offered	Section 4.02-4.04	Items 6, 8 and 16
j. Warranty and customer service requirements	Sections 4.03, 10.02 and 10.05	Item 16

k.	Territorial development and sales quotas	Sections 6.01 and 6.04	Item 12 and 17
l.	Ongoing product/service purchases	Sections 4.02(a)-4.02(e), and Article VI	Item 6, 8 and 16
m.	Maintenance, appearance and remodeling requirements	Section 10.10	Item 7 and 16
n.	Insurance	Section 10.12	Item 7
o.	Advertising	Definitions Section and Sections 1.06 and Article VII	Item 7, 11 and 13
p.	Indemnification	Article XIII	Item 6
q.	Owner's participation/ management/staffing	Section 10.07	Item 15
r.	Records/reports	Sections 7.05, 9.02,10.13-10.15	Items 6
s.	Inspections/audits	Sections 7.04 and 10.11	Item 6
t.	Transfer	Article XIV and XV	Item 17
u.	Renewal	Sections 2.02, 2.03 and 2.04	Items 6 and 17
v.	Post-termination obligations	Section 2.04 and 18.01(a)-18.01(i)	Item 17
w.	Non-competition covenants	Article XX	Item 17
x.	Dispute resolution	Section 22.08	Item 17
y.	Installation of security equipment	Definitions Section and Section 10.02	Item 1
z.	Monitoring of Subscriber Accounts	Section 6.02,10.04 and 10.16(g)	Item 1
aa.	Internet Requirements	Section 10.16(g)	Item 8
bb.	Non-solicitation covenants	Section 1.07(d)	Item 17
cc.	Compliance with laws	Section 10.08	Item 1 and 7
dd.	General Service Administration ("GSA") Products and Services	Definitions Section and Section 1.04	Item 12
ee.	Sale of new products	Section 5.01	Item 11
ff.	National Accounts	Section 10.16	Items 6, 11 and 17
gg.	Confidential Information	Article XI	Item 17

This table lists your principal obligations under the renewing franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Monitoring Agreement

Obligation	Section(s) in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not Applicable	Not Applicable
b. Pre-opening purchases/leases	Not Applicable	Not Applicable
c. Site development and other pre-opening requirements	Not Applicable	Not Applicable
d. Initial and ongoing training	Not Applicable	Not Applicable
e. Opening	Not Applicable	Not Applicable
f. Fees	Section 6	Items 6 and 17
g. Compliance with standards and policies/Manuals	Section 3.1	Item 13
h. Trademarks and proprietary information	Not Applicable	Not Applicable
i. Restrictions on products/services offered	Not Applicable	Not Applicable
j. Warranty and customer service requirements	Section 4	Item 16
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	Not Applicable	Not Applicable
m. Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
n. Insurance	Section 2.5	Item 7
o. Advertising	Not Applicable	Not Applicable
p. Indemnification	Sections 2.3, 4.3 and 8.1	Item 6
q. Owner's participation/ management/staffing	Not Applicable	Not Applicable
r. Records and reports	Not Applicable	Not Applicable
s. Inspections and audits	Not Applicable	Not Applicable
t. Transfer	Section 8.2	Item 17
u. Renewal	Section 7.1	Item 17

Obligation	Section(s) in Agreement	Disclosure Document Item
v. Post-termination obligations	Section 7.4	Item 17
w. Non-competition covenants	Not Applicable	Not Applicable
x. Dispute resolution	Not Applicable	Not Applicable
y. Monitoring of subscriber accounts	Sections 2.6 and 7.4	Item 1

This table lists your principal obligations under the renewal franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

SONIP™ Equipment Purchase Agreement

Obligation	Section(s) in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not Applicable	Not Applicable
b. Pre-opening purchases/leases	Not Applicable	Not Applicable
c. Site development and other pre-opening requirements	Not Applicable	Not Applicable
d. Initial and ongoing training	Not Applicable	Not Applicable
e. Opening	Not Applicable	Not Applicable
f. Fees	Sections 2, 3, 4, 6, 7, 11, 15 and Exhibit A	Items 5, 6, 7, 10 and 17
g. Compliance with standards and policies/Manuals	Section 4	Items 8, 11 and 13
h. Trademarks and proprietary information	Section 5	Items 13 and 14
i. Restrictions on products/services offered	Not Applicable	Not Applicable
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	Sections 4 and 7	Items 6 and 8

Obligation	Section(s) in Agreement	Disclosure Document Item
m. Maintenance, appearance and remodeling requirements	Sections 6 and 7	Item 7
n. Insurance	Not Applicable	Not Applicable
o. Advertising	Not Applicable	Not Applicable
p. Indemnification	Sections 3 and 9	Item 6
q. Owner's participation/ management/staffing	Not Applicable	Not Applicable
r. Records and reports	Not Applicable	Not Applicable
s. Inspections and audits	Not Applicable	Not Applicable
t. Transfer	Section 10	Item 17
u. Renewal	Not Applicable	Not Applicable
v. Post-termination obligations	Section 11	Item 17
w. Non-competition covenants	Not Applicable	Not Applicable
x. Dispute resolution	Sections 12, 14 and 15	Item 17
y. Installation of security equipment	Section 3	Item 1

This table lists your principal obligations under the renewal franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

SONIP™ Software License Agreement

Obligation	Section(s) in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not Applicable	Not Applicable
b. Pre-opening purchases/leases	Not Applicable	Not Applicable
c. Site development and other pre-opening requirements	Not Applicable	Not Applicable
d. Initial and ongoing training	Section 8 and Exhibit B	Item 11
e. Opening	Not Applicable	Not Applicable
f. Fees	Section 2 and 3 and Exhibit A	Items 5, 6, 7, 10 and 17

Obligation	Section(s) in Agreement	Disclosure Document Item
g. Compliance with standards and policies/Manual	Not Applicable	Not Applicable
h. Trademarks and proprietary information	Sections 1 and 6	Items 13 and 14
i. Restrictions on products/ services offered	Not Applicable	Not Applicable
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	Not Applicable	Not Applicable
m. Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
n. Insurance	Not Applicable	Not Applicable
o. Advertising	Not Applicable	Not Applicable
p. Indemnification	Section 11	Item 6
q. Owner's participation/ management/staffing	Not Applicable	Not Applicable
r. Records and reports	Not Applicable	Not Applicable
s. Inspections and audits	Section 7	Item 6
t. Transfer	Sections 6 and 12	Item 17
u. Renewal	Section 3	Item 17
v. Post-termination obligations	Section 5	Item 17
w. Non-competition covenants	Not Applicable	Not Applicable
x. Dispute resolution	Sections 15 and 16	Item 17

This table lists your principal obligations under the renewal franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

SONIP™ Service Agreement

Obligation	Section(s) in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not Applicable	Not Applicable

Obligation	Section(s) in Agreement	Disclosure Document Item
b. Pre-opening purchases/leases	Not Applicable	Not Applicable
c. Site development and other pre-opening requirements	Not Applicable	Not Applicable
d. Initial and ongoing training	Not Applicable	Not Applicable
e. Opening	Not Applicable	Not Applicable
f. Fees	Sections 2, 3 and 4 and Schedule A	Items 5, 6, 7, 10 and 17
g. Compliance with standards and policies/Manual	Sections 5 and 6	Not Applicable
h. Trademarks and proprietary information	Not Applicable	Not Applicable
i. Restrictions on products/ services offered	Not Applicable	Not Applicable
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	Not Applicable	Not Applicable
m. Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
n. Insurance	Not Applicable	Not Applicable
o. Advertising	Not Applicable	Not Applicable
p. Indemnification	Section 8	Item 6
q. Owner's participation/ management/staffing	Not Applicable	Not Applicable
r. Records and reports	Not Applicable	Not Applicable
s. Inspections and audits	Not Applicable	Not Applicable
t. Transfer	Section 11	Item 17
u. Renewal	Section 1	Item 17
v. Post-termination obligations	Section 4	Item 17
w. Non-competition covenants	Not Applicable	Not Applicable
x. Dispute resolution	Sections 12 and 13	Item 17
y. Maintain outside telephone line and remote diagnostic aids	Section 5	Item 8 and Item 11

Obligation	Section(s) in Agreement	Disclosure Document Item
z. Maintain connection to Internet and install firewall	Section 5	Item 8

This table lists your principal obligations under the renewal franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

mySonitrol.net Agreement

Obligation	Section(s) in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not Applicable	Not Applicable
b. Pre-opening purchases/leases	Not Applicable	Not Applicable
c. Site development and other pre-opening requirements	Not Applicable	Not Applicable
d. Initial and ongoing training	Not Applicable	Not Applicable
e. Opening	Not Applicable	Not Applicable
f. Fees	Not Applicable	Not Applicable
g. Compliance with standards and policies/Manual	Section 1	Items 8 and 13
h. Trademarks and proprietary information	Section 6	Items 13 and 14
i. Restrictions on products/ services offered	Not Applicable	Not Applicable
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	Not Applicable	Not Applicable
m. Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
n. Insurance	Not Applicable	Not Applicable
o. Advertising	Not Applicable	Not Applicable
p. Indemnification	Sections 2 and 9	Item 6

Obligation	Section(s) in Agreement	Disclosure Document Item
q. Owner's participation/ management/staffing	Not Applicable	Not Applicable
r. Records and reports	Section 1	Item 6
s. Inspections and audits	Not Applicable	Not Applicable
t. Transfer	Not Applicable	Not Applicable
u. Renewal	Not Applicable	Not Applicable
v. Post-termination obligations	Not Applicable	Not Applicable
w. Non-competition covenants	Not Applicable	Not Applicable
x. Dispute resolution	Not Applicable	Not Applicable
y. Computer hardware and software requirements	Section 1	Items 8 and 11
z. Transfer of franchisees user identification and password	Section 13	Item 8

ITEM 10
FINANCING

We do not offer financing to you, either directly or indirectly in connection with your Franchised Business. We do not guarantee your loans, notes, leases or other obligations.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, we are not required to provide any assistance to you.

Obligations Upon Renewal:

1. Designate your APR an Area of Primary Responsibility which is a geographic area typically defined by zip codes (Section 1.01 of the Renewing Franchise Agreement).

2. Verify general manager or principal operating person has appropriate Sonitrol training. Verify Sonitrol certified technician on staff. (Article 3 of Renewing Franchise Agreement)

3. Loan you the Manuals and/or updates to the Manuals and other written material concerning the operation of your Sonitrol Business. (Section 6.05 of the Renewing Franchise Agreement.)

Obligations After Renewal:

1. Provide, either directly or through our designee, sales, marketing and operational training and assistance. (Section 3.01 of the Renewing Franchise Agreement). Please refer to the training section in this Item 11 below for a more detailed description of the training program.

2. Provide, either directly or through our designee, ongoing technical training on an occasional basis. (Section 3.01 of Renewing Franchise Agreement)

3. Provide a list of products to be used in your business. (Section 4.02 of the Renewing Franchise Agreement).

4. Provide a National Accounts Program (the " National Accounts Program"); with the goal of providing new National Accounts to participating Franchisees (Section 10.16 of the Renewing Franchise Agreement). Your participation in the National Accounts Program is voluntary, as Renewing Franchises may opt out as provided in the Renewing Franchise Agreement. Participating franchisees agree to abide by the National Accounts Program's standards and procedures in obtaining, installing and monitoring National Accounts, in accordance with the Manuals.

The National Accounts Program is intended to obtain new Subscriber Accounts for participating Franchisees by using Stanley Convergent Security Solutions centralized resources to sell Sonitrol security services to companies and organizations with multiple facilities, located regionally or nationally. The National Account customer may require, at its option, that Stanley Convergent Security Solutions monitor all accounts. Stanley Convergent Security Solutions will offer you the opportunity to install and service National Account locations within your area of primary responsibility, and if you refuse or exercise the National Accounts opt out, we may designate another franchisee to solicit and contract directly with any new National Account customers. If we do not designate another franchisee, then Stanley Convergent Security Solutions has the right to sell, monitor, install and service National Account locations within your area of primary responsibility and retain the fees paid by those National Account customers.

To compensate the National Account Program for the cost of operations, participating franchisees currently pay the Program 13% of the total contract value for each system they install in a National Account location. As a participant, you must install only new Sonitrol Subscriber equipment in a National Account location. Renewing Franchises may pay a lower fee of 6.5% if they introduced the National Account to Sonitrol and had the predominate business relationship with that customer prior to it becoming a National Account, or 0% if they had an effective contract with the National Account location at the time the customer became a National Account, as detailed in the Renewing Franchise Agreement. If Stanley Convergent Security Solutions determines that the National Account Program is no longer successful, it may be terminated by them.

5. We will notify you of the development, availability and distribution of any new Sonitrol Products and Services and you will have the opportunity to distribute these new Sonitrol Products and Services. (Section 5.01 of the Renewing Franchise Agreement.)

REPAIRS

Stanley Convergent Security Solutions or an established authorized service center will perform all servicing and repair of defective Sonitrol subscriber products. Stanley Convergent Security Solutions or an established authorized service center will repair Sonitrol central monitoring station equipment.

ADVERTISING PROGRAM

Currently, there is no active advertising program, and we are not required to spend any amount for advertising in the area where your Sonitrol Business will be located. Additionally, there is no active Advertising Council, and Sonitrol does not have plans to establish a council in the future.

While not required to do so, Stanley Convergent Security Solutions from time to time prepares marketing materials such as brochures, videos, and other materials and make them available to you at a reasonable cost. Your purchase of such material is voluntary, although we encourage you to use it. We permit and encourage you to use your own advertising. All advertising and promotional materials (including any Internet website) must conform to Stanley Convergent Security Solutions' requirements for the display of the Sonitrol Marks in the Manuals, as well as any other requirements reasonably imposed by Stanley Convergent Security Solutions. You must identify your Sonitrol business as an independently owned and operated Sonitrol franchise. You must submit your advertising material to Stanley Convergent Security Solutions for approval. (Section 8.01 of the Renewing Franchise Agreement).

You are not required to participate in a local or regional advertising cooperative or advertising fund.

Computer System, Internet Access, Email and Central Monitoring Station

Computer System and Internet Access

You must maintain at your own expense computer hardware and software with specifications that are sufficient to permit you to continue operating your Sonitrol Business. We estimate that it will cost you $5,000 to $10,000 to purchase your computer hardware and software. Your computer system will be used by you to store word processing and financial data and to access a secure, password protected, website created by Stanley Convergent Security Solutions for use by franchisees. You must submit royalty information, as well as additional data requested by Stanley Convergent Security Solutions, through the use of this franchisee website. We may require you to use Stanley Convergent Security Solutions proprietary software and any other software described in the Manuals. You must comply with all standards regarding software that Sonitrol specifies. You are not required to provide us or Stanley Convergent

Security Solutions with independent electronic access to the information to be generated or stored in your computer system.

We or third parties are not obligated to provide any ongoing maintenance, repairs, upgrades or updates for your computer hardware or software, however, Stanley Convergent Security Solutions will provide, at their expense, ongoing service and support for the franchisee website that they require franchisees to use to submit royalty collection information and other data (as requested by them), and they will provide at their expense, ongoing service and support for the software that they have developed. For all other computer hardware and software, you must purchase at your own expense all system maintenance, repairs, upgrades or updates. There is no limitation on the frequency or cost of your maintenance, upgrade and update obligations. We estimate that your annual cost of optional or required maintenance and support contracts, upgrades and updates will be between $1,000 to $5,000 yearly.

Computer hardware required for access to the internet must meet the following parameters. IBM or comparable personal computer with the following minimum requirements**:**

Intel® Core™ i3 ~~5th~~ 7th Generation Processor
~~8~~ 16 GB Memory
Mouse
CD Rom Drive
19 Inch Monitor
High Speed Internet Connection
ISP-Internet Service Provider (Monthly Fee Established by Provider)
Microsoft Windows 10 Professional
Keyboard
250 GB Hard Drive
Sound Card
Video Card

Software requirements consist of Internet Explorer or comparable for accessing the internet in order to complete Royalty Reports, sales contest activities, apprehension data and to receive informational e-mails.

Email

You must continue to have access to e-mail and comply with the requirements concerning your email provider and email address. You may retain any existing website for your Sonitrol Business, but must follow the requirements in the Manuals concerning the website.

Central Monitoring Station

If you choose to monitor your Subscriber Accounts by using a central monitoring station, your central monitoring station must at all times be equipped with computer hardware and software that meets Stanley Convergent Security Solutions standards and specifications, and you may use this hardware and software only in the manner and with the equipment permitted by them. In addition, they may require you to use both servers and workstations in the operation of your central monitoring station, and you must utilize their latest monitoring software known as SONIP™. They may further develop custom-designed and licensed software for use in central monitoring stations, and if so, they may require you to use this software. Stanley Convergent Security Solutions or third parties are not obligated to provide any ongoing maintenance, repairs, upgrades or updates for your central monitoring station computer hardware or software;

however, they have the right to require that all servicing and repairs of your central monitoring station be performed by them or a party designated by them, at your expense, with prices and terms determined by them. They will provide at their expense, ongoing service and support for the software that they have developed, and they will provide you with licenses for the software at their then current rates. Currently, the SONIP™ software licensing fees for years two through five of your SONIP™ Software License Agreement will not exceed a 10% increase over the prior year's annual licensing fee. If you operate a central monitoring station, you must maintain an outside telephone line and remote diagnostic aids, maintain connection to the Internet and install a firewall in accordance with their requirements. They will have independent electronic access to your central monitoring station so that they may provide service, repair or otherwise diagnose problems with the central monitoring station. There are no contractual limitations on their right to access the central monitoring station. If you do not own a central monitoring station, and you choose to buy a central monitoring station, or, if you own a central monitoring station and chose to upgrade your central monitoring station, you must use the SONIP™ software platform.

We estimate that it will cost you $1,000 to $10,000 to purchase the hardware system needed for your central monitoring station, and between $70,000 to $120,000 for the SONIP™ software platform, with annual license and service fees between $9,500 and $13,000 after the first year. We estimate that your annual cost of optional or required maintenance and support contracts, upgrades and updates for the central monitoring station will be between $0 to $6,000 during your first year of operation and between $0 to $6,000 each year afterward.

YOUR BUSINESS LOCATION

You may be able to operate without an office facility as long as you continue to not operate a Central Monitoring Station. If you do have a Central Monitoring Station you are free to determine the specific site for your business office, provided it is within your APR, and an appropriate office or light commercial facility, and we approve the site. We will approve or disapprove your proposed site within 30 days, or it will be considered approved. If we cannot agree on a proposed site, your Franchise Agreement may be terminated. The factors which are considered in approving a suitable site include the condition and professional image of the building, access to appropriate telephone and fiber optics exchange facilities, ease of accessibility, building temperature controls, sufficient parking and adequate building security.

TIME BEFORE OPENING YOUR SONITROL BUSINESS

Because you are an existing Renewing franchisee who is renewing your Franchise Agreement, you must be operating your Sonitrol business at the time that you sign your renewal Franchise Agreement.

MANUALS

The table of contents of our current Manuals describing the operational requirements for your Sonitrol Business are attached as Exhibit E. The Sonitrol Franchise Standards Manual has a total of 28 pages, the Sonitrol Franchise National Accounts Guide has a total of 17 pages and the Graphic Standards Manual has a total of 25 pages.

TRAINING PROGRAM

The following table and accompanying notes describe the training available to you:

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Initial Orientation Training	Not Applicable	Not Applicable	Not Applicable
Initial Technical Training	Not Applicable	Not Applicable	Not Applicable
Initial Sales Training	Not Applicable	Not Applicable	Not Applicable
Ongoing Technical Training (Note 1)	Varies	Not Applicable	Various locations
Ongoing Sales Training (Note 2)	Varies	Not Applicable	Various locations
New Product Training (Note 3)	Varies	Not Applicable	Various locations
Ongoing Management Training (Note 4)	Varies	Not Applicable	Dallas, Texas - ~~Naperville, Ill~~Fishers, IN~~.~~
Financial and Accounting Assistance (Note 5)	Not Applicable	Not Applicable	Your location or telephone
Sonitrol U Basic Sales Training (Note 6)	40 hours (5 days)	Not Applicable	Dallas, Texas - ~~Naperville, Ill~~Fishers IN.
Supplemental Training (Note 7)	Not Applicable	Not Applicable	Your location or remotely
Manufacturer Product Training (Note 8)	Varies	Not Applicable	Various locations
SONIP™ Training (See Note 9)	4 Hours	45 to 55 hours (5 days)	Your location
Technical Sales Training (See Note 10)	Not Applicable	Varies, usually 2-3 days	Your Location

In response to the novel coronavirus (known as COVID 19) pandemic and state and local mandates and recommendations for business closures, physical and social distancing and work from home arrangements, training programs may be held virtually.

NOTES:

Note 1: You must at all times operate your Sonitrol Business with managers and employees that are competent and well-trained. We have arrangements with Stanley Convergent Security Solutions to provide continuing education seminars for your personnel on Sonitrol Products, installation, servicing and monitoring. Participation in the seminars is voluntary. If you participate, you pay a fee to Stanley Convergent Security Solutions for the seminars. This fee currently ranges from $200.00 to $300.00 per person. You also bear the cost of travel and living accommodations of your personnel. Ongoing technical training is conducted on an as needed basis, which is, at a minimum, every two years.

Note 2: At times, based on sufficient franchisee demand, we or Stanley Convergent Security Solutions may periodically offer sales and management seminars at regional or national locations. These seminars are optional. Generally, you must pay a fee of $1,000.00 for each seminar. You also bear the cost of travel and living accommodations.

Note 3: Stanley Convergent Security Solutions usually arranges for regional seminars when a significant new product is introduced. Attendance at the seminars is voluntary and no fees are charged. You pay for all travel and living expenses.

Note 4: At times, based on sufficient franchisee demand, Stanley Convergent Security Solutions periodically offers dealership management seminars at Dallas, Texas. These seminars are optional and you pay a fee of approximately $1,200.00 for each seminar. You also bear the cost of your travel and living accommodations.

Note 5: We do not presently offer any formal accounting and financial training program. However, we do maintain a competent financial staff, which is available to consult with you on these subjects, as needed and on occasion as requested by you. There is no fee for this.

Note 6: Sonitrol U, operated by an independent entity known as Management Solutions, offers a Basic Sales Training Course in Dallas, Texas four times a year to franchisees. Attendance at the course is voluntary. You pay tuition of approximately $1000 per person, and your travel and living expenses. The course lasts 5 days.

Note 7: Manuals, videotapes and bulletins were made available to you when you started your business and on an ongoing basis. Certain of these materials are available at no charge, while others (such as videotapes) are available for a cost. These materials are available to you through the franchisee website maintained by Stanley Convergent Security Solutions.

Note 8: Stanley Convergent Security Solutions maintains a training staff for the purpose of training your personnel on the operation and maintenance of the equipment it manufactures, which is conducted every two years. Other manufacturers generally also provide training for the products they manufacture. The times for these trainings are determined by the manufacturer.

Note 9: As a franchisee you have the option of upgrading and/or purchasing a central monitoring station system that Stanley Convergent Security Solutions or their designee manufactures, or you may have them or another authorized franchisee monitor your Subscriber

Accounts. If you purchase central monitoring station equipment, including the SONIP™ platform, Stanley Convergent Security Solutions conducts training at your location on the operation of the SONIP™ monitoring system software for you and certain of your employees. The cost for this training is included in the purchase price of the SONIP™ software. Training is held following the signing of the SONIP™ Agreements.

Note 10: Stanley Convergent Security Solutions periodically offers technical sales training, either remotely or at your location. Training is conducted every two years or as needed to maintain technical certifications.

Training Instructors

Tyrone Swinton, Stanley Convergent Security Solutions' Sonitrol training manager, is responsible for providing technical and operator training to Sonitrol franchisees and scheduling on-site training, in-house training, regional training seminars and on-line training courses. He has ~~26~~27 years of operational experience directly related to the operation of SONIP™ and Sonitrol field products and ~~26~~27 years of experience with Stanley Convergent Security Solutions. The instructional materials utilized in your training include operational and/or technical workbooks.

ITEM 12
TERRITORY

You are assigned an Area of Primary Responsibility ("APR") which is a geographic area typically defined by zip code. You will not receive an exclusive territory. Franchisee's existing APR will be the basis for determining the APR under the Renewing Franchise Agreement. Your APR will have a minimum of at least 100,000 population, based on population figures provided by California Department of Finance. You may currently have Subscribers, (Exhibit C to Renewing Franchise Agreement) and you may continue to service and monitor your Subscribers, outside of your APR if agreement is not reached to sell those Subscribers Accounts to the existing Franchise in whose APR such accounts are located. However, you cannot establish a Sonitrol central station or business premises outside of your APR.

You cannot represent yourself as a local Sonitrol franchisee, who may sell and service Sonitrol Products outside of your APR. Your salespersons cannot work out of a location outside of your APR. You may face competition from competitive brands that Stanley Convergent Security Solutions controls however; neither Stanley Convergent Security Solutions nor Sub-franchisor will sell Sonitrol Products and Services in your APR except as discussed below and to National Accounts if you have exercised the National Account Opt-Out. You cannot sell to Subscribers located outside of your APR without our written permission, and you must refer to us any such potential Subscribers who contact you to determine whether another Sonitrol franchisee, a Sonitrol company-owned location or your Sonitrol Business is best situated to service that potential Subscriber. In some circumstances, other existing Sonitrol franchisees may be able to sell and service Subscriber Accounts within your APR, but they cannot establish business premises or represent themselves as local Sonitrol franchisees within your APR.

You must purchase from us no less than an aggregate of $10,000 of Proprietary Products in each calendar year, your Minimum Purchase Requirement ("MPRs".) You may satisfy your MPRs if your average purchase of Proprietary Products is no less than $10,000 for each calendar year. (See Section 6.04 of the Renewing Franchise Agreement.) If you do not meet these minimum purchase requirements, you will have the next calendar year to improve your performance and meet MPRs in that subsequent year. Failure to meet your MPRs for two consecutive years is an event of default under the Renewing Franchise Agreement and we may terminate your Franchise Agreement with us.

You must continue to operate your Sonitrol Business from a commercial office facility located within your APR. In addition, you will be required to use a vehicle or if necessary, multiple vehicles, to service your Subscriber Accounts. We have not and will not establish another franchisee, or a Sonitrol company-owned outlet, within your APR, for the sale of Sonitrol Products and Services provided that you comply with the terms set out in your Renewing Franchise Agreement. However, Stanley Convergent Security Solutions may provide monitoring services to the Subscribers within your APR, and they may sell directly to the U.S. Government, although they will offer renewing Franchisees the right to service those accounts first. Stanley Convergent Security Solutions or another approved franchisee can provide monitoring services to the Subscribers within your APR if you wish.

Provided that you are not in default of your Renewing Franchise Agreement, we and Stanley Convergent Security Solutions will not sell Sonitrol Products and Services or establish Subscribers in your APR, except as follows:

i. Under any circumstances Stanley Convergent Security Solutions may sell or lease or authorize others to sell or lease Sonitrol Products and Services directly to any agency, office or facility of the United States government, unless you have executed the then current form of the Sonitrol government distributor agreement and are not in default under your agreements with us. Stanley Convergent Security Solutions may install, monitor and service GSA customers within your APR, but only after they first give you the opportunity to do so.

ii. If you fail or refuse to install, monitor, service, or provide for the installation, monitoring or service of Subscriber Accounts, we or anther approved franchisee may provide those services, and we or them will be entitled to receive the payments due from the Subscriber Accounts for those services. Stanley Convergent Security Solutions may sell or authorize others to sell Sonitrol Products to Subscribers located in your APR if the sale is part of a package sale to a business with National or Regional locations both inside and outside your APR, including sales within the National Accounts Program, and you have refused to install or service the account. (For an explanation of the National Accounts Program see Item 11.)

iii. If you fail or refuse to comply with the requirements of your Renewing Franchise Agreement or the Manuals

iv. In accordance with our National Account Program as applicable to you.

v. If you fail to meet your MPRs.

vi. Existing accounts serviced by Stanley Convergent Security Solutions as of January 14, 2010.

Our permission is not required for you to relocate your business if it is relocated within your APR. You are not given rights of first refusal for you to acquire additional franchises adjacent to your APR.

Stanley Convergent Security Solutions and Sub-franchisor reserve the right to manufacture, sell, promote, advertise, lease, deliver, monitor, install and service products, other than Sonitrol Products and Services to and through other sales organizations within your APR without compensating you. These security products, however, will not bear the SONITROL name or Sonitrol Marks. We do not operate or franchise, and currently have no plans to operate or franchise a business under a different trademark. However, Stanley Convergent Security Solutions sells non Sonitrol Products and Services such as security systems, access control and fire protection under the Stanley name.

ITEM 13
TRADEMARKS

You are licensed to use the registered trademark "SONITROL®" and other trademarks, service marks, trade names, logos, and symbols ("the Proprietary Marks") listed below in the operation of your Sonitrol business. You must use the Proprietary Marks in accordance with any and all standards set by Stanley Convergent Security Solutions. The Proprietary Marks are owned by Stanley Convergent Security Solutions and they license to you the use of these Proprietary Marks solely in connection with the operation of your Sonitrol Business.

All of the following Proprietary Marks are registered on the Principal Register of the United States Patent and Trademark Office (the "USPTO") and, as of the date of this disclosure document, all Affidavits of Use required to be filed under the Lanham Trademark Act and all renewal registrations to maintain the registrations of these Proprietary Marks have been filed.

MARK	Registration Date	Registration Number
"SONITROL"	June 8, 1971 ~~May 7, 2012 Renewal~~Renewal May 7, 2012 and June 7, 2021 For use with Fire alarms, burglar alarms, sound detection security systems.	912,681

"SONITROL"	September 24, 2002 ~~October 17, 2012 Renewal~~Renewal October 17, 2012 and October 19, 2022 For use with Installation and servicing of security and safety equipment, namely, intrusion, hold up, industrial process controls, fire, access control and video surveillance systems. Remote monitoring of security and safety equipment, namely, intrusion, hold up, industrial process controls, fire, access control and video surveillance systems.	2,623,863
~~"SONNT"~~	~~November 6, 2001~~ ~~October 3, 2011 Renewal~~ ~~For use with electronic security and surveillance computer hardware and software for use in monitoring and signal processing of electronic security equipment.~~	~~2,505,139~~
"SONAVISION"	June 8, 2004 Renewal June 5, 2014~~ Renewal~~ For use with Monitoring security systems.	2,850,848
'SMART AUDIO"	April 8, 1997 Renewal June 5, 2017~~ Renewal~~ For use with Intrusion alarms.	2,050,392

In addition to the Marks registered on the Principal Register, Stanley Convergent Security Solutions has common law rights in the following Proprietary Marks in those areas in which the Proprietary Marks have been used:

1. Mark:

2. Mark:

3. Mark: SONIP

4. Mark:

5. Mark:

Stanley Convergent Security Solutions does not have a Principal federal registration for any of the five Proprietary Marks listed above. Therefore, these five Proprietary Marks do not have as many legal benefits and rights as a federally registered trademark. If their right to use any of these five Proprietary Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no currently effective material determinations of the United States Patent and Trademark Office ("USPTO"), USPTO Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceedings, nor any pending material federal or state court litigation involving the Proprietary Marks. In addition, there are no agreements currently in effect that significantly limit Stanley Convergent Security Solutions' rights to use or license the use of the Proprietary Marks in a manner material to the franchise.

The Renewing Franchise Agreement grants you the right to use the "SONITROL" trademark solely in the promotion, leasing, selling and servicing of Sonitrol Products. You may not affix or relate the Proprietary Marks to any products or equipment which were not purchased from us or our designees, unless Stanley Convergent Security Solutions has approved the product and authorized in writing the affixing of the Proprietary Marks to, or the use of the Proprietary Marks in connection with any such products. In the Renewing Franchise Agreement, you acknowledge and agree that your license to use the Proprietary Marks is nonexclusive and limited to use in operating the Sonitrol Business, and that Stanley Convergent Security Solutions has retained the rights, among others, to grant other licenses for the use of the Proprietary Marks outside your Franchised Area, without providing you with any rights to these other systems and programs.

You must use each Proprietary Mark in full compliance with the Renewing Franchise Agreement, the Manuals and reasonable rules prescribed periodically by Stanley Convergent Security Solutions. You are prohibited under the Renewing Franchise Agreement from using any

Mark as part of any corporate or other legal name without their prior written consent. You must, except as prohibited by applicable law, operate your Sonitrol Business only under the Sonitrol Proprietary Marks designated by Stanley Convergent Security Solutions for that purpose without any prefix, suffix or other modifying words, terms, designs or symbols without Stanley Convergent Security Solutions' prior written consent. You may not permit any third party to print the Proprietary Marks on any products, materials, documents or supplies used by you in your Sonitrol Business without Stanley Convergent Security Solutions prior consent and without causing the third party to sign a Sonitrol license agreement with Stanley Convergent Security Solutions. In addition, you may not use any Proprietary Mark in connection with the sale of any unauthorized product or service or in any manner not authorized in writing by Stanley Convergent Security Solutions. You must submit to Stanley Convergent Security Solutions samples of all advertising and other materials to be used by you upon which the Proprietary Marks appear. You must use the symbol "®," "SM," "TM" or any other symbols or words as Stanley Convergent Security Solutions may designate to protect the Proprietary Marks in all printed or other advertising materials and upon all printed surfaces upon which any of the Proprietary Marks appears. Under the Renewing Franchise Agreement, you agree not to contest, directly or indirectly, Stanley Convergent Security Solutions' ownership, title, right or interest in the Proprietary Marks that are a part of the Sonitrol Program. Upon the termination or expiration of the Renewing Franchise Agreement, you must immediately discontinue all use of the Proprietary Marks, remove all copies of the Proprietary Marks from your business premises and vehicles, and take all necessary steps to assign to Stanley Convergent Security Solutions all trade names, trademarks and service marks that you have used or registered during the term of the Renewing Franchise Agreement.

In the Renewing Franchise Agreement, you have the right to use the Proprietary Marks, but only in accordance with the Renewing Franchise Agreement and Manuals, which is subject to change at Stanley Convergent Security Solutions' discretion. If Stanley Convergent Security Solutions discontinues or modifies any of the Proprietary Marks, they may require you to discontinue or similarly modify your use of that Mark. Your rights under the Renewing Franchise Agreement will continue as long as you implement the modification or discontinuance of the Proprietary Marks as required by them. If you fail to comply with this requirement, we have the right to terminate the Renewing Franchise Agreement.

The Renewing Franchise Agreement does not obligate Stanley Convergent Security Solutions to protect your use of the Proprietary Marks or protect you against claims of infringement or unfair competition arising out of your use of the Proprietary Marks. You must promptly notify Stanley Convergent Security Solutions of any use of, or claim of right to, the Proprietary Marks or any colorable variation of the Proprietary Marks and any litigation instituted by any third party against them or you involving the Proprietary Marks. The Renewing Franchise Agreement does not require Stanley Convergent Security Solutions to take affirmative action when notified of these uses or claims but will do so at their discretion. Stanley Convergent Security Solutions has the right to control any administrative proceedings or litigation involving the Proprietary Marks. You may not institute any proceedings or defend any proceedings involving any infringing use of the Proprietary Marks without Stanley Convergent Security Solutions prior written consent. They may, in their sole discretion, undertake the defense, prosecution or settlement of any litigation relating to the Proprietary Marks. If they do so, you are required under the Renewing Franchise Agreement to sign documents and to render any other assistance as is reasonably necessary in their opinion to carry out the defense, prosecution or settlement. The Renewing Franchise Agreement

does not require Stanley Convergent Security Solutions to participate in your defense and/or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Proprietary Marks, or if a proceeding involving the Proprietary Marks is resolved unfavorably to you.

You must not directly or indirectly contest Stanley Convergent Security Solutions right of ownership or their right to use any of their trademarks, trade secrets or business techniques that are part of their business. You may not establish an Internet domain name or an Internet website containing the word "Sonitrol" or any variation of the word, except under rules they establish.

They do not know of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

Stanley Convergent Security Solutions owns or co-owns the five issued patents that are material to the franchise, as disclosed below:

Title:	"Security Monitoring Methodology Using Digital Audio"
Date of Issuance:	August 12, 2008
Date of Expiration:	~~April 29, 2025~~May 10, 2026
Patent Number:	7,411,490
Type of Patent:	Electronic Device and Process
Nature of the Patent:	Transmission of audio data streams corresponding in time to a triggering event and buffered audio data streams that correspond to time before the triggering event
Relation to the Franchise:	Current central monitoring system products to be used by franchisees include this feature

Title:	"System and Method for Monitoring Security at a Premises"
Date of Issuance:	August 21, 2012
Date of Expiration:	~~November 8, 2025~~December 19, 2027
Patent Number:	8,248,226
Type of Patent:	Electronic Device and Process
Nature of the Patent:	Security system compares audio signals with stored false alarm signatures to determine whether an alarm condition exists

Relation to the Franchise:	Current central monitoring system products to be used by franchisees include this feature
Title:	"System and Method for Monitoring Security at a Premises Using Line Card"
Date of Issuance:	July 26, 2011
Date of Expiration:	~~September 4, 2028~~January 26, 2030
Patent Number:	7,986,228
Type of Patent:	Electronic Device and Process
Nature of the Patent:	Security system with alarm system that receives report data that is regulated in accordance with UL 1610 requirements and reports data that is not regulated in accordance with UL 1610 requirements
Relation to the Franchise:	Current central monitoring system products to be used by franchisees include this feature
Title:	"System and Method for Monitoring Security at a Plurality or Premises"
Date of Issuance:	June 24, 2008
Date of Expiration:	April 24, 2026
Patent Number:	7,391,315
Type of Patent:	Electronic Device and Process
Nature of the Patent:	This invention relates to alarm systems, and more particularly, this invention relates to alarms systems in which audio is forwarded from an audio sensor to a central monitoring station or server
Relation to the Franchise:	Current central monitoring system products to be used by franchisees include this feature
Title:	"System and Method for Monitoring Security at a premise using line card with secondary communications channel"
Date of Issuance:	September 10, 2013
Date of Expiration:	September 15, 2031
Patent Number:	8,531,286
Type of Patent:	Electronic Device and Process
Nature of the Patent:	This invention relates to alarm systems, and more particularly, this invention relates to alarms systems in

	which alarm signals as alarm report data are forwarded from an alarm panel at a premise to a central station
Relation to the Franchise:	Current central monitoring system products to be used by franchisees include this feature

There are currently no material determinations of the USPTO or a court regarding these patents.

Stanley Convergent Security Solutions and we do not own any registered copyrights that are material to the franchise.

Proprietary Information

Although they have not filed any applications for copyright registrations, Stanley Convergent Security Solutions owns proprietary rights and claims common law copyrights on its Subscriber Contract forms, and the Manuals. (The Manuals are described in Item 11) These materials are delivered to you for use solely in your Sonitrol Business. The Manuals and various other bulletins and directives, which Stanley Convergent Security Solutions publishes to their franchise system periodically and which relate to the standards, procedures and specifications of the Sonitrol Program and to the operation of a Sonitrol Business are proprietary and confidential. Stanley Convergent Security Solutions grants you a limited non-exclusive license to use their trade secrets and proprietary know-how relating to the operation of the Sonitrol Program (the "Proprietary Information"). You acquire no interest in the Proprietary Information provided to you other than the right to utilize it in development and operation of the Sonitrol Program in accordance with and during the term of the Renewing Franchise Agreement. You also must treat the contents of the Manuals as confidential. You are prohibited from disclosing, copying, duplicating, recording, reproducing or otherwise making available the contents of the Manuals to any unauthorized person without their consent.

Stanley Convergent Security Solutions also owns proprietary rights and common law copyrights in the software packages that are licensed to you when you purchase equipment from them.

You must promptly tell Stanley Convergent Security Solutions and us when you learn about any actual or suspected unauthorized use of, or claim of right to, any of their Proprietary Information, including without limitation any common law copyrights in any written materials and/or software packages and any litigation instituted by any third party against Stanley Security Solutions or us or you involving Proprietary Information. Stanley Convergent Security Solutions is not under any obligation to take any action relating to any actual or suspected unauthorized use, but they will respond to such information in their sole discretion as they deem appropriate. If they discontinue or modify any of the Proprietary Information, we may require you, at your expense, to discontinue or similarly modify your use of that Proprietary Information.

Neither we nor Stanley Convergent Security Solutions, has any knowledge of any infringing uses of its proprietary rights or copyrights in this State, or in any other state where a

franchise business is located, which could materially affect your use of these proprietary rights and copyrights.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We recommend that you continue to personally participate in the actual operation of the Sonitrol Business, but you are not obligated to do so by the terms of your Renewing Franchise Agreement. However, your Sonitrol Business must be supervised "on premises" by a general manager or principal operating person who must be a person of good moral character and capable of performing all of your duties and obligations under the Renewing Franchise Agreement. That person must have successfully completed the initial sales training and technical training described in Item 11 of this disclosure document. Other than as described above, there are no limitations on whom you can hire as the manager of your Sonitrol Business. We do not require that the on-premises manager have an ownership interest in the franchised business. We do not require you to sign a personal guaranty.

Principals of the franchisee's business entity (if your franchise is owned and operated by a business entity) and/or certain employees hired by you after the opening of your Sonitrol Business may be required by us, at your expense for room, meal, living, travel costs and salaries, to enroll in training programs conducted by us or Stanley Convergent Security Solutions.

Under the terms of your Renewing Franchise Agreement, you must acknowledge that certain information relating to the Sonitrol Program is confidential, proprietary and a trade secret of Sonitrol.

During the term of your Renewing Franchise Agreement, you, the owners of the franchise entity, certain of your employees, your affiliates or parent company, or your immediate family members, may not manage, operate, control or participate in the ownership, management or control of any business that directly or indirectly competes with us.

Renewing Franchisees may, following expiration (but not termination) of their Renewing Franchise Agreement, operate a security related business that is not competitive, including the right to continue to monitor Subscriber Accounts, or have accounts monitored by Stanley Convergent Security Solutions or a Sonitrol franchisee approved by us, in accordance with their Renewing Franchise Agreement. Subject to certain conditions set out in the Renewing Franchise Agreement, for a period of five years following expiration (but not termination) of the Renewing Franchise Agreement, Stanley Convergent Security Solutions will provide central monitoring station software and monitoring support service to you.

Renewing Franchisees may (if they have not exercised the Complementary Products and Services opt out under their Renewing Franchise Agreement), under the Sonitrol Marks, sell or lease non-competitive, Complementary Products and Services. Complementary Products and

Services are those products and services which are: (1) related to the security industry, access control (managed or otherwise), fire alarm, video (closed circuit television) and/or alarm systems and that do not involve the use of any Proprietary Products, other than those contained in the Central Monitoring Station; (2) not competitive with the Sonitrol Program; (3) not materially detrimental or harmful to the Sonitrol Program. If you exercise the Complementary Products and Services opt out under the Renewing Franchise Agreement, you may not sell Complementary Products and Services in connection with your Sonitrol Business but must set up a separate entity to sell those products and services and you may not sell or lease the products using the Sonitrol Marks. Additional requirements for your sale or lease of Complementary Products and Services may be set out in the Manuals.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You cannot install, promote, lease, sell or service any products other than those approved by Stanley Convergent Security Solutions. You also cannot provide any services other than those approved by Stanley Convergent Security Solutions (See Item 8 of this disclosure document.) There is no limit on their right to change the type of approved products or services, although as a Renewing Franchisee, Stanley Convergent Security Solutions will not discontinue any Proprietary Product without providing for a substitute Proprietary Product and an end-of-life parts replacement and service plan. Stanley Convergent Security Solutions may designate or approve new or additional products, or add or discontinue products, subject to the other terms of the Renewing Franchise Agreement and the Manuals.

You must offer all goods and services authorized by Stanley Convergent Security Solutions unless as a Renewing Franchise you exercise the National Account Opt-Out, in which case they and or we may sell or service or authorize another Sonitrol franchisee to sell or service all National Accounts in your APR. The services that you must offer include, without limitation, alarm system installation, access control system installation, repair, service and monitoring. You must comply with Sonitrol warranty and customer service programs. You must maintain your vehicle in an attractive and professional appearance and maintain your equipment in a good state of repair.

You are not limited as to the customers to whom you may sell goods or services.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of your Renewing Franchise Agreement. You should read these provisions in the Agreement attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Term of Franchise	Section 2.01	15 years beginning on the effective date set out in your Renewing Franchise Agreement, unless terminated earlier pursuant to the Renewing Franchise Agreement.
b. Renewal or Extension of term	Section 2.02	You may, at your option, renew your initial Renewing Franchise Agreement, for one additional period of fifteen (15) years (the "Renewal Term"). At the end of the Renewal Term, you may be given the right to continue your Sonitrol franchise under the terms and conditions then offered to new franchisees
c. Requirements for you to renew or extend	Sections 2.02. - and 2.03	At the end of your initial term, you may renew if you provide timely written notice of your election to renew; you are not in default under the Renewing Franchise Agreement; and you sign a mutual general release (a copy of the form of Mutual Release of All Claims is included as Exhibit L to this disclosure document). At the end of your Renewal Term, you may be provided the right to renew, and if so, you must have satisfied the conditions for renewal stated above, and you must sign the then current form of franchise agreement, which may have materially different terms and conditions than your original contract. The term renewal, for the Renewal Term, means that the franchise relationship is extended for an additional term of years under the terms of your original Renewing Franchise Agreement; the term renewal for any subsequent renewal period means that the franchise relationship is extended according to the then current terms and conditions offered by us to new franchisees which may be materially different terms and conditions than your original contract.
d. Termination by You	Not Applicable	Not Applicable
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Section 16 and 17	We can terminate only if you default under your Renewing Franchise Agreement.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
g. "Cause" defined - defaults which can be cured	Sections 16.01(b), 16.01(d), 16.01(e), 16.01(f), 16.01(g), 16.01(h), 16.01(i), 16.02(b) and 16.02(c)	We may terminate the Renewing Franchise Agreement 30 days after written notice of termination to you, if the following events of default have not been cured within the applicable cure period: (i) your failure to pay when due any monies owed to us or Stanley Convergent Security Solutions under the Renewing Franchise Agreement, Monitoring Agreement or agreements related to the central monitoring station; (ii) a criminal conviction of you, or your manager, existing equity holder, key employee, or an officer, director, owner, partner or principal of your Sonitrol Business holding at least a 25% ownership interest, for a felony offense involving moral turpitude, or any crime or act that could substantially impair the goodwill associated with the Sonitrol Marks; (iii) a material misrepresentation or false statement made by you or on your behalf to us in connection with the signing of the Renewing Franchise Agreement, or in any accounting, report or plan that you submit to us; (iv) your breach of any material obligation or failure to observe or perform any covenant or agreement under the Renewing Franchise Agreement or any agreement relating to the central monitoring station. We may terminate the Renewing Franchise Agreement immediately upon written notice to you if the following events of default have not been cured within the applicable cure period: (i) the filing against you of an involuntary petition of bankruptcy, reorganization, or insolvency, or similar proceeding or the appointment of a receiver or trustee; or (ii) a final judgment or unappealed decision of a regulatory body that results in the suspension of the license(s) required to operate your Sonitrol Business.
h. "Cause" defined - defaults which cannot be cured	Section 16.01(a), 16.01(c), 16.01(h), 16.01(k), 16.02(a), and 16.02(d)	

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		We may terminate the Renewing Franchise Agreement upon 30 days prior written notice if the following events of default occur: (i) you fail to meet your MPRs under the Renewing Franchise Agreement for two consecutive calendar years; or (ii) you repeatedly fail to comply with the Renewing Franchise Agreement. We may automatically terminate the Renewing Franchise Agreement upon the following events of default: (i) your insolvency; (ii) an assignment for the benefit of creditors; (iii) the filing of a bankruptcy petition, reorganization or similar proceeding; (iv) your voluntary abandonment of the Sonitrol Business for 5 consecutive days; or (v) you provide certain services or products to former Sonitrol franchisees after receiving notice of their termination from us.
i. Your obligations on termination or non-renewal	Section 17.02 and 18.01	Upon termination or expiration you must: (i) within ten (10) days assign all right, title and interest in all customer or public communication media published or associated with the Sonitrol Marks; (ii) remove from your premises the Sonitrol Marks and stop using all materials bearing the Sonitrol Marks; (iii) promptly pay us all amounts due; (iv) within 30 days of our request, mail a registered letter approved by us to all Subscriber Accounts, return receipt requested to us, informing the Subscriber that you are no longer authorized or licensed to operate under the Sonitrol Marks, and requesting that the Subscriber remove all materials bearing the Sonitrol Marks from its premises; (v) within 6 months, remove from the premises of Subscriber Accounts all materials bearing the Sonitrol Marks; (vi) within 10 days, return to us all copies of confidential information, including the Manuals; (vii) cancel all assumed name or equivalent registrations relating to the use of the Sonitrol Marks and notify, within 30 days, the telephone company and all listing agencies of the termination or expiration of your right to use the Sonitrol Marks, and transfer all telephone numbers to us or our designee; (viii) comply with and be bound by all applicable provisions of the Renewing Franchise Agreement that survive termination; (ix) not purchase or obtain any Sonitrol Products and

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		Services and will not install any new or additional Sonitrol Products and Services; (x) not sell any Sonitrol Products and Services; and (xi) comply with any applicable non-competition covenants.
j. Assignment of Contract by us	Section 14.05	We may assign the Renewing Franchise agreement to anyone assuming our obligations under the Renewing Franchise Agreement.
k. "Transfer" by you - defined	Sections 14.01	Transfer means any assignment, pledge, grant of a security interest, sale, conveyance or transfer, whether voluntary, involuntary or by operation of law of (i) the Renewing Franchise Agreement, (ii) any interest in the Renewing Franchise Agreement, including Subscriber Accounts (except for sales to another Sonitrol franchisee with protected rights to the territory where the Subscriber Accounts are located), (iii) any interest or right granted under the Renewing Franchise Agreement or Sonitrol Business, (iv) any controlling interest in the franchisee (defined as more than 50% ownership or right to vote in the franchisee) without our consent.
l. Our approval of transfer by you	Sections 14.01 and 14.03	With the exception of limited circumstances, we and Stanley Convergent Security Solutions must approve all transfers, but we will not unreasonably withhold our consent.
m. Conditions for our approval of transfer	Section 14.03	Transferee must meet the standards and requirements for a new Sonitrol franchisee; you may not be in default under the Renewing Franchise Agreement or any other agreement with us; you must pay all outstanding amounts due to us; you must execute a mutual general release (a copy of the form of Mutual Release of All Claims is included as Exhibit L to this disclosure document); transferee must execute an acknowledgement accepting the terms of the Renewing Franchise Agreement, all other agreements between you and us and Stanley Convergent Security Solutions, and the then current Manuals; transferee must pay us a transfer fee of $7,500.
n. Sub-franchisor and Stanley Convergent Security Solutions right of first refusal (during the	Section 15.01	If you receive an offer to purchase any assets or interest which would require our consent to transfer, you must first offer the assets or interest to

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
term of the Renewing Franchise Agreement)		us and then to Stanley Convergent Security Solutions.
o. Our option to purchase your business	Sections 15.02, Section 18.02, Section 18.03(a), Section 18.03(b), and Section 18.04	Section 15.02: During the 30-day option period following our receipt of the purchase offer, outlined in n. above, we have an irrevocable option to purchase your Sonitrol Business under the same terms as the offer. We will give you written notice within the 30-day option period if we elect to exercise the option. If we do not elect to exercise the option or the initial option period expires, then Stanley Convergent Security Solutions shall have an additional 30 days to elect to purchase the Sonitrol business. If neither Sub-franchisor nor Stanley Convergent Security Solutions exercise the option to purchase, then you may sell to the third party who extended the offer during the 180-day period immediately following the expiration of the option periods on the same terms (including payment terms), and at a price greater than or equal to that in the purchase offer, as long as the conditions of transfer are met (see m. above). Section 18.02: Upon termination or expiration of your Renewing Franchise Agreement, and upon certain conditions, you may require us to purchase all unused inventory of certain physical Sonitrol Products, the purchase price being the lesser of the actual cost and the then current fair market value. We are allowed to offset any monies you owe under the Renewing Franchise Agreement or other agreements against the purchase price. Section 18.03(a): Any time during the 365 days following the termination of your Renewing Franchise Agreement due to an event of default, if you receive an offer to purchase any of your assets or interests, you must first grant us, then Stanley Convergent Security Solutions, an irrevocable right of first refusal. Section 18.03(b): During the 30-day option period following our receipt of the purchase offer, outlined in Section 18.03(a) above, we have an irrevocable option to purchase under the same terms and conditions as the offer. If we do not exercise the option then an additional 30-day option period begins for Stanley Convergent Security Solutions. If neither of us exercises the option then you may

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		sell to the party who extended the offer during the 180-day period immediately following the expiration of the option periods on the same terms, and at a price greater than or equal to that in the purchase offer. Section 18.04: Within 60 days following termination or expiration of your Renewing Franchise Agreement, we have the option to purchase your rights to your National Account subscribers for fair market value.
p. Your death or disability	Section 14.02(d)	You may transfer a controlling interest (defined as more than 50% ownership or right to vote in the franchisee) to an immediate family member, key employee, or existing equity holder who meets our requirements for Sonitrol franchisees, and prior to distribution you were an immediate family member, key employee or existing equity holder.
q. Non-competition covenants during term of franchise	Section 20.01	You cannot be connected in any manner with a competitive business
r. Non-competition covenants after the franchise is terminated or expires	Section 20.02 Section 20.03	You may operate a security related business that is not competitive and you may monitor your accounts using your central monitoring station or have your accounts monitored by us or another Sonitrol franchisee approved by us. If the Renewing Franchise Agreement expires (rather than is terminated), if you meet certain conditions, Stanley Convergent Security Solutions will provide central monitoring station software and support for five years following expiration
s. Modification of the Agreement	Section 22.10	There may be no modifications unless they are in writing and signed by all parties
t. Integration/merger clause	Section 22.10	Only the terms of the Renewing Franchise Agreement, any document signed at the same time as the Renewing Franchise Agreement, and any agreements or policies referenced or incorporated in the Renewing Franchise Agreement are binding. (subject to state law) Any other representations or promises outside of the disclosure document and the Renewing Franchise Agreement may not be enforceable. However, nothing in the Renewing Franchise Agreement, or any related agreement, is intended to disclaim the representations made in the

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		franchise disclosure document that we provided you.
u. Dispute resolution by arbitration or mediation	Section 22.08	Except for limited circumstances, you must participate in mandatory non-binding mediation for dispute resolution, which must be commenced within 60 days of the initiation of dispute resolution negotiations. If dispute is not resolved within 90 days of the appointment of the mediator, the parties will resolve the dispute by binding arbitration. The arbitrator must render judgment within 180 days of the arbitrator's appointment. The mediation and arbitration requirement does not prohibit us from terminating your Renewing Franchise Agreement or seeking an injunction.
v. Choice of forum	Sections 22.07 and 22.08	You consent to jurisdiction in the U.S. District Court for the District of Delaware for litigation in court and mediation and arbitration in the Wilmington, Delaware.
w. Choice of Law	Section 22.07	Delaware law applies.

(a). THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

(b). California Business and Professions Code 20000 through 20043 establish the rights of the franchisee concerning termination, transfer or non-renewal of a franchise. If the Renewing Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

(c). The Renewing Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. sec. 101 et seq.).

(d). The Renewing Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision is not enforceable under California law.

(e). The Renewing Franchise Agreement requires you to participate in non-binding mediation and binding arbitration with Wilmington, Delaware as the forum. Each party will pay their own expenses associated with mediation, provided, however, that the fees associated with the mediator will be shared equally by the parties. Each party will pay their own expenses associated with arbitration, provided however, in addition to any arbitration award, the prevailing party is entitled to recover reasonable costs and attorney's fees related to the arbitration proceeding, enforcement of the arbitration provision in the ~~r~~Renewing Franchise Agreement and/or

enforcement of any arbitration award. This provision may not be enforceable under California law.

(f). Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedures Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the state of California.

(g). The Renewing Franchise Agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.

(h). The Renewing Franchise Agreement requires Delaware as the forum for litigation. This provision may not be enforceable under California law.

(i). California Corporations Code, Section 31125, requires us to give you a disclosure document, approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your renewing franchise agreement.

(j). You must sign a mutual general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act. (Business and Professions Code Sections 20000 through 20043).

(k). The Franchise Agreement contains a provision requiring you to waive your right to incidental, punitive, special, exemplary, speculative or consequential damages against the franchisor limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions may not be enforceable in California for any claims you may have under the California Franchise Investment Law.

(~~k~~l). OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

(~~l~~m). **Registration of this franchise does not constitute approval, recommendation, or endorsement by the commissioner.**

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchises, nor is any public figure involved in our management or control. No public figure has invested in us.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The Federal Trade Commission's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the Sub-franchisor's management by contacting Ruth Nicholas, Sonitrol Security, Inc. 1300 Galaxy Way, #6, Concord, California 94520 (925) 687-1055, the Federal Trade Commission and the California Department of Financial Protection and Innovation.

ITEM 20
LIST OF FRANCHISE OUTLETS

There are 133 dealer franchises in operation as of the date of this Disclosure Document. This total includes the Stanley Convergent Security Solutions company-owned dealerships (~~59~~60 in number). Of these, 15 are within our territory. A list of the names, addresses and telephone numbers of franchisees within our territory is attached as Exhibit M.

Table No. 1
Systemwide Outlet Summary
For Fiscal Years ~~2019/2020/2021~~2020/2021/2022

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020~~2019~~	15	15	0
	2021~~2020~~	15	15	0
	2022~~2021~~	15	15	0
Company Owned	2020~~2019~~	0	0	0
	2021~~2020~~	0	0	0
	2022~~2021~~	0	0	0
Total Outlets	2020~~2019~~	15	15	0
	2021~~2020~~	15	15	0
	2022~~2021~~	15	15	0

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Fiscal Years ~~2019/2020/2021~~2020/2021/2022

Column 1	Column 2	Column 3
State	Year	Number of Transfers
CA	2020~~2019~~	0
	2021~~2020~~	0
	2022~~2021~~	0
HI	2020~~2019~~	0
	2021~~2020~~	0
	2022~~2021~~	0
Totals	2020~~2019~~	0
	2021~~2020~~	0
	2022~~2021~~	0

Table No. 3
Status of Franchised Outlets
For Fiscal Years ~~2019/2020/2021~~2020/2021/2022

Col.1	Col.2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Opera-tions-Other Reasons	Outlets at End of the Year
CA	2020~~2019~~	14	0	0	0	0	0	14
	2021~~2020~~	14	0	0	0	0	0	14
	2022~~2021~~	14	0	0	0	0	0	14
HI	2020~~2019~~	1	0	0	0	0	0	1
	2021~~2020~~	1	0	0	0	0	0	1
	2022~~2021~~	1	0	0	0	0	0	1
Totals	2020~~2019~~	15	0	0	0	0	0	15
	2021~~2020~~	15	0	0	0	0	0	15
	2022~~2021~~	15	0	0	0	0	0	15

Table No. 4
Status of Company-Owned Outlets
For Fiscal Years ~~2019/2020/2021~~2020/2021/2022

Col.1	Col.2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CA	20202019	0	0	0	0	0	0
	20212020	0	0	0	0	0	0
	20222021	0	0	0	0	0	0
HI	20202019	0	0	0	0	0	0
	20212020	0	0	0	0	0	0
	20222021	0	0	0	0	0	0
Totals	20202019	0	0	0	0	0	0
	20212020	0	0	0	0	0	0
	20222021	0	0	0	0	0	0

Table No. 5
Projected Openings as of August 31, 20212022

Column 1	Column 2	Column 3	Column 4
STATE	**FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED**	**PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR**	**PROJECTED NEW COMPANY OWNED OUTLETS IN THE NEXT FISCAL YEAR**
CA	0	0	0
HI	0	0	0
Totals	0	0	0

Following is a list of the names, cities and states and current business telephone number (or, if unknown, the last known home telephone numbers) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Renewing Franchise Agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

None.

Following is a list of the names, cities and states and current business telephone numbers (or, if unknown, the last known home telephone numbers) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do

business under the Renewing Franchise Agreement from the date of our most recently completed fiscal year end until the date of this disclosure document:

None.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Following is a list of the names, cities and states and current business telephone numbers of franchisees that signed a Renewing Franchise Agreement during the most recently completed fiscal year but have not yet opened a franchised outlet:

None

The sub-Franchisor is not currently selling a previously-franchised outlet now under its control.

The Sonitrol Dealer Advisor Council is trademark-specific franchisee organization that advises Stanley Convergent Security Solutions on certain matters important to Sonitrol franchisees. The Sonitrol Dealer Advisory Council's contact information is as follows: Mr. Chip Shiver, Chairman, Sonitrol Dealer Advisory Council, 6404 Thornberry Court, Mason, Ohio 45054, 513-719-4055, cshiver@sonitrolsw.com.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit N are our audited, financial statements for the fiscal periods ended August 31, ~~2021~~2022, August 31, ~~2020~~ 2021 and August 31, ~~2019~~2020.

Stanley Convergent Security Solutions (formerly Sonitrol Franchise Company, L.L.C.) has an agreement to assume the future performance obligations of the Sub-franchisor under Dealer Renewing Franchise Agreements executed after October 1, 1990, but only in the event Sub-franchisor is unable to perform its obligations to you under the Dealer Renewing Franchise Agreement. In the event that Stanley Convergent Security Solutions assumes the future performance obligations of Sub-franchisor pursuant to the assumption, Sub-franchisor will assign to Stanley Convergent Security Solutions all its right, title and interest to the Sonitrol Dealer Renewing Franchise Agreement under which Sub-franchisor is in default. Stanley Convergent Security Solutions is not liable under the assumption for defaults by the Sub-franchisor. (Exhibit B)

ITEM 22
CONTRACTS

Attached to this disclosure document are copies of the following agreements and forms relating to the Sonitrol franchise:

Exhibit A	Renewing Franchise Agreement and Addendum
Exhibit D	My Sonitrol.net Agreement and Addendum
Exhibit E	Table of Contents for Manuals
Exhibit F	Monitoring Agreement
Exhibit G	SONIP™ Equipment Purchase Agreement
Exhibit H	SONIP™ Software License Agreement
Exhibit I	SONIP™ Service Agreement
Exhibit K	General Release of All Claims
Exhibit L	Mutual Release of All Claims

ITEM 23
RECEIPT

Two copies of an acknowledgment of your receipt of this Disclosure Document appear as Exhibit O. Please sign this receipt and return it directly to us at our offices at 1300 Galaxy Way, Suite 6, Concord, California 94520. If this page or any other pages or exhibits are missing from your copy, please contact us at (925) 687-1055.

EXHIBIT A

RENEWING FRANCHISE AGREEMENT

SONITROL FRANCHISE AGREEMENT
(Sonitrol 3-Party Franchise – Existing Franchisees)

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SONITROL FRANCHISE AGREEMENT
(Sonitrol 3-Party Franchise – Existing Franchisees)

THIS SONITROL FRANCHISE AGREEMENT (Sonitrol 3-Party Franchise - Existing Franchisees) (this "Agreement") is effective this _____ day of _____, _____ by and between Stanley Convergent Security Solutions, Inc., a Delaware corporation (successor by merger to Sonitrol Franchise Company, L.L.C.), having its principal business offices located at 8350 Sunlight Drive, Fishers, Indiana 46037 (referred to herein as "Sonitrol"), Sonitrol Security, Inc., having its principal business offices located at _____, Concord, California (referred to herein as "Distributor"), and _____, _____ [*entity type and state of formation*], having its principal business offices located at _____ (referred to herein as "Franchisee").

Background

A. Sonitrol has developed a unique system for the promotion, sale and delivery of Sonitrol Products and Services (collectively referred to as the "Sonitrol System"), which is implemented through a network of company-affiliated operators and independent franchised dealers (collectively referred to as the "Sonitrol Franchise System");

B. Distributor may establish franchisees within the area of primary responsibility, including a geographic area of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Inyo, Kern, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo, and Yuba counties in California and the State of Hawaii pursuant to a Distributor Agreement dated March 24, 1976 by and between Sonitrol Corporation (the predecessor of Sonitrol) and Distributor (as amended, the "Distributor Agreement"); and

C. Franchisee desires to operate a Sonitrol Franchise pursuant to the terms set forth in this Agreement.

Agreement

NOW, THEREFORE, for good and valuable consideration the receipt and adequacy of which is acknowledged, and intending to be legally bound, Franchisee, Distributor and Sonitrol agree as follows:

Definitions

Whenever any of the following terms are capitalized within this Agreement, they will have the meanings set forth immediately below.

"Affiliate" means a person or legal entity under common ownership or Control with the respective person or entity referenced in the provision where this term is used.

"Approved National Advertising" is advertising or promotion which Sonitrol approves for release on a regional or system-wide basis, in accordance with the advertising and promotion requirements set forth in the Sonitrol Franchise Standards Manual. Neither Sonitrol nor Distributor will produce or allow advertising materials to contain price points or discounts for Sonitrol Products and Services in Franchisees' Exclusive Territory unless all of the following are applicable: (1) the subject of the advertising (including internet advertising) is Sonitrol's National Accounts program as described in the Sonitrol Franchise Standards Manual; (2) the advertising is conducted through the Internet or other electronic media (including, without limitation, text messaging) and is not directed specifically at the Exclusive Territory; and (3) the price point or discounts are consistent with the minimum compensation requirements set forth in Section 10.16.

"Approved Vendor" is a manufacturer, supplier or servicer of Proprietary Products or Controlled Products, which meets the standards for approved status as set forth in this Agreement and, as applicable, the Sonitrol Franchise Standards Manual.

"Authorized Location" or **"Authorized Facility"** is a physical office or operating facility from which Franchisee conducts its Sonitrol Business, which complies with the reasonable requirements set forth in the Sonitrol Franchise Standards Manual, and which may or may not include a Central Monitoring Station.

"Central Monitoring Station" means the configured and integrated Proprietary Products, Controlled Products and other software and components that are not proprietary to Sonitrol, but are necessary for the proper functioning of such products together to perform the continuous monitoring of the Sonitrol Products and Services. The software and components which may be integrated into the Central Monitoring Station are determined in accordance with the reasonable standards and procedures set forth in the Sonitrol Franchise Standards Manual.

"Competitive" means (a) a security alarm business or platform which is solely or primarily based upon the use of impact-activated audio detection devices and/or technology (including the centralized monitoring of such devices), or (b) managed access control utilizing the Sonitrol Marks and which is integrated into, or connected with, a Proprietary Product.

"Complementary Products and Services" are those products and services which are: (1) related to the security industry, access control (managed or otherwise), fire alarm, video (CCTV) and/or alarm systems and that do not involve the use of any Proprietary Products, other than those contained in the Central Monitoring Station; (2) not Competitive with the Sonitrol System; (3) not materially detrimental or harmful to the Sonitrol System, as Sonitrol may determine in accordance with applicable provisions of Section 4.04 of this Agreement; and (4) approved for sale by Sonitrol and Distributor as per the terms and conditions set forth in Section 4.04 of this Agreement. Sonitrol may establish and revise the list of Complementary Products and Services from time to time in accordance with this Agreement. The current recognized lines of Complementary Products and Services are listed in Exhibit "E" attached hereto.

"Confidential Information" is information provided to Franchisee by Sonitrol and/or Distributor, their Affiliates, or the manufacturers/suppliers of Proprietary Products, which relates to the Sonitrol System or the Sonitrol Products and Services, and is not generally available to the

public or within the security industry except as a result of a violation of a duty to maintain the confidentiality of such information, including but not limited to, the Sonitrol Franchise Standards Manual and Sonitrol's Graphics Standards Manual, and other manuals, bulletins, policies or procedures Sonitrol or Distributor, as applicable, may publish from time to time; current, future or proposed products; training regarding the Sonitrol Products and Services; cost and pricing information regarding the Sonitrol Products and Services or Controlled Products; the processes, services, policies, procedures, records and identity of Subscriber Accounts owned by Sonitrol or Distributor, as applicable; plans, technologies, software, installation and operating techniques relating to Sonitrol Products and Services; and plans and information relating to the marketing and sale of Sonitrol Products and Services.

"Control" or **"Controlling Interest"** means the ownership (legal or beneficial) of more than 50% of the equity or beneficial interests in any legal entity or the right to vote (whether by direct ownership, contract or other agreement) of more than 50% of the voting interests in any legal entity.

"Controlled Products" are those products which Sonitrol does not manufacture or to which Sonitrol does not own proprietary rights, but which are an integral part of, and have specific performance requirements or protocols which are necessary for the proper functioning of, the Sonitrol Products and Services, and which, from time to time, Sonitrol specifies for Franchisee's use by manufacturer and part number. Other Controlled Products are those that Sonitrol has authorized to bear the Sonitrol Marks. Sonitrol may establish and revise the list of Controlled Products from time to time in accordance with the Sonitrol Franchise Standards Manual. A current list of Controlled Products is attached as Exhibit "J" hereto.

"Cure Period(s)" are the respective time frames set forth in Section 16.02 of this Agreement by which an Event of Default must be remedied.

"DAC" is the Dealer Advisory Council described in Article XIX of this Agreement.

"Dealer Information" means the confidential and proprietary information concerning Franchisee and/or Franchisee's Sonitrol Business which Franchisee may be required to provide Sonitrol and/or Distributor (or may provide on a voluntary basis) pursuant to this Agreement and the policies set forth in the Sonitrol Franchise Standards Manual and which is not generally available to the public or within the security industry except as a result of a violation of a duty to Franchisee to maintain the confidentiality of such information. Such information includes, but is not limited to, financial information, tax returns, customer lists and customer information (including records and identities of Subscriber Accounts owned by Franchisee, except with respect to National Account Customers).

"Default Notice" is the written notice that Sonitrol or Distributor delivers to Franchisee informing Franchisee that an Event of Default has occurred.

"Effective Date" is the first day of the calendar month immediately after the occurrence of each of the following: (i) this Agreement has been fully executed by each of Franchisee, Distributor and Sonitrol; (ii) not less than 50% of the aggregate number of current Sonitrol Franchisees representing at least 85% of the aggregate 2009 royalty revenues generated by all Sonitrol

Franchisees have each executed and delivered to Sonitrol (and Distributor in the case of three party agreements) agreements in a form substantially similar to this Agreement; and (iii) not less than ten (10) out of the fifteen (15) largest Sonitrol Franchisees in the Sonitrol System as determined by 2009 Gross Revenues, have each executed and delivered to Sonitrol (and Distributor in the case of three party agreements) agreements in form substantially similar to this Agreement.

"Event of Default" means the occurrence of an event that would constitute a breach of Franchisee's obligations under this Agreement as specified in Section 16.01 of this Agreement.

"Exclusive Territory" means the geographic area within which Franchisee has been granted the exclusive right to operate a Sonitrol Business pursuant to the terms of this Agreement. Franchisee's Exclusive Territory is described in more detail in Exhibit "A" to this Agreement.

"Existing Equityholder" means any person or entity having an ownership interest (*i.e.* voting rights or rights to distributions of profits or to assets in liquidation) in Franchisee as of the date of this Agreement and about whom Franchisee previously notified Sonitrol and Distributor in writing and to whose ownership Sonitrol and Distributor have consented in writing. A list of the current Existing Equityholders is set forth in Exhibit "G" hereto.

"Existing Franchise Agreement" shall have the meaning set forth in Section 22.11 of this Agreement.

"Existing Franchisee" means a Sonitrol Franchisee which operates a Sonitrol Business pursuant to a franchise agreement executed and in effect prior to the Effective Date, and which has elected to terminate that agreement and continue to operate its Sonitrol Business under a written agreement substantially similar in form to this Agreement.

"Fund" means the advertising fund which may be established as provided in Section 8.02 of this Agreement.

"Franchisee Control Group" means two or more legal entities owned by Affiliates which are parties to Franchise Agreements with Sonitrol (whether a two party agreement or a three party agreement).

"**GSA Products and Services**" means those certain products and services made available for sale by Sonitrol GSA authorized dealers to government customers, as more fully set forth in Sonitrol's then current GSA Authorized Dealer Program.

"Gross Revenues" means all revenues from any source that Franchisee accrues or otherwise is required to recognize as income (under generally accepted accounting principles applicable in the United States) which is derived from or in connection with the operation of its Sonitrol Business, whether in cash, in services, in kind, from barter and/or exchange (valued at the full retail value of the goods or services received), on credit, or otherwise. However, Gross Revenues does not include: (1) documented refunds, credits and/or allowances that Franchisee gives in good faith to Subscriber Accounts, and all sales, use, gross receipts or similar taxes on Franchisee's revenues or receipts (excluding income taxes) that Franchisee is legally required to collect from a third party and pay to the appropriate taxing authority; (2) revenues derived

directly from any Permitted Dealer-to-Dealer Transaction; (3) bad debt/uncollectible charges, sales allowances, coupons and discounts given to customers or employees, to the extent the full retail price was credited to sales revenues and the amount of the discount, charge or allowance was then charged as an expense; and (4) revenues derived from Complementary Products if Franchisee has elected to opt out under Section 4.04.

"Immediate Family Member" is a spouse, child, sibling or parent of an Existing Equityholder.

"Independent Sonitrol Distributor" is a person or entity who is a party to a distribution agreement with Sonitrol for a defined territory in the United States or Canada, which permits such Independent Distributor to sub-franchise Sonitrol franchises, but which distributor is not an Affiliate of Sonitrol. As of the Effective Date, the "Independent Sonitrol Distributors" are ~~Sonitrol Distribution Canada, Inc.,~~ Beaushu, Inc., Sonitrol of New Orleans and Sonitrol Security, Inc.

"Key Employee" is someone employed in the Sonitrol Business for at least five (5) years in a management position. "Management position" means a position held by a person who regularly exercises discretion over, and has the authority to legally bind~~,~~ Franchisee, (including the officers, the directors, a Manager, or the director of operations).

"Manager" shall have the meaning set forth in Section 10.07 of this Agreement.

"Monitoring Agreement" is the agreement between Franchisee and Sonitrol (or another approved Sonitrol Franchisee) to provide Central Monitoring Station services to Subscriber Accounts. Sonitrol's current standard form of Monitoring Agreement is set forth in the Sonitrol Franchise Standards Manual.

"MPRs" are Franchisee's annual performance obligations as set forth in Section 6.04 of this Agreement.

"**National Account Contract**" is a contract predominantly for the provision of Sonitrol Products and Services. To the extent that a National Account Contract specifies Complementary Products and Services for which Franchisee is qualified to provide and Franchisee has not Opted Out under Section 4.04, Sonitrol and Distributor will offer for sale such products to Franchisee if not otherwise available through normal distribution channels.

"National Account Customer" is any organization (including non-profit, public and private businesses or governmental agencies) which is a party to a National Account Contract or meets all of the following criteria:

(1)Has centralized management of its security services;

(2)Fifty percent (50%) or more of its business locations are not, prior to the time of designation as a National Account Customer, currently served by Sonitrol Franchisees; and

(3)Has either:

(a) at least twenty-five (25) locations spanning three or more franchise territories owned by three or more Franchisee Control Groups or Sonitrol company-owned locations; or

(b) at least ten (10) locations spanning five or more franchise territories owned by three or more Franchisee Control Groups or Sonitrol company-owned locations.

"National Account Subscriber" is an individual Subscriber Account at a particular location or with a particular entity, the terms of which are subject to a National Account Contract. For example, if a National Account Contract was entered into with a national chain of restaurants, each individual restaurant location will be a separate National Account Subscriber.

"Permitted Dealer-to-Dealer Transaction" means any sale or provision of monitoring services in accordance with the standards contained in the Sonitrol Franchise Standards Manual by one Sonitrol Franchisee to another Sonitrol Franchisee, each in good standing under their respective agreements with Sonitrol and Distributor, if applicable, or the sale or provision of such products or other services between two (2) Sonitrol Franchisees as Sonitrol and/or Distributor, if applicable, may approve in advance in writing, such approval not to be unreasonably withheld.

"Proprietary Products" means any products approved by Sonitrol for sale, lease or installation in connection with the Sonitrol Business that (1) are proprietary, impact-activated, audio intrusion detection devices and systems, or integrated central station managed access control products; (2) bear the Sonitrol Marks; (3) are manufactured by Sonitrol or its designee; (4) are exclusive to the Sonitrol System; and (5) rely on technology or intellectual property rights in which Sonitrol has an ownership interest. The current list of Proprietary Products is attached as Exhibit "K" hereto. Sonitrol may establish and revise the list of Proprietary Products from time to time in accordance with the Sonitrol Franchise Standards Manual.

"Qualified Retirement Trust" means a qualified pension, profit sharing, or stock bonus plan (including an ESOP) as defined under Internal Revenue Code §401.

"**RMR**" shall mean all recurring monthly contractual revenue due from a Subscriber for access control monitoring, maintenance, fire monitoring, and audio-intrusion monitoring, but shall not include any "pass-through" revenue (*e.g.*, amounts paid by a Subscriber for cellular back-up capabilities that are then used to pay the cellular provider).

"Royalty" is defined in Section 7.02 of this Agreement.

"Sonitrol Business" means the sale, lease, service, installation or monitoring of products and services using the Sonitrol Marks (including Sonitrol Products and Services) to customers, including National Account Customers, as part of the Sonitrol System. Specifically, Sonitrol Business includes the following: (1) the establishment of Subscriber Accounts or the selling or leasing of Sonitrol Products and Services to Subscribers; and (2) advertising Sonitrol Products and Services within the Exclusive Territory or from an Authorized Location.

"Sonitrol Franchisee" means the owner of a Sonitrol Business pursuant to the terms of a then currently effective Sonitrol franchise agreement, excluding franchises owned, operated or acquired by Sonitrol or its Affiliates.

"Sonitrol Franchise System" is defined in the Preamble to this Agreement.

"Sonitrol Marks" means the federally registered trademark "Sonitrol" (Registration No. 0912681) and any other proprietary marks that Sonitrol may authorize Franchisee to use pursuant to this Agreement, which may be replaced, substituted, discontinued or supplemented from time to time in accordance with the Sonitrol Franchise Standards Manual.

"Sonitrol Franchise Standards Manual" means, collectively, the body of written policies, standards, interpretive bulletins and directives relating to the Sonitrol System and for use by franchisees of Distributor that Sonitrol may publish and amend, supplement or replace from time to time, the current version of which is the June, 2010 version. For the avoidance of doubt, the Sonitrol Standards Manual includes the National Accounts Guide and the Graphics Standards Manual. The Sonitrol Franchise Standards Manual may only be modified in accordance with this Agreement; provided however, that Sonitrol may, without notice to, and without Distributor's or Franchisee's consent, and subject to the applicable terms of this Agreement, modify the National Accounts Guide and the Graphics Standards Manual.

In the event that the Sonitrol Franchise Standards Manual does not address a topic for which reference is made to the Sonitrol Franchise Standards Manual in this Agreement, Franchisee shall follow commercially reasonable standards of conduct consistent with the requirements of the Sonitrol Franchise Standards Manual and this Agreement, and if at a future date Sonitrol adopts standards and procedures relating to a topic, Franchisee shall conform its operations to such standards and procedures within a reasonable time after adoption.

"Sonitrol Products and Services" means any of the following: (1) Proprietary Products and Controlled Products bearing the Sonitrol Marks used therewith, (2) the sale, lease, installation and/or servicing of any of such products, devices and systems, and (3) the monitoring and other services provided to Subscribers with respect to any of such products, devices and systems.

"Sonitrol System" is defined in the Preamble to this Agreement.

"Subscriber Accounts" mean Subscribers who have contracted for Sonitrol Products and Services.

"Subscribers" are the customers who purchase, rent or lease Sonitrol Products and Services.

"Total Contract Value" means the sum of (i) the total charges for the sale and installation of equipment and (ii) the RMR for monitoring and other services multiplied by the number of months of the term of the contract.

"Transfer" means an assignment (whether for security or otherwise), pledge, grant of a security interest, sale, conveyance or transfer, whether it be voluntary, involuntary, by operation of law or otherwise.

Article I. FRANCHISE TERRITORY

Section 1.01 **Franchisee's Exclusive Territory. Subject** to the other rights, obligations and limitations set forth in this Agreement, Franchisee is hereby granted the exclusive right to operate a Sonitrol Business in the Exclusive Territory set forth in Exhibit "A." By signing this Agreement, Franchisee accepts these rights and agrees to use its best efforts to promote the Sonitrol Business in the Exclusive Territory, including the sale and service of Sonitrol Products and Services.

(a) Franchisee's existing territory or APR under its Existing Franchise Agreement will be the basis for determining the Exclusive Territory, under this Agreement, provided, however:

(1) Sonitrol may convert the way it identifies geographic boundaries to meet its current criteria for establishing territories for all Franchisees (e.g., if Franchisee's existing franchise territory or area of primary responsibility ("APR") is defined by counties, Sonitrol may identify the Exclusive Territory by the zip codes covering those counties). Subject to the applicable terms and restrictions of this Agreement, the Distributor Agreement, and the boundaries of the APR or territory, as applicable, granted to Distributor under the Distributor Agreement, Distributor may expand or modify Franchisee's Exclusive Territory in Distributor's discretion; provided however, that any Subscriber Account owned by Sonitrol within the expanded or modified territory as of the effective date of the expansion or modification shall not be deemed a breach of this Agreement and Sonitrol shall maintain ownership of that Subscriber Account without any duty to Franchisee.

(2) If at least 100 of Franchisee's Subscriber Accounts (or 10% of its total Subscriber Accounts, whichever is less) are located in a concentrated area adjacent to Franchisee's existing territory or APR, as applicable, and within the boundaries of the APR or territory granted to Distributor under the Distributor Agreement then Distributor, at its option, will either:

i) Include within the description of Franchisee's Exclusive Territory the geographic area where such Subscriber Accounts are located, or

ii) Allow Franchisee to continue to sell Sonitrol Products and Services within such geographic area where the accounts are located, on a non-exclusive basis.

Section 1.02 **Territorial Protection.** Except as specifically provided in Section 1.03 of this Agreement, neither Sonitrol nor any of its Affiliates, nor Distributor, will do any of the following within the Exclusive Territory during the term of this Agreement (or license, authorize or permit another to do any of these things):

(a) Establish or operate a business which uses the Sonitrol Marks;

(b) Promote or advertise the sale or service of Sonitrol Products and Services except by means of Approved National Advertising;

(c) Sell, rent, deliver or install Sonitrol Products and Services except through Franchisee;

(d) Sell, rent, deliver or install Complementary Products and Services bearing the Sonitrol Marks except through Franchisee; and/or

(e) Operate a Competitive business in the Exclusive Territory.

Except as provided in this Agreement, including without limitation, Section 1.03 of this Agreement, the Exclusive Territory is intended to be exclusive, and the protections in this Section 1.02 may not be subverted by use of intermediaries, third-party distributors or wholesalers, drop-shipping to third-party installers or alternate means of distribution.

Section 1.03 **Exceptions to Territorial Protections.**

(a) The restrictions contained in Section 1.02 of this Agreement do not apply to selling, leasing, delivering or installing Sonitrol Products and Services within the Exclusive Territory in any of the following circumstances:

(1) By Sonitrol or its Affiliates (or Distributor, as applicable) to an existing National Account Subscriber if either: (i) Franchisee fails to perform under the applicable National Account Contract (which failures are not corrected within any applicable Cure Period), or (ii) Franchisee exercises the "National Account Opt Out" as provided in Section 10.16(a).

(2) If Franchisee fails to meet its MPRs (which failure is not corrected within the applicable period provided in Subsection 6.04(a)), Distributor may: (i) re-designate the Exclusive Territory in Section 1.02 of this Agreement as non-exclusive and directly, or authorize others to, sell, lease, promote, advertise, deliver or install Sonitrol Products and Services and/or any other products and services using the Sonitrol Marks in the Exclusive Territory on a non-exclusive basis; or (ii) exercise any of its other rights and remedies provided under this Agreement.

(3) By Sonitrol to Subscriber Accounts in the Exclusive Territory which are, as of January 14, 2010, currently owned by Sonitrol (provided that such Subscriber Accounts were not sold or acquired in contravention of any territorial restrictions in Franchisee's Existing Franchise Agreement). Sonitrol has identified on Exhibit "B" all Subscriber Accounts in the Exclusive Territory of Franchisee that Sonitrol owns. Franchisee agrees that Sonitrol will be allowed to continue to service such accounts, but only in the same business premises as listed in

Exhibit "B" and if the Subscriber has not had a change of Control since the Effective Date. However, in the event the Subscriber gives up possession of the business premises or has a change of Control, the exception provided by this Subsection 1.03(a)(3) shall automatically expire as to such Subscriber Account and the provisions of Section 1.02 of this Agreement shall thereafter apply to such Subscriber Account. Except as expressly provided in this Section 1.03 and for National Account Customers pursuant to this Agreement, Sonitrol and Distributor each expressly acknowledges and agrees that neither it nor its Affiliates have any right to, nor will they, solicit or contract with new Subscriber Accounts in Franchisee's Exclusive Territory for Sonitrol Products and Services on or after the Effective Date. In the event Sonitrol and/or Distributor, or their Affiliates, contracts with any new Subscriber Account for Sonitrol Products and Services in violation of this obligation, Sonitrol and/or Distributor agrees that it will immediately turn over that account to Franchisee without compensation, and remit all compensation (less expenses) received from such Subscriber Accounts accrued from the later of (i) the Effective Date and (ii) the date on which such compensation started to accrue, until the date the account is turned over to Franchisee.

(4) Franchisee's rights to sell Sonitrol GSA Products and Services under Section 1.04 of this Agreement are provided on a non-exclusive basis and are subject to the terms and conditions of the then-current Sonitrol GSA Authorized Dealer Program; provided however, Franchisee will be offered the opportunity by Sonitrol to install, monitor and service Subscriber Account GSA Products and Services in Franchisee's Exclusive Territory. If Franchisee declines to install, monitor and service such GSA Subscriber Account, then Distributor may appoint a qualified sub-franchisee located within Distributor's area of primary responsibility who is a participant in the GSA Authorized Dealer Program. If Distributor fails or refuses to refer it to a qualified sub-franchisee within Distributor's area of primary responsibility, then Sonitrol may service such account without compensating Franchisee or Distributor. If Distributor does not designate a qualified sub-franchisee within Distributor's area of primary responsibility who is a participant in the GSA Authorized Dealer Program within three (3) days of such failure or decline of Franchisee to service such GSA Subscriber Account, Distributor must designate Sonitrol, or otherwise permit Sonitrol, to solicit and service such GSA Subscriber Account.

(b) Notwithstanding any other provision of this Agreement to the contrary, Sonitrol or any of its Affiliates, and Distributor to the extent permitted by the Distributor Agreement, shall have the right to sell, rent, deliver, promote, advertise or install Complementary Products and Services and other non-Proprietary Products and services which are not Competitive within the Exclusive Territory.

Section 1.04 **Government Accounts Under Sonitrol GSA.** To the extent that (1) Sonitrol has secured authorization to participate as an approved vendor to the United States federal government through the General Services Administration ("GSA") and (2) Franchisee meets all requirements to participate as a GSA Authorized Dealer (as more fully defined in the Sonitrol GSA Authorized Dealer Program Manual), Franchisee is authorized by Sonitrol to contract directly with, and supply GSA Products and Services to, any facility of the United States federal government, or any agency thereof, located in the Exclusive Territory. In doing so, Franchisee must give Sonitrol and Distributor written notice before Franchisee first provides any proposal to enter into any such contract or supply arrangement and Franchisee shall comply with all applicable GSA and Sonitrol requirements for sales to GSA customers as set forth in Sonitrol's GSA agreement and the then current Sonitrol GSA Authorized Dealer Program, including pricing and quality specifications. Failure to comply with such requirements is a breach of this Agreement, and Franchisee acknowledges that such noncompliance could jeopardize the authorization for the entire Sonitrol Franchise System to serve as an approved vendor to the United States federal government, and subject Franchisee and/or Sonitrol to civil fines and/or criminal liability. Notwithstanding anything to the contrary herein, Franchisee is not prohibited from otherwise contracting with any agency of the United States government for a Subscriber Account within the Exclusive Territory, or seeking its own GSA authorization for products and services other than Sonitrol Products and Services.

Section 1.05 **Non-solicitation.** Except as provided in Subsections 1.02 and 10.16 of this Agreement, neither Sonitrol nor Distributor will contact or solicit Subscriber Accounts or customers for the purpose of converting them to National Account Customers.

Section 1.06 **Restrictions on Franchisee's Activities.** During the term of this Agreement, and except as specifically authorized pursuant to Section 1.07 of this Agreement, Franchisee will not directly or indirectly operate a Sonitrol Business outside of the Exclusive Territory, and specifically will not: (1) sell, promote, advertise, or solicit business (through the Internet or otherwise), install, rent, deliver or otherwise provide products and services using the Sonitrol Marks; or (2) advertise or otherwise hold itself out as a Sonitrol Franchisee in any territory outside of the Exclusive Territory unless Sonitrol or Distributor, as applicable, has granted to Franchisee franchise rights to that other territory under a separate franchise agreement or as otherwise permitted under Section 1.07 of this Agreement. Notwithstanding anything to the contrary herein, this Section 1.06 will not restrict Franchisee from maintaining a website or engaging in promotional or advertising activities which may reach parties outside of the Exclusive Territory so long as Franchisee takes reasonable steps to communicate that it may only provide Sonitrol Products and Services within the Exclusive Territory and Franchisee refers all sales leads for Sonitrol Products and Services to Distributor or to another franchisee with rights to the applicable territory.

Section 1.07 **Out of Territory Accounts.**

(a) **Existing Accounts.**

(1) **Identification**. If Franchisee has Subscriber Accounts (including Subscriber Accounts to whom Franchisee provides Complementary Products and Services) which are located outside of the Exclusive Territory, Franchisee has identified and listed on Exhibit "C" all such Subscriber

Accounts. Franchisee may (but is not obligated to) offer to sell those accounts to (i) the Existing Franchisee, if any, in whose territory such accounts are located, (ii) Distributor if within Distributor's APR or territory if there is no Sonitrol Franchisee for such territory, or (iii) Sonitrol if outside of Distributor's APR or territory, as applicable, if there is no Sonitrol Franchisee for such territory.

(2) **Continued Operation**. If Franchisee, another Existing Franchisee, Sonitrol or Distributor (as applicable), cannot agree on the price and terms of sale for any Accounts described in Subsection (a)(1) above, then Franchisee will be allowed to continue to own and service such accounts, but only in the same business premises as listed in Exhibit "C" and if the Subscriber has not had a change of Control since the Effective Date. However, in the event the Subscriber gives up possession of the business premises or has a change of Control, Franchisee's ownership of and right to service such Subscriber Account shall automatically expire as to such Subscriber Account. If Franchisee has Subscriber Accounts located in the territory of another Sonitrol Franchisee which is not a party to a franchise agreement in substantially the same form as this Agreement (and therefore is not an Existing Franchisee), neither Sonitrol nor Distributor will impair Franchisee's ability to continue to service such Subscriber Accounts.

(3) **Surrender of Accounts Improperly Acquired**. Notwithstanding anything in this Subsection 1.07(a) to the contrary, if Franchisee currently has Subscriber Accounts located in the exclusive territory of another Sonitrol Franchisee which is operating under a franchise agreement which is not in substantially the same form as this Agreement, and Franchisee acquired any of such Subscriber Accounts in violation of Franchisee's Existing Franchise Agreement, Franchisee will be obligated to turn over such Subscriber Accounts to the owner of such exclusive territory without compensation.

(4) **Continuation of Existing Relationship**. If Franchisee has a Subscriber set forth on Exhibit "C" who requests Franchisee to provide Sonitrol Products and Services to new locations owned by that Subscriber outside of Franchisee's Exclusive Territory, then Franchisee may provide Sonitrol Products and Service to such new locations of such Subscriber, (i) if within areas not otherwise subject to a franchise agreement to which Sonitrol or Distributor is a party, or (ii) if such new locations are within the territory of another Sonitrol Franchisee under a franchise agreement which is in substantially the same form as this Agreement. Franchisee expressly acknowledges and agrees that other Sonitrol Franchisees may have the right to sell Sonitrol Products and Services to Subscribers within Franchisee's Exclusive Territory in the same manner that Franchisee has rights to do so under this Section 1.07(a)(4).

(b) **Monitoring Services.** Franchisee is not required to disclose on Exhibit "C" Subscriber Accounts for which Franchisee performs monitoring services for another Sonitrol Franchisee pursuant to a Monitoring Agreement.

(c) **Later-Acquired Accounts.** If Franchisee later purchases security accounts or a business with security accounts which are located outside of the Exclusive Territory, then Franchisee will be authorized to continue to own, operate and service such accounts, but may not in any way use the Sonitrol Marks in conjunction with such accounts.

(d) **No Solicitation.** Except as provided in this Section 1.07, Franchisee expressly acknowledges and agrees that Franchisee has no right to, and Franchisee will not, solicit or sign new Subscriber Accounts in the territory of any other Sonitrol Franchisee after the Effective Date. In the event Franchisee, signs any new Subscriber Account in violation of this obligation, Franchisee agrees that, on demand of the Sonitrol Franchisee in the territory in which the Subscriber Account is located, Franchisee will turn over that account to such franchisee without compensation.

Section 1.08 **Franchisee's Right to Enforce the Exclusive Territory.** In the event that another Sonitrol Franchisee conducts any activities in the Exclusive Territory, which activities if taken by Sonitrol or Distributor would constitute a violation of Section 1.02 of this Agreement, prior to taking any action against the other Sonitrol franchisee, Franchisee agrees to notify Sonitrol and Distributor and the other Sonitrol franchisee of the alleged violation(s) in writing and provide Sonitrol and Distributor with a reasonable opportunity to investigate, evaluate and, if appropriate, to attempt to resolve the alleged violation. Notwithstanding any conclusion Sonitrol or Distributor may reach as to the existence of a violation, Sonitrol and Distributor shall have no obligation to take any legal action against the other Sonitrol franchisee. In the event Sonitrol and/or Distributor are unable to resolve the alleged violations or determines not to take any action against the other Sonitrol franchisee within a reasonable period of time (not to exceed 90 days), Franchisee may proceed to take such actions as it deems appropriate. Franchisee acknowledges and agrees that Sonitrol and Distributor have no liability to Franchisee in the event any Sonitrol franchisee has sold in the past, or may in the future sell, to Subscribers in the Exclusive Territory.

Section 1.09 **Leads for Sonitrol Products and Services.** It is the intention of the parties that leads for Sonitrol Products and Services within the Distributors APR are to be forwarded to Distributor; therefore, Sonitrol will make all reasonable efforts to forward to Distributor, and Distributor will make all reasonable efforts to forward to Franchisee, leads from prospective customers generated from www.sonitrol.com, 1-877-766-4876 (1-877-Sonitrol), or other advertising substantially utilizing the Sonitrol Marks, when: (i) the lead originated from within Distributor's area of primary responsibility with respect to Distributor, and within Franchisee's Exclusive Territory with respect to Franchisee, or (ii) the lead relates to an existing or potential Subscriber located within Distributor's area of primary responsibility with respect to Distributor, and within Franchisee's Exclusive Territory with respect to Franchisee, and upon notice of any lead not properly forwarded to Distributor, Sonitrol will take reasonable steps to promptly forward such lead to Distributor. Sonitrol agrees to provide annual reports of data relating to the leads generated from www.sonitrol.com and 1-877-766-4876.

Article II. TERM OF AGREEMENT AND RENEWAL

Section 2.01 **Term.** The term of this Agreement shall be for a period of fifteen (15) years from the Effective Date (the "Initial Term").

Section 2.02 **Renewal Rights.** Franchisee may, at its option, renew this Agreement for one additional period of fifteen (15) years (the "Renewal Term"), provided that at the end of the Initial Term:

(a) Franchisee has provided Sonitrol and Distributor written notice of Franchisee's intent to renew not less than 180 days and not more than 365 days prior to the end of the Initial Term;

(b) There is not a continuing or uncured Event of Default (provided, however, that if the relevant Cure Period has not yet expired, then Franchisee may renew, conditioned as a condition precedent upon the timely and complete cure of the relevant Event of Default); and

(c) Franchisee, Distributor and Sonitrol each execute a mutual general release in the form set forth in Exhibit "D."

Section 2.03 **Additional Renewal under New Agreement.** Following the expiration of the Renewal Term, Franchisee may be provided the right to continue the Sonitrol Business according to the current terms and conditions then offered by Sonitrol and Distributor to new franchisees, provided that at the end of the Renewal Term (1) the conditions specified in clauses (a) through (c) of Section 2.02 of this Agreement have been satisfied with respect to the Renewal Term, and (2) Franchisee, Distributor and Sonitrol have executed a new franchise agreement (reflecting the current terms and conditions then offered by Sonitrol to new franchisees) in form and substance acceptable to Sonitrol and Distributor, which franchise agreement may contain terms, including financial terms, which are different from the terms of this Agreement.

Section 2.04 **Effect of Non-Renewal.** In the event Franchisee does not renew this Agreement, then (1) the term of this Agreement shall expire and Franchisee shall no longer be a Sonitrol Franchisee, and (2) Franchisee shall comply fully, faithfully and in a timely fashion with all of Franchisee's obligations under Articles XVII, XVIII and XX.

Article III. TRAINING

Section 3.01 **Initial and Ongoing Training.** Franchisee shall at all times operate the Sonitrol Business with managers and employees who are competent and well-trained. Unless Franchisee is an Existing Franchisee (1) Distributor and/or Sonitrol, as appropriate, directly or through their designees, will provide to Franchisee an initial training program relating to the Sonitrol Business, and (2) Franchisee is required to send, at its expense, a general manager or principal operating person, and any other employees reasonably required by Distributor and/or Sonitrol, as appropriate, to the training program. The program may include such topics as start-up procedures, financial matters, business operations, marketing and sales procedures, installation, operation, servicing and monitoring of security systems utilizing Sonitrol Products and Services. Sonitrol and Distributor may change their respective programs, offer supplementary training and instruction, on both voluntary and mandatory bases, as Sonitrol and Distributor, as applicable, may determine from time to time in its sole discretion.

Section 3.02 **Location and Cost.** Training programs will be conducted at locations Sonitrol or Distributor, as applicable, selects, and Franchisee may be required to pay the program fee (if any), costs of travel, living accommodations and/or wages for Franchisee's personnel attending the program.

Article IV. PURCHASE AND REPAIR OF PRODUCTS

Section 4.01 **Benefit to System and Need for Standards.**

(a) Each of Franchisee, Distributor and Sonitrol acknowledge that the national goodwill inherent in the Sonitrol Marks and the Sonitrol System depends upon the enforcement of strict standards and identification of the Sonitrol Marks with quality and reliable products and services. Adherence to these standards and maintaining the Sonitrol brand image benefits Franchisee, Distributor and Sonitrol alike and is one of the reasons Franchisee desires to be a Sonitrol Franchisee. Thus, it is imperative that Franchisee and all other Sonitrol Franchisees strictly comply with, the product obligations and restrictions stated in this Agreement and in the Sonitrol Franchise Standards Manual.

(b) If Franchisee is an Existing Franchisee and owns, services or monitors security accounts which rely on the use of products or services not otherwise authorized under this Agreement or the Sonitrol Franchise Standards Manual, Franchisee is authorized to continue to service or monitor such existing security accounts in accordance with any applicable provisions of the Sonitrol Franchise Standards Manual, but Franchisee shall not expand any such non-conforming activities. Franchisee may likewise continue with the service and/or monitoring of non-Sonitrol security accounts that Franchisee may later purchase, again subject to any provisions of the Sonitrol Franchise Standards Manual.

Section 4.02 **Types of Products/Restriction on Products Franchisee May Purchase and Use in Franchisee's Business.** In the operation of the Sonitrol Business, the types of products Franchisee may purchase or use are divided into four categories (Subsections (a) – (d) below), each with relevant terms and restrictions.

(a) **Proprietary Products**:

(1) **Limitation.** Franchisee may purchase Proprietary Products only from Distributor except that Franchise may only purchase Central Monitoring Station and SonIP™ equipment and installation services related thereto from Sonitrol; provided however, that any such sales of Central Monitoring Station and SonIP™ equipment and installation may be sold directly by Sonitrol to Franchisee and Distributor shall be entitled to a commission from Sonitrol as provided in the Distributor Agreement. Notwithstanding anything to the contrary herein, Franchisee will enter into a SonIP™ Software License Agreement and a SonIP™ Service Agreement directly with Sonitrol.

(2) **Pricing**. Sonitrol will make Proprietary Products available for purchase by Distributor at prices which will not exceed on an annual basis the cost of such products, plus an aggregate gross margin of fifty-three percent (53%) (the "Applicable Percentage"), less 20%. Sonitrol will calculate the prices and the applicable aggregate gross margin on a calendar year basis on its aggregate product sales to all franchisees (the calculation will not be done on an individual franchisee basis, nor on each individual item of equipment sold, but rather on all equipment sold to all franchisees), and in the event Sonitrol determines that Sonitrol has charged prices which result in the Applicable Percentage being exceeded, Sonitrol will distribute in a fair and equitable fashion to Distributor any such excess amount. Nothing in this Subsection 4.02(a)(2) shall limit

the price at which Sonitrol may sell or license the Central Monitoring Station equipment or software, whether in its current design or any future design. Upon request, and in no event more often than once per calendar year, Sonitrol will provide to Franchisee and Distributor reasonable verification of the Applicable Percentage.

(b) **Controlled Products:**

(1) **Limitation.** Franchisee may only purchase Controlled Products from Distributor, or, if approved in writing by Distributor, from Sonitrol or an Approved Vendor. If Franchisee believes a product or vendor meets Distributor's and Sonitrol's quality and performance standards, Franchisee may request that the product or vendor be designated as approved in accordance with the procedures set forth in Subsection 4.02(e). Franchisee must use the Controlled Products in conjunction with the Sonitrol Products and Services and may not substitute other products for the Controlled Products.

(2) **Pricing.** If a Controlled Product is only available through Distributor or Sonitrol, or their affiliates, Distributor and Sonitrol, as applicable, will comply with the pricing constraints set forth in Section 4.02(a)(2), as if the product were a Proprietary Product. Each of Sonitrol and Distributor agrees not to receive any compensation or rebates of any kind from vendors of Controlled Products, based on sales to Franchisee or other Sonitrol Franchisees or in exchange for being granted Approved Vendor status. However, Sonitrol reserves the right to charge a nominal license fee to a third party manufacturer for the private labeling of Controlled Products with the Sonitrol Marks, which fee will not exceed five percent (5%) of the average price charged to Sonitrol Franchisees.

(c) **Unrestricted Goods.** Other than Proprietary Products and Controlled Products, Franchisee is free to purchase products and supplies from any source; provided however, (i) no such products may be connected to or integrated with any Proprietary Products if they would have a negative effect, in Sonitrol's sole reasonable discretion, on the performance of the Proprietary Products, and (ii) except as permitted in Article XXI of this Agreement and the Sonitrol Franchise Standards Manual, no such products may bear any of the Sonitrol Marks.

(d) **Central Monitoring Station.** Should Franchisee elect to purchase a Central Monitoring Station, the licensing and terms of operation and purchase price and terms for the Proprietary Products included therein are not subject to any of the limits set forth in this Section 4.02, but are set forth in the SonIP™ Software License Agreement, SonIP™ Service Agreement and SonIP™ Equipment Purchase Agreement or any other such Sonitrol monitoring agreements described in the Sonitrol Franchise Standards Manual.

(e) **Approved Vendors.** Distributor may require Franchisee to purchase or lease Controlled Products solely from Approved Vendors (which may include Sonitrol and Distributor) who demonstrate to Sonitrol's reasonable satisfaction the ability to meet Sonitrol's reasonable standards and specifications for each item; who possess adequate quality control and capacity to supply Sonitrol's and Franchisee's needs promptly and reliably and who have been approved in writing by Sonitrol and not thereafter disapproved in accordance with the procedures set forth below. A vendor who maintains appropriate listings with Underwriters' Laboratory ("UL") for relevant product lines will be presumed to meet Sonitrol's and Distributor's standards for

Controlled Products. Franchisee shall obtain Sonitrol's and Distributor's prior written approval before purchasing any Controlled Products from a vendor not previously designated in writing as an approved vendor to Sonitrol franchisees. Franchisee shall submit to Sonitrol and Distributor a written request for such approval or shall request the vendor of the item for which approval is requested to do so. Upon request, Franchisee shall also submit to Sonitrol and Distributor, without cost to Sonitrol and Distributor, sufficient specifications, photographs, or other information or samples for examination and testing, so that Sonitrol and Distributor may determine whether such vendor meets Sonitrol's and Distributor's reasonable specifications and standards as set forth in the Sonitrol Franchise Standards Manual or as set forth in writing by Sonitrol and Distributor from time to time. Sonitrol and Distributor shall also have the right (at Sonitrol's and Distributor's cost) to require that its representatives be permitted to inspect the vendors' facilities. In addition, Sonitrol and Distributor reserve the right, at its option, to re-inspect the facilities and products of any Approved Vendor and to revoke its approval upon such vendor's failure to continue to meet Sonitrol's criteria and specifications. As a condition for approval of any new vendor as an Approved Vendor, Franchisee shall reimburse Sonitrol and/or Distributor for all costs and expenses incurred by Sonitrol and/or Distributor in connection with any examination, testing or inspection, if the Controlled Products that Franchisee proposes to use in its Sonitrol Business are not UL listed. Nothing contained herein shall be deemed to require Sonitrol and/or Distributor to approve an inordinate number of vendors for a given item which approval in the reasonable judgment of Sonitrol and Distributor would result in higher costs generally to Sonitrol franchisees or prevent the effective and economical supervision of its designated vendors by Sonitrol and Distributor. Franchisee acknowledges and agrees that Sonitrol and/or Distributor or their Affiliates may be Approved Vendors of certain products, and, in certain cases, Sonitrol and/or Distributor or its Affiliates may be the sole Approved Vendor.

Section 4.03 **Modification/Repair.** Franchisee may not modify Proprietary Products without Sonitrol's and Distributor's prior written consent. Sonitrol may set standards and/or approve or designate Approved Vendors for the service and repair of Proprietary Products in accordance with the policies contained within this Agreement, and as applicable, the Sonitrol Franchise Standards Manual, and with respect to the Central Monitoring Station, as provided in the agreements referred to in Subsection 4.02(d) of this Agreement. Unauthorized repair or modification of Proprietary Products in violation of such policy will void any and all warranties applicable to Proprietary Products and will constitute a breach of this Agreement. Notwithstanding the foregoing, Franchisee may, in the ordinary course of business, attempt to diagnose and/or troubleshoot typical problems as provided in the Sonitrol Franchise Standards Manual, or the applicable vendors' service manuals, or with respect to the Central Monitoring Station, as provided in the agreements referred to in Subsection 4.02(d) of this Agreement.

Section 4.04 **Complementary Products and Services.**

(a) **Right to Sell; Royalties**. With prior notice and subject to Article XXI of this Agreement, Franchisee may advertise and sell and/or service Complementary Products and Services utilizing the Sonitrol Marks. Unless Franchisee elects to Opt Out (as more fully defined in Subsection 4.04(b) of this Agreement), Gross Revenues derived from the sale of Complementary Products and Services will be subject to the Royalty set forth in Section 7.02. Currently recognized lines of Complementary Products and Services which Sonitrol has approved are listed in Exhibit "E."

(b) **Option to Segregate Business.** Franchisee may elect to sell, provide and/or service Complementary Products and Services during the term of this Agreement and not pay Distributor a Royalty on Complementary Products and Services ("Opt-Out"). However, if Franchisee elects to Opt-Out (i) such products and services may not be Competitive with Sonitrol Products and Services; (ii) such products and services may not be marketed, advertised or sold using the Sonitrol Marks; and (iii) Franchisee must strictly comply with the reasonable requirements for the separation of the Complementary Products and Services business from its Sonitrol Business, as set forth in the Sonitrol Franchise Standards Manual. Franchisee may operate such non-Sonitrol business from the same facilities as the Sonitrol Business, but must conduct such business through a separate legal entity, account for all revenues separately, and not engage in any activity which would likely create confusion or dilution of the Sonitrol Marks or the Sonitrol image among Subscribers or National Account Customers. This election must be made in writing at the time Franchisee executes this Agreement, and will be irrevocable, unless otherwise agreed in writing by Franchisee, Distributor and Sonitrol. Franchisee shall, and hereby does, indemnify Sonitrol and Distributor from and against any loss, claim, expense or damage relating to or arising from the provision by Franchisee (or its Affiliate) of any products or services other than Sonitrol Products and Services. This indemnity shall survive termination or expiration of this Agreement for any reason.

(c) **Addition of Complementary Products and Services.** If Franchisee proposes to use or sell any Complementary Products and Services not currently recognized as an approved line of Complementary Products and Services, Franchisee shall first obtain Sonitrol's and Distributor's prior written approval. Franchisee shall submit to Sonitrol a written request for such approval. Sonitrol and Distributor will have one hundred-twenty (120) days to review and respond to the request for a manufacturer not currently supplying an approved line of Complementary Products and Services, and forty-five (45) days for a manufacturer currently supplying an approved line of Complementary Products and Services; provided that, Sonitrol and Distributor will grant such request if such product or service, as determined in good faith by each of Sonitrol and Distributor, (1) will not materially harm the Sonitrol Marks or the Sonitrol System, (2) is not integrated into the Sonitrol System, and (3) is not Competitive with the Sonitrol System; and, provided further, that if Sonitrol and Distributor do not respond within such time frame, Franchisee's request shall be deemed granted. Upon the request of Sonitrol or Distributor, Franchisee shall also submit sufficient specifications, photographs, or other information or samples for examination and testing, so that Sonitrol and Distributor may determine whether such Complementary Products and Services comply with the requirements herein stated. As a condition for approval of any new Complementary Products and Services, Franchisee shall reimburse Sonitrol and/or Distributor for all reasonable costs and expenses incurred by Sonitrol and/or Distributor in connection with any examination, testing or inspection, if such products are not UL listed.

(d) **Later Disapproval of a Complementary Products or Services.** Neither Sonitrol nor Distributor will later disapprove of Franchisee's continued use or sale of Complementary Products or Services unless such Complementary Products or Services materially harm the Sonitrol Marks or the Sonitrol System, as determined in good faith by Sonitrol or Distributor. In the event of such deletion, Franchisee will be provided a minimum of 180 days notice to dispose of any stock that Franchisee has on hand at the time of notice.

Section 4.05 **No Restriction on Pricing.** Franchisee will be free to set the prices that it charges Subscribers for the products and services Franchisee sells, leases or provides. Sonitrol and/or Distributor will not directly or indirectly establish any maximum pricing constraints or require Franchisee to honor any fixed pricing, except for Government Accounts under GSA as provided in Section 1.04 of this Agreement and National Account Contracts which will be established pursuant to the provisions of this Agreement.

Article V. NEW PRODUCT DEVELOPMENT

Section 5.01 **Development or Discontinuance of Sonitrol Products and Services.** Sonitrol will use commercially reasonable efforts to improve and advance the technology, function and design of Sonitrol Products and Services. As Sonitrol does so, Franchisee agrees to sell, service and promote such new products, pursuant to the terms of this Agreement. Sonitrol will not discontinue any Proprietary Product without providing for a substitute Proprietary Product and an end-of-life parts replacement and service plan. Sonitrol or its affiliates may designate or approve new or additional products, add or discontinue products in its reasonable discretion, but subject to the other terms of this Agreement and the Sonitrol Franchise Standards Manual. In the event that Sonitrol intends to discontinue an obsolete Proprietary Product or Controlled Product, Sonitrol will provide a detailed plan for the discontinuance of such obsolete product to the DAC and the Independent Sonitrol Distributors for a thirty (30) day comment period. The comments of Franchisee, the Independent Sonitrol Distributors or the DAC to any proposed changes to the Sonitrol Franchise Standards Manual will not be binding on Sonitrol.

Article VI. OPERATING, SALES AND INVENTORY REQUIREMENTS

Section 6.01 **Development of Exclusive Territory.** At all times during the term of this Agreement, Franchisee agrees to use its best efforts to establish new Subscriber Accounts and to promote the Sonitrol Business and the sale of Sonitrol Products and Services within the Exclusive Territory.

Section 6.02 **Monitoring Operations.** If Franchisee is not an Existing Franchisee, prior to opening, Franchisee must either purchase from Distributor or Sonitrol (and any sale by Sonitrol shall be subject in all respects the Distributor Agreement) a current version of the Central Monitoring Station for use in connection with the Sonitrol Business, or contract with Sonitrol or another Sonitrol Franchisee (including another Sonitrol Franchisee which is an Affiliate of Distributor) pursuant to a Monitoring Agreement to provide monitoring services to Subscribers. If Franchisee contracts with another Sonitrol Franchisee, that franchisee must be in compliance with its franchise agreement with Sonitrol and Distributor, if applicable.

Section 6.03 **Commencement of Operations.** If Franchisee is not an Existing Franchisee, Franchisee must complete required initial training and commence operation of its Sonitrol Business within 180 days of the Effective Date. In the event Franchisee is delayed by government agencies or forces beyond its control as provided in Section 22.03 of this Agreement, this period will be extended to the extent of the delays caused thereby, provided however, in no event shall such extension exceed thirty (30) days without the express written consent of Distributor and Sonitrol. If Franchisee does not commence operations within this

time, Distributor or Sonitrol may terminate this Agreement. If Franchisee is an Existing Franchisee, Franchisee must maintain continuous operations from and after the Effective Date.

Section 6.04 **Minimum Performance Requirements.**

(a) **General Requirement**. Franchisee, after being in operation as a Sonitrol Business for a period of more than three (3) years (which shall include Franchisee's operations under any Existing Franchise Agreement) shall, as a minimum performance requirement, purchase from Distributor (or from Sonitrol, if applicable), no less than an aggregate of $10,000 of Proprietary Products in each calendar year while this Agreement is in effect ("MPRs"). In the event that Franchisee is part of a Franchisee Control Group, Franchisee may satisfy its MPRs if the average annual purchases of Proprietary Products for all Sonitrol Franchises within that Franchisee Control Group is no less than $10,000 for such calendar year.

(1)If Franchisee can reasonably demonstrate a significant adverse economic event or condition within its Exclusive Territory (for example, the closing of a major employer or loss of an industry) which is beyond the reasonable norms for the Sonitrol System as a whole, Franchisee, Sonitrol and Distributor each agree to negotiate a reasonable adjustment to the MPRs to account for such significant adverse economic event or condition.

(b) **Failure to Meet MPRs**. If Franchisee shall fail to meet its MPRs in any given calendar year, Franchisee shall have one calendar year in which to improve performance and meet its MPRs. Failure of Franchisee to meet its MPRs for two consecutive years will be an Event of Default under this Agreement, pursuant to which Sonitrol and/or Distributor may immediately terminate this Agreement.

Section 6.05 **Sonitrol Franchise Standards Manual.**

(a) Franchisee is required to adhere to the standards and requirements of the Sonitrol Franchise Standards Manual throughout the term of this Agreement and Franchisee agrees that it will conduct its operations in accordance with the Sonitrol Franchise Standards Manual. Distributor will distribute to Franchisee the Sonitrol Franchise Standards Manual and any updates thereto promptly upon their adoption. Franchisee acknowledges and agrees that the Sonitrol Franchise Standards Manual supplements certain terms and conditions of this Agreement, and that the Sonitrol Franchise Standards Manual applicable to Franchisee may be different than that applicable to other Sonitrol franchisees who are not also a sub-franchisee of Distributor. In the event of any conflict between this Agreement and the Sonitrol Franchise Standards Manual, this Agreement shall control. By Franchisee's execution of this Agreement, Franchisee acknowledges that it has been provided a current version of the Sonitrol Franchise Standards Manual.

(b) Sonitrol expressly agrees to refrain from taking any actions with respect to the Sonitrol Marks or the use of any Proprietary Products in connection with the operation of Sonitrol company-owned businesses, or permitting any Affiliate to act in a manner, that would materially impair Franchisee's Sonitrol Business. Except for changes to Sonitrol's National Accounts program and/or the Graphics Standards Manual, the Sonitrol Franchise Standards Manual may not be modified in any material manner except by an affirmative vote of the Independent

Sonitrol Distributors representing no less than fifty percent (50%) of the aggregate number of Subscriber Accounts located within all of the areas of primary responsibility or territory, as applicable, of all of the Independent Sonitrol Distributors. Each Independent Sonitrol Distributor, including Distributor, will have a vote weighted to equal its percentage of the number of Subscriber Accounts. For example, if an Independent Sonitrol Distributor's share of the aggregate number of Subscriber Accounts is 30%, such Independent Sonitrol Distributor vote will equal 30%. Sonitrol may make modifications to the National Accounts program and/or the Graphics Standards Manual with a minimum of thirty (30) days notice to the Distributor. All modifications to the Sonitrol Franchise Standards Manual shall be commercially reasonable. Comments from Distributor to proposed modifications to the National Accounts program and/or the Graphics Standards Manual will be considered but will not be binding on Sonitrol. Nothing herein shall require Sonitrol to obtain the permission of Distributor or the Independent Sonitrol Distributors to revise the Sonitrol Franchise Standards Manual for Sonitrol franchisees or dealers that are not sub-franchisees of Distributor. In no event will Sonitrol modify the Sonitrol Franchise Standards Manual provisions regarding the National Account program more often than once per calendar year except in the case of emergency business matters, to conform with applicable legal requirements or to correct typographical errors.

Article VII. FRANCHISE AND ROYALTY FEES

Section 7.01 **Initial Franchise Fee.**

Franchisee is an Existing Franchisee and this Agreement is being substituted for Franchisee's Existing Franchise Agreement, there will be no initial franchise fee upon execution of this Agreement. Further, if Franchisee acquires another business in the Exclusive Territory and converts all or substantially all of the business and accounts to operate under the Sonitrol Business, Distributor will not charge Franchisee an initial franchise fee. If Distributor authorizes Franchisee to establish a new Sonitrol Business in another territory, Franchisee will be required to sign a separate franchise agreement with regard to that franchise and territory, which franchise agreement will be in substantially the same form as this Agreement; provided that, the initial franchise fee will be one-third (1/3) of the amount of the initial fee for a new franchise as established by Distributor from time to time.

Section 7.02 **Royalty.** In consideration for the ongoing right to operate a Sonitrol Business as provided in this Agreement, Franchisee will pay Distributor a continuing annual royalty (the "Royalty"), calculated as follows:

(a) **Royalty Rate**. The initial "Royalty Rate" shall be a percentage calculated by dividing: (i) the aggregate amount of royalty fees due under Franchisee's Existing Franchise Agreement for the calendar year ending December 31, 2009 (the "Applicable Calendar Year"), by (ii) Franchisee's aggregate Gross Revenues arising from the Sonitrol Business for the Applicable Calendar Year.

(1) If, pursuant to the calculation in Subsection 7.02(a), the royalty percentage paid by Franchisee under Franchisee's Existing Franchise Agreement is greater than three percent (3.0%), the Royalty Rate shall be decreased by 0.25% per calendar year, until such time as the Royalty Rate equals 3.0%;

(2) If, pursuant to the calculation in Subsection 7.02(a), the royalty percentage paid by Franchisee under Franchisee's Existing Franchise Agreement is less than three percent (3.0%), the Royalty Rate shall be increased by 0.25% per calendar year, until such time as the Royalty Rate equals 3.0%;

(b) **Increases to the Royalty Rate**. Commencing on April 1, 2018, Sonitrol (or Distributor as to Franchisee) may increase the Royalty Rate if the aggregate Royalty paid by all Sonitrol Franchisees for the calendar year ending December 31, 2017 is not at least 114.8% (the "Threshold Royalty") of the aggregate Royalty paid by all Sonitrol Franchisees for the calendar year ending December 31, 2010. Notwithstanding the foregoing, (i) the Royalty Rate will not increase more than 0.25% in any calendar year, and (ii) the Royalty Rate will never exceed 4.0% during the term of this Agreement or any renewal or extension hereof.

(c) **Annual Royalty Calculation**. On April 1st of each calendar year, Sonitrol will establish the Royalty for the following twelve (12) month period by multiplying the currently effective Royalty Rate by Franchisee's Gross Revenues for the calendar year most recently ended.

(1) Example: Assuming that Franchisee's Royalty Rate is 3.25% on the Effective Date and Gross Revenues as of December 31, 2009 are $1,000,000, on April 1, 2010, Franchisee's Royalty will equal $32,500, and, if payable monthly, will be equal to monthly installments of $2,708.33 each, commencing with April 1, 2010 and continuing through and including March 1, 2011. If Franchisee's Gross Revenues for the calendar year ending December 31, 2010 are $1,000,000, Franchisee's Royalty Rate will be 3.0% and Franchisee's annual Royalty will equal $30,000, and, if payable monthly, will be equal monthly installments of $2,500.00 commencing April 1, 2011 and continuing through and including March 1, 2012.

Section 7.03 **Time of Payment; Service Fees.** Franchisee will make equal payments of Royalty equal to Franchisee's Gross Revenues for the prior calendar year, multiplied by the Royalty Rate effective for the current calendar year. Payments will be made on a [monthly/quarterly] basis in advance on the first day of each [month/quarter]. The prorated Royalty for the period commencing on the Effective Date through and until the first payment date shall be due and payable within fifteen (15) days of a statement from Distributor of Franchisee's Royalty. Until the Effective Date, Franchisee shall pay to Distributor the amount due to Distributor under the Existing Franchise Agreement. A service fee of one-tenth of one percent (0.1%) per day will be assessed on all Royalty payments not received on the date due. Distributor's acceptance of this service fee will not be deemed a waiver of any of its other rights or remedies under this Agreement. Franchisee shall cooperate with Distributor and Sonitrol in determining the amount of the initial Royalty due from Franchisee under this Agreement and shall provide to Distributor and Sonitrol all necessary documentation to determine such Royalty immediately upon Distributor's or Sonitrol's request. If Franchisee notifies Distributor and Sonitrol of a good faith dispute as to the amount owed under this Agreement, the late fee will not be assessed until such time as Distributor responds to such claim of disputed amount.

Section 7.04 **Audit.** Each of Sonitrol and Distributor has the right, upon reasonable prior notice to Franchisee, to audit or cause to be audited the Gross Revenue reports, and the source information necessary to support such reports and all of Franchisee's books and records relating to Franchisee's income and expenses, in accordance with its Audit Policy set forth in the Sonitrol Franchise Standards Manual. Franchisee agrees to cooperate fully with the auditors and provide all information reasonably requested for the audit. If Sonitrol or Distributor, as applicable, reasonably determines that Franchisee understated or misrepresented any information required to be reported to Sonitrol and/or Distributor under this Agreement for purposes of calculating the Royalty, then Sonitrol and/or Distributor will recalculate the Royalty based upon such corrected information and provide written notice to Franchisee of the amounts owed. Franchisee shall pay to Distributor all past-due Royalties and other amounts, together with interest accruing from the date such Royalties or other amounts should have been paid, at the rate of eighteen percent (18%) per year and payment will be due ten (10) days after Distributor or Sonitrol provides to Franchisee written notice of the audit results and the amount due. In addition, if Franchisee under reported Royalty amounts due for any given year by more than five percent 5% then Franchisee will also reimburse Distributor and Sonitrol for the reasonable cost of the audit,

including without limitation the charges of any independent accountant and the reasonable travel, lodging and meal expenses incurred by its employees or agents who conducted the audit. If Sonitrol's or Distributor's audit demonstrates that Franchisee overpaid Royalties for any period, Distributor will promptly issue a credit which will be applied against Franchisee's next Royalty payment (or successive payments to the extent of remaining credit balances). Notwithstanding the foregoing, neither Sonitrol nor Distributor will be allowed to audit Franchisee for the same subject matter if the other party audited Franchisee within the preceding six months, provided however, that (i) Distributor's audits and inspections of Franchisee shall be under the standards used by Sonitrol with other Sonitrol franchises, (ii) Distributor shares with Sonitrol copies of all audits performed promptly after completion, and provided further that, Sonitrol shall have the sole right to audit Franchisee if Franchisee is an Affiliate of Distributor.

Section 7.05 **Reports**. Franchisee shall submit Royalty reports in the form and content prescribed in the Sonitrol Franchise Standards Manual. Franchisee shall also submit to Sonitrol and Distributor a report in the form and content prescribed in the Sonitrol Franchise Standards Manual within fifteen (15) days of the end of each calendar month.

Article VIII. ADVERTISING AND PROMOTION

Section 8.01 **General Duties.** Franchisee will advertise the Sonitrol Business within the Exclusive Territory. In addition to advertising and promotional programs Sonitrol may offer, Franchisee may engage in local advertising and promotional efforts; provided that, all advertising material and promotional programs (including any Internet website and any revisions thereof) comply with the standards contained in Sonitrol Franchise Standards Manual, or are otherwise approved by Sonitrol and Distributor in writing, which approval will not be unreasonably withheld or delayed.

Section 8.02 **System Advertising Fund.** In the event that Sonitrol proposes the establishment, and the DAC and Distributor approve the creation, of a system advertising fund or advertising co-operative ("System Advertising Fund" or the "Fund"), Franchisee agrees to participate in the Fund. The amount of the contribution and the payment terms shall be determined by the agreement of Sonitrol, the DAC, Distributor and the other Independent Sonitrol Distributors.

Section 8.03 **Administration of the Fund.** The Fund will be administered by Sonitrol, or an entity formed by Sonitrol for the purpose of operating a System Advertising Fund, and shall operate according to policies and procedures which will be contained within the Sonitrol Franchise Standards Manual.

Article IX. FRANCHISEE'S MARKETING AND BUSINESS PLAN

Section 9.01 **Conformance to Business Plan.** Franchisee hereby acknowledges that Sonitrol and Distributor cannot and do not guarantee the success of Franchisee's Sonitrol Business. Franchisee acknowledges that the success of the Sonitrol Business depends on many factors, including the reasonableness of the Franchisee's business plan (the "Business Plan") and conformity to the Business Plan. Franchisee has not relied on any representations or assurances by Distributor or Sonitrol in preparing any Business Plan other than what is expressly stated in this Agreement. Franchisee acknowledges that, by accepting any Business Plan, Sonitrol and

Distributor make no representations, express or implied, as to expected earnings or whether Franchisee will achieve the goals set out in any Business Plan.

Section 9.02 **Annual Business Plan.** At Sonitrol's or Distributor's request, and in accordance with the provisions of the Sonitrol Franchise Standards Manual, Franchisee will deliver a Business Plan for the next fiscal year. Franchisee agrees to include in the Business Plan a financial review, including a balance sheet and income statement for the preceding year. Sonitrol may prescribe formats, charts of accounts and standard reporting criteria in the Sonitrol Franchise Standards Manual for the Business Plan, and Franchisee agrees to comply with such standards and procedures.

Section 9.03 **Certification.** Franchisee certifies that the total capitalization set forth in the Business Plan is true, correct and complete in all material respects, and that the total capitalization is available as of the Effective Date. This Section 9.03 shall not apply to Existing Franchisees.

Article X. FRANCHISEE'S BUSINESS OPERATIONS

Section 10.01 **No Physical Facility Requirements.** Each of Sonitrol and Distributor acknowledges that, in the current business environment, Franchisee may be able to operate effectively and responsibly without an office facility, as long as Franchisee does not operate a Central Monitoring Station. However, if Franchisee does operate a Central Monitoring Station or otherwise chooses to operate an office facility, then Franchisee agrees to comply with the applicable standards for such office facility as set forth in the Sonitrol Franchise Standards Manual.

Section 10.02 **Installation and Service**. Except as otherwise specifically provided under this Agreement, Franchisee agrees to install and service Subscriber Accounts, including National Account Subscriber accounts and government accounts under GSA within the Exclusive Territory, subject to the terms of the applicable contracts and relevant policies set forth in the Sonitrol Franchise Standards Manual.

Section 10.03 **Responsibility For Employees and Contact with Subscribers.** Franchisee will be solely responsible for the conduct of its employees, owners, agents, representatives and subcontractors for conduct relating to or arising from the operation of the Sonitrol Business.

Section 10.04 **Central Monitoring Station.** Franchisee will monitor, or contract with Sonitrol, or another Sonitrol Franchisee (including another Sonitrol Franchisee which is an affiliate of Distributor), pursuant to a Monitoring Agreement to monitor the Subscriber Accounts. All Central Monitoring Station monitoring will be done in accordance with standards set forth in the relevant Subscriber contracts and the Sonitrol Franchise Standards Manual. If during the term of this Agreement Franchisee contracts with another Sonitrol Franchisee (including another Sonitrol Franchisee which is an affiliate of Distributor) to provide monitoring, that Sonitrol Franchisee must remain in compliance with its franchise agreement with Sonitrol and Distributor, if applicable.

Section 10.05 **Contacts With Subscribers.** Franchisee agrees at all times to give prompt, courteous and efficient service to Subscribers; perform work competently and in a workmanlike manner; and, in all business dealings with the members of the public, be governed by the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to do nothing which negatively affects the reputation of the Sonitrol System or the Sonitrol Marks.

Section 10.06 **Employees.** Franchisee agrees to establish personnel standards for its employees to ensure that they respond promptly and courteously to all Subscriber and other business inquiries and that they are of good moral character, maintain high ethical standards in all business dealings on Franchisee's behalf and are neat and well-groomed in personal appearance.

Section 10.07 **Manager.** Franchisee acknowledges that the successful operation of the Sonitrol Business requires professional management and agrees that the general manager or principal operating person ("Manager") will be a person of good moral character who has the requisite business experience and is competent and capable of performing all of the duties and obligations required of Franchisee under this Agreement.

Section 10.08 **Compliance With Laws.** Sonitrol, Distributor and Franchisee each agree to comply with all applicable laws, regulations, ordinances and requirements of any applicable government authority, and to obtain all necessary permits, licenses, or other consents for the operation of their respective businesses. Sonitrol and Distributor each agree to seek and maintain all necessary product listings, certificates or approvals as required by law or as reasonably required of each of them by industry standard for all Proprietary Products it or it's Affiliates, manufactures or offers for sale to Franchisee.

Section 10.09 **Taxes.** Franchisee agrees to be responsible for timely paying all applicable taxes, surcharges, license fees and other obligations associated with its business operations.

Section 10.10 **Facility and Equipment.** Franchisee agrees to keep the Authorized Facility (if any) and all vehicles and furnishings clean, neat and orderly so as to maintain an attractive appearance and to keep all inventory and equipment clean and in a state of good repair.

Section 10.11 **Inspection.** Each of Sonitrol and Distributor may from time to time, during normal business hours (with reasonable notice and at its expense), inspect the Authorized Facility and business operations to determine compliance with this Agreement and the Sonitrol Franchise Standards Manual. Each of Distributor and Sonitrol agrees to report promptly any deficiencies to Franchisee in writing. Franchisee agrees to take prompt steps to remedy any such violations or deficiencies as otherwise provided in this Agreement and the Sonitrol Franchise Standards Manual.

Section 10.12 **Insurance.** Franchisee shall at all times during the term of this Agreement, and at its own expense, keep in force by advance payment of premium:

(a) general liability insurance (including errors and omissions, premises liability and casualty loss insurance coverage with carriers and policy and coverage provisions) in an amount not less than $1,000,000.00, insuring Franchisee against any liability that may accrue by reason of the operation of the Sonitrol Business. The policy shall name Sonitrol and Distributor as an additional insured, using an ISO endorsement reasonably acceptable to Sonitrol and Distributor;

(b) workers compensation insurance and employer's liability insurance as required by law; and,

(c) commercial auto liability (primary) providing limits of at least $1,000,000.00 each occurrence.

All policies of insurance to be maintained by Franchisee shall name the Franchisee as named insured and contain a separate endorsement naming Sonitrol and Distributor as an additional insured (where available). All insurance shall be placed with an insurance carrier or carriers with an A.M. Best's rating of "A" and an A.M. Best's Class rating of "xiv" or better, duly licensed in the state in which Franchisee's Sonitrol Business is located, or be otherwise approved in writing by Sonitrol and Distributor, and shall not be subject to cancellation except upon thirty (30) days written notice to Sonitrol and Distributor. All policies of insurance, or certifications for insurance with a copy of the original policy attached, showing full compliance with the requirements of this covenant, shall at all times be kept on deposit with Sonitrol and Distributor. On an annual basis, Franchisee shall provide to Sonitrol and Distributor evidence in the form of a certificate of insurance and a copy of the actual policy that such insurance remains in full force and effect.

Section 10.13 **Record Keeping.** Franchisee agrees to maintain accurate records, reports, accounts, books and data which shall fairly and accurately reflect the operations of the Sonitrol Business and any other business Franchisee conducts. Franchisee also agrees to comply with the reasonable record-keeping and reporting policies as set forth in the Sonitrol Franchise Standards Manual. Franchisee agrees to maintain its records and files in a secure manner to safeguard and prevent unauthorized persons from having access to the records, or accidental destruction. Each of Sonitrol and Distributor may examine and audit the records of Franchisee's Sonitrol Business, at Sonitrol's or Distributor's, as applicable, expense, upon notice and according to the procedures set forth in this Agreement and the Sonitrol Franchise Standards Manual.

Section 10.14 **List of Owners/Key Employees.** Exhibit "G" hereto contains a complete and accurate list of all of Franchisee's Existing Equityholders including class and number of shares or percentage ownership. Franchisee agrees to notify Sonitrol and Distributor in writing before the change in any ownership interest which does not require consent under this Agreement (if reasonably possible and if not possible, promptly after Franchisee becomes aware of such change). Franchisee agrees to comply with all applicable restrictions against Transfer as provided in this Agreement. If Franchisee completes Exhibit "H", it will be presumed that such listed employees meet the definition of a Key Employee. If Franchisee chooses not to complete Exhibit "H", then it will be Franchisee's burden to demonstrate to Sonitrol's and Distributor's reasonable satisfaction that an individual meets the definition of a Key Employee for the purpose of Section 14.02. Franchisee agrees to notify Sonitrol and Distributor in the event of any change in Key Employees; provided, however, that failure to do so will not be a breach of this Agreement. Each of Sonitrol and Distributor may periodically request that Franchisee update the lists of Existing Equityholders and Key Employees and Franchisee agrees to comply with that request within a reasonable time.

Section 10.15 **Financial Statements**. At Sonitrol's and/or Distributor's request, Franchisee agrees to provide Sonitrol and Distributor, within four (4) months following the close of each fiscal year, Franchisee's financial statements prepared by an independent certified public accountant. The financial statements shall be prepared in accordance with generally accepted accounting principles as applied in the United States except as otherwise expressly disclosed in the notes to the financial statements and certified by an officer of Franchisee as true and accurate in all material respects. Franchisee agrees to provide to Sonitrol and Distributor annually with a year-end chart of accounts in the form prescribed by Sonitrol in the Sonitrol Franchise Standards Manual.

Section 10.16 **National Accounts.** Franchisee acknowledges that securing National Account Customers with multiple locations both within and outside Franchisee's Exclusive Territory is beneficial to the entire Sonitrol System and the following provisions shall apply:

(a) Annually, Sonitrol will publish pricing parameters, labor and installation rates and all pertinent terms of its "National Accounts" program which will remain in effect for a full year after such publication. Sonitrol will provide Franchisee and Distributor written notice of such terms at least thirty (30) days in advance of the effective date of such terms. Franchisee may either accept such terms for the coming year, or Franchisee may elect to opt out of (solely for the purpose of this Section 10.16, hereinafter, the "National Account Opt Out") any obligation or right to secure, install and service National Account Subscribers (i) for leases of products to National Account Customers, or (ii) for all sales (including direct sales and leases) of products to National Account Customers.

(b) If Franchisee elects to exercise its National Account Opt Out, (1) Distributor may designate another sub-franchisee of Distributor (including another Sonitrol franchisee which is an affiliate of Distributor) to solicit and contract directly with any new National Account Customers (for example, new National Account Customers on and after the date when Franchisee "Opts Out") for direct sales and/or leases, as applicable, of products within Franchisee's Exclusive Territory and to sell, install, monitor and service such locations, and will be entitled to retain all revenue related thereto, and (2) Franchisee automatically waives any and all monitoring rights associated with such National Account Customers. This election by Franchisee to exercise the National Account Opt Out under this Section 10.16 must be made in writing at the time Franchisee executes this Agreement or at any time during the term of the Agreement within thirty (30) days of the publication of revised terms for National Accounts as provided in Section 10.16(a). Such election by Franchisee will be irrevocable for three (3) years, unless otherwise agreed in writing by Sonitrol and Distributor. If Distributor does not designate a sub-franchisee within twenty (20) days of such National Account Opt Out by Franchisee, Sonitrol shall automatically be designated to solicit and service such National Account Customers until such time as Franchisee shall give notice of its intent for the next year under Section 10.16(a). Following designation by Distributor of another sub-franchisee after Franchisee's exercise of the National Account Opt Out, Distributor cannot substitute another franchisee until the next annual publication provided in Section 10.16(a) without Sonitrol's express written consent; provided however, that if such sub-franchisee defaults under its Franchise Agreement, Distributor may appoint a another franchisee to solicit and service such National Account Customers until the next annual publication provided in Section 10.16(a) without Sonitrol's express written consent.

(c) Unless Franchisee elects to exercise its rights under the National Account Opt Out Franchisee shall use its best efforts to secure such National Account Customers that have their corporate headquarters located in Franchisee's Exclusive Territory in compliance with the relevant standards set forth in the Sonitrol Franchise Standards Manual. Sonitrol and Franchisee agree to comply with such standards as they may be reasonably amended from time-to-time by Sonitrol. Where such standards differ from this Agreement, this Agreement shall control.

(d) For each National Account Subscriber which is a direct sale relationship, Sonitrol shall retain as its fee thirteen percent (13%) of the Total Contract Value as a sales and service commission ("Commission") for managing such National Account. Notwithstanding the foregoing, if the corporate headquarters of the National Account Subscriber is located in Franchisee's Existing Territory, and Franchisee can substantiate (in accordance with the procedures in the applicable Sonitrol Franchise Standards Manual) that Franchisee introduced the National Account to Sonitrol and had the predominate business relationship with such National Account Subscriber prior to it becoming a National Account Customer, then (i) for any National Account Subscriber locations within Franchisee's Exclusive Territory, which were not a Subscriber Account of Franchisee prior to becoming a National Account, the Commission will be reduced to 6.5%, and (ii) for any National Account Subscriber location within Franchisee's Exclusive Territory for which Franchisee has an effective Subscriber Contract with such National Account Subscriber location at the time of the entering into of the National Account Contract, the Commission will be reduced to 0%. If a National Account Customer cancels its National Account Contract within the first two (2) years of the National Account Contract, Sonitrol will rebate to Franchisee: (i) 50% of the commission actually received by Sonitrol if the termination occurs in the first year of the contract, and (ii) 25% of the Commission actually received by Sonitrol if the termination occurs in the second year of the contract. For each National Account Subscriber which is a lease relationship, the fee sharing with respect to such Subscribers shall be in accordance with the terms of the Sonitrol Franchise Standards Manual.

(e) Provided that Franchisee has not exercised its National Account Opt Out, Franchisee shall install and service applicable National Account Subscribers within Franchisee's Exclusive Territory. Franchisee will be compensated for the installation servicing and monitoring provided to National Account Subscribers in accordance with the criteria established and published annually by Sonitrol. Notwithstanding anything to the contrary herein, such compensation for direct sales with National Account Subscribers, unless otherwise agreed in writing with Franchisee, will not be less than: (1) a 20% Gross Margin on the direct sale installation fees paid by the National Account Customer for such National Account Subscriber location; and (2) RMR discounted by not more than thirty-five percent (35%) of the RMR calculated by Sonitrol's estimating software for National Account Customers as published in accordance with the provisions of Subsection 10.16(a). In no event will the prices charged to National Account Subscribers in areas serviced by Franchisee be less than those charged to National Account Subscribers operating in areas serviced by Sonitrol company-owned locations for substantially similar products, terms, system design, and services.

(f) Notwithstanding Franchisee's obligation to install and service National Account Subscriber locations within the Exclusive Territory, as described in this Section 10.16, each of Franchisee and Distributor acknowledges that a National Account Customer may require that all its locations, whether within or outside Franchisee's Exclusive Territory, be monitored from a

single Central Monitoring Station. Accordingly, the monitoring of National Account Subscriber locations within Franchisee's Exclusive Territory may, at the National Account Customer's election, be performed by Sonitrol (or other authorized Sonitrol franchisee). Any such monitoring services provided by Sonitrol for National Account Subscriber locations that were installed and are serviced by Franchisee pursuant to this Section 10.16 shall be provided in accordance with the Monitoring Agreement. Under the Monitoring Agreement, Franchisee shall compensate Sonitrol for providing monitoring services at a rate that will not exceed the rate published in the Sonitrol Franchise Standards Manual, which rate may not be increased by more than the percentage increase in monitoring charges applied to the applicable National Account Customer. The initial rate for basic monitoring services will be $15, per Subscriber Account, per month.

(g) Franchisee acknowledges that its Central Monitoring Station must have the capacity to support "mySonitrol.net" (the "Internet Site") for its accounts being monitored by such Central Monitoring Station. In the event that the Franchisee's Central Monitoring Station lacks the required capacity to support the Internet Site, and a National Account Customer requires such capability, either at the time of sale or thereafter, Franchisee agrees to transfer the monitoring of such account to Sonitrol or another authorized Sonitrol franchisee (including another Sonitrol franchisee which is an Affiliate of Distributor) within a reasonable period of time. Any such monitoring services provided by Sonitrol to a related National Account Subscriber pursuant to this Subsection 10.16(g) shall be provided in accordance with the terms of the Monitoring Agreement. Franchisee shall compensate Sonitrol for providing monitoring services at the rates described in Subsection 10.16(f) above. If Franchisee transfers the monitoring services to another Sonitrol Franchisee (including another Sonitrol franchisee which is an Affiliate of Distributor), then Franchisee will negotiate the monitoring rate directly with such other Franchisee and provide for such rate in the Monitoring Agreement.

(h) Sonitrol may, upon the request of the National Account Customer, but is not required, to invoice and collect all fees and other payments for the installation, monitoring and servicing of National Account Subscriber locations within the Exclusive Territory. Terms for payment of Franchisee for installation, monitoring and servicing of a National Account Subscriber within Franchisee's Exclusive Territory shall be net forty-five (45) days of the date of Franchisee's invoice to Sonitrol. Late payments will be subject to the same interest rate as set forth in Section 7.03. If Sonitrol monitors such location, pursuant to Subsections 10.16(f) or (g), then Sonitrol may deduct the applicable monitoring fee and pay the balance to Franchisee. Further, Sonitrol reserves the right to deduct any and all past due amounts owed by Franchisee to Sonitrol and/or Distributor under this Agreement or any other agreement from any payments owed by Sonitrol and/or Distributor to Franchisee under this Section 10.16. In the event that a National Account Customer claims that Franchisee failed to meet Sonitrol's standards for the installation and/or service applicable to that National Account Contract, Sonitrol or Distributor may withhold applicable payments until the resolution of the dispute.

(i) Franchisee may not change the pricing structure related to any National Account Subscriber without prior written consent from Sonitrol.

(j) For purposes of this Section 10.16, "Gross Margin" shall mean the estimated margin of return for a Sonitrol franchisee for a National Account Subscriber installation, all as calculated

by Sonitrol's estimating software for National Account Customers and as published in accordance with Subsection 10.16(a).

(k) Nothing in this Agreement will restrict Franchisee's ability to contract with customers who are not designated as National Account Customers within Franchisee's exclusive territory, or to refer accounts located outside of its Exclusive Territory to another Sonitrol Franchisee authorized to sell or provide Sonitrol Products and Services within the relevant territory. At all times, Franchisee will remain the owner of all Subscriber Accounts within its Exclusive Territory, except for National Account Subscribers where Franchisee "Opted Out" under this Section 10.16.

Article XI. CONFIDENTIAL INFORMATION

Section 11.01 **Information To Be Protected.** From time to time Sonitrol, its designees, Approved Vendors or Distributor may provide Franchisee with Confidential Information to help Franchisee in the operation of the Sonitrol Business. Pursuant to this Agreement and the policies within the Sonitrol Franchise Standards Manual, Franchisee may be required to provide Sonitrol or Distributor (or may do so on a voluntary basis) with Dealer Information.

Section 11.02 **Acknowledgement of Proprietary Trade Secrets.** Franchisee, Distributor and Sonitrol agree that the Confidential Information and the Dealer Information are (or contain) proprietary trade secrets and derive significant independent value from not being generally known to the public, within the industry and particularly to competitors to the Sonitrol System.

Section 11.03 **Restrictions on Distribution.** Franchisee (with regard to the Confidential Information), and each of Sonitrol and Distributor (with regard to the Dealer Information) agree not to use, share or in any way communicate such information to any third party without the other's prior written consent except as specifically provided in this Agreement.

(a) Franchisee agrees not to disclose any Confidential Information to any person, except as may be required by applicable law or to its employees, agents, representatives, auditors or attorneys who need to know such information for the effective operation of the Sonitrol Business or the enforcement of its rights under this Agreement. Franchisee agrees to use its best efforts to prevent inadvertent disclosure of any Confidential Information. Franchisee agrees to inform Sonitrol and Distributor promptly of any unauthorized use or disclosure of any Confidential Information. Franchisee agrees that the duty not to disclose Confidential Information shall continue throughout the Term and following the expiration or termination of this Agreement and any successor agreements. All Confidential Information shall be returned to Sonitrol and/or Distributor, as applicable, on termination or expiration of this Agreement.

(b) Each of Sonitrol and Distributor agrees not to disclose any Dealer Information to any person, except as may be required by applicable law or to those of its employees, agents, representatives, auditors or attorneys who need to know such information in connection with the conduct of the business or the enforcement of its rights under this Agreement. Each of Sonitrol and Distributor agrees to use its best efforts to prevent inadvertent disclosure of any Dealer Information. Each of Sonitrol and Distributor agrees that the duty not to use or disclose the Dealer Information shall continue throughout the Term and for a period of three (3) years

following the expiration or termination of this Agreement and any successor agreements. Notwithstanding the foregoing, to the extent that the Dealer Information includes information relating to Subscriber Accounts, Franchisee agrees that upon termination or expiration of the Initial Term or Renewal Term (and Franchisee's choosing not to renew under the provisions of Section 2.03 of this Agreement), each of Sonitrol and Distributor will have the right to use such information for purposes of monitoring Franchisee's compliance with its obligations under this Agreement, including but not limited to those under Article XVIII, but neither Sonitrol nor Distributor may use the information for direct solicitation of such Subscriber Accounts during the three (3) years following the expiration or termination of this Agreement and any successor agreements unless Franchisee otherwise materially violates any of the obligations under this Agreement which survive expiration or termination.

(c) Sonitrol, Distributor and Franchisee each also acknowledge that injunctive relief is necessary and proper to stop or prevent the wrongful disclosure of the Confidential Information and/or Dealer Information.

Article XII. RELATIONSHIP OF PARTIES

Section 12.01 **Independent Contractor.** Franchisee is an independent contractor with complete control and direction over its Sonitrol Business operations, subject only to the conditions and obligations established by this Agreement. No agency, employment or partnership is created by this Agreement, and Franchisee's business is separate and apart from any business Sonitrol or Distributor owns or operates. Franchisee acknowledges and agrees that neither Sonitrol nor Distributor owes a fiduciary duty whatsoever to Franchisee.

Section 12.02 **No Authority To Bind.** Neither Franchisee, Sonitrol nor Distributor will have any authority to bind the others in any capacity, and neither Franchisee nor Distributor nor Sonitrol will make any representation or be responsible for any of the other's obligations or expenses except as otherwise set forth herein. Neither Franchisee, its employees, nor any person performing any duties or engaged in any work at its request, shall be deemed Sonitrol's or Distributor's employees or agents.

Section 12.03 **Identification to Public.** Franchisee will identify its Sonitrol Business as an independently owned and operated Sonitrol Franchise in the manner prescribed in the Sonitrol Franchise Standards Manual. Neither Sonitrol nor its Affiliates nor Distributor will misrepresent to third parties that they own or are Affiliates of Franchisee.

Article XIII. INDEMNITY AND DEFENSE

Section 13.01 **Sonitrol's Indemnification of Franchisee.** Each of Sonitrol and Distributor agrees to indemnify, hold harmless, and at Sonitrol's or Distributor's sole option, defend, Franchisee and the Indemnified Parties from and against any claim, expense, loss, damage or liability (including costs and attorneys' fees as expressly provided in Section 22.08) to the extent that such claim, expense, loss, damage or liability relates to or arises out of any of the following:

(a) Sonitrol's or Distributor's, as applicable, alleged violation of any federal, state or local law, regulation, ruling or any industry standard;

(b) Franchisee's use of the Sonitrol Marks or use and/or sale of any of the Proprietary Products, in each case as contemplated by this Agreement and in strict accordance with the provisions of the Sonitrol Franchise Standards Manual, infringes the intellectual property rights of any third person; or

(c) Sonitrol's or Distributor's, as applicable, violation or breach of any of its material obligations under this Agreement;

(d) The negligent or defective manufacture of any Proprietary Product which is manufactured by Sonitrol or an Affiliate of Sonitrol, or the negligent or defective manufacturing of any Proprietary Product which results directly from Sonitrol's or Affiliate's design or specifications for such Proprietary Product; or

(e) Any negligent acts, errors or omissions of Sonitrol or Distributor, as applicable or any of the agents, servants, employees, officers, directors, contractors, owners, Affiliates or representatives of either of them arising under those business operations directly relating to Sonitrol Products and Services whether during or after the expiration of the Term of this Agreement for so long as Sonitrol or Distributor has obligations under Section 20.03.

Section 13.02 **Franchisee's Indemnification of Sonitrol and Distributor.** Franchisee agrees to indemnify, hold harmless, and at Sonitrol's or Distributor's, as applicable, sole option, defend, Sonitrol and Distributor and the Indemnified Parties from and against any claim, expense, loss, damage or liability (including costs and attorneys' fees as expressly provided in Section 22.08) to the extent that such claim, expense, loss, damage or liability relates to or arises out of any of the following:

(a) Franchisee's violation or breach of any of its material obligations under this Agreement, the Sonitrol Franchise Standards Manual, or the Sonitrol GSA Authorized Dealer Program;

(b) Franchisee's alleged infringement or any other alleged violation of any patent, trademark, copyright or other proprietary right of a third party, except to the extent the infringement results solely from the use of the Sonitrol Marks or the Proprietary Products strictly in accordance with the terms of this Agreement and the Sonitrol Franchise Standards Manual;

(c) Franchisee's alleged violation of any federal, state or local law, regulation, ruling or any industry standard;

(d) Any misleading or untrue statements by Franchisee, or its failure to disclose facts, in connection with the execution of this Agreement or the sale of any products or services, except to the extent such statements are made with Sonitrol's and Distributor's express prior written authorization;

(e) Franchisee's installation or service of equipment at a Subscriber's premises, its monitoring of Subscriber Accounts and/or services provided by Franchisee to Subscribers; or

(f) Any acts, errors or omissions of Franchisee or any of its agents, servants, employees, officers, directors, contractors, owners, Affiliates or representatives related to the operation of

Franchisee's business, whether during or after the expiration of the Term of this Agreement for so long as Franchise has rights under Section 20.03.

Section 13.03 **Indemnified Parties.** "Indemnified Parties" means Franchisee, Distributor or Sonitrol, respectively and each of their respective officers, directors, agents, employees, representatives, owners and Affiliates.

Section 13.04 **Procedures.** Any party seeking indemnification under this Article XIII shall give prompt written notice to the indemnifying party of the existence of any claim pursuant to which the party seeking indemnification believes that it is entitled to indemnification under this Article XIII. Such notice shall include a description in reasonable detail of the facts constituting the basis for such claim for indemnification and copies of any and all correspondence and documents relating to such claim. The failure by any party seeking indemnification to give prompt notice as provided in this Section shall not relieve the indemnifying party of its indemnification obligation under this Article XIII except to the extent that such omission results in a failure of actual notice to the indemnifying party, and the indemnifying party is materially damaged or materially prejudiced as a result of such failure to give notice. In no event shall the indemnifying party be liable for the legal fees or expenses of the party seeking indemnification if the indemnifying party undertakes the defense of such claim. The party controlling the defense of any legal proceedings shall keep the other party informed of the status of such action and the defense thereof. Neither Franchisee nor Distributor nor Sonitrol may settle any claim or legal proceeding without the consent of each of the other parties, which consent shall not be unreasonably withheld or delayed. The party seeking indemnification shall cooperate with the indemnifying party fully in the defense of any claim or legal proceeding.

Section 13.05 **Enforcement; Survival**. Each of Sonitrol, Distributor and Franchisee shall be entitled to recover the reasonable costs and expenses (including reasonable attorney's fees to the extent specifically allowed under Section 22.08) incurred to enforce the indemnification obligations of the other party or parties under this Article XIII to the extent the indemnifying party is obligated, but refuses, to provide indemnification. The provisions of this Article XIII shall survive the expiration or other termination of this Agreement.

Article XIV. ASSIGNMENT OF AGREEMENT

Section 14.01 **Restriction on Assignment.** Except as otherwise provided in this Agreement, Franchisee shall not Transfer, and shall have no right to Transfer, either (1) this Agreement or any interest in this Agreement, including any Subscriber Accounts (except for sales to another Sonitrol franchisee with exclusive rights to the territory where such Subscriber Account is located) or any other interest or right granted by this Agreement or in the Sonitrol Business, or (2) any Controlling Interest in Franchisee whether in one or a series of transactions, in either case, without Sonitrol's and Distributor's prior written consent which, subject to compliance with the requirements set forth in Section 14.03 of this Agreement, shall not be unreasonably withheld; provided further, that Sonitrol agrees to communicate to Distributor and Franchisee its decision with respect to such transferee no later than thirty (30) days following Sonitrol's receipt of information necessary for Sonitrol's evaluation of such transferee. The prohibition on Transfer shall not be deemed to prohibit Franchisee from granting a lien or security interest on the collateral of its Sonitrol Business, but under no circumstances shall Franchisee permit a

Transfer of its interest in this Agreement. If Franchisee is a subsidiary of another entity, any Transfer of Control in Franchisee's parent, or any ultimate parent (whether by means of one or a series of more than one transactions or events) shall be considered to be a Transfer of Control. Except as otherwise provided herein, any purported Transfer without Sonitrol's and Distributor's prior written approval shall be null and void and shall be a breach of this Agreement.

Section 14.02 **Permitted Assignments.** Notwithstanding the provisions of Section 14.01 of this Agreement, the Transfers listed in Subsections 14.02(a) through (e) shall not require either Sonitrol's or Distributor's consent, and neither Sonitrol nor Distributor will have any rights under Article XV of this Agreement with respect to those Transfers; provided that all of the conditions set forth in this Section 14.02 are fully satisfied. The Transfers permitted under this Section are as follows:

(a) the Transfer of this Agreement to another legal entity which already Controls, or is Controlled by or an Affiliate of, Franchisee and of which Franchisee had previously notified Sonitrol and Distributor of the ownership interest of such entity and Sonitrol and Distributor have each consented to such ownership;

(b) the Transfer of an interest, which when aggregated with all prior Transfers to such person, constitutes a Transfer of less than a Controlling Interest in Franchisee;

(c) the Transfer of a Controlling Interest in Franchisee to one or more Immediate Family Members, Key Employees or Existing Equityholders;

(d) the Transfer of a Controlling Interest in Franchisee upon the death or permanent disability of the owner of a Controlling Interest, where in each case (i) the transferees are Immediate Family Members, Key Employees, or Existing Equityholders; (ii) the transferor prior to distribution is an Immediate Family Member, Key Employee, or Existing Equityholder, and (iii) the transferees otherwise meet the requirements of a Sonitrol Franchisee as provided in the Sonitrol Franchise Standards Manual; or

(e) the Transfer of a Controlling Interest in Franchisee, whether by means of one or a series of more than one transaction or event, to a Qualified Retirement Trust, where the trustee is an Immediate Family Member, Key Employee, or Existing Equityholder and the beneficiaries are Franchisee's employees.

In order to qualify the Transfers listed in subsections (c)-(e) above for the exemption from the consent requirements of Section 14.01 of this Agreement, each of the following conditions precedent must be satisfied in full: (1) no Event of Default under this Agreement which has not been cured shall exist, and there shall be no events which but for the giving of notice or lapse of time, or both, would constitute an Event of Default, both at the time notice of the proposed Transfer is given and at the time of the Transfer, (2) the transferee's acceptance of such Transfer and subsequent operation of the Sonitrol Business would not result in an Event of Default under this Agreement without regard to requirements for the giving of notice or lapse of time or both, (3) Franchisee must provide Sonitrol and Distributor not less than thirty (30) nor more than one hundred twenty (120) days prior written notice of the proposed Transfer, including a detailed

description of the proposed Transfer, all parties thereto and all terms and conditions thereof, (4) no default, or event which but for the giving of notice or lapse of time, or both, would constitute a default, exists under any other agreement between Franchisee and Sonitrol and/or Distributor, and (5) the transferee must satisfy all of the requirements of this Agreement and the Sonitrol Franchise Standards Manual relating to new franchisees and, if it has not already done so, complete the initial training program herein provided, or such supplemental training as Sonitrol and/or Distributor may reasonably require. Notwithstanding the above, if there is an uncured default at the time of transfer, this will not preclude the assignment if the proposed transferee agrees in writing for the benefit of Sonitrol and/or Distributor to assume such liabilities and cure the default at the time of transfer in the event of monies owed, or within 30 days of transfer in any other case (or commence diligent efforts to cure if the default cannot be reasonably cured within 30 days).

Section 14.03 **Approval Criteria.** Sonitrol and Distributor will consent to the Transfer of the Sonitrol Business or a Controlling Interest in Franchisee in a transaction other than one described in Section 14.02 of this Agreement provided each of the following requirements is fully satisfied:

(a) The transferee must meet the standards and requirements for a new Sonitrol Franchisee set forth in this Agreement and the then current Sonitrol Franchise Standards Manual, subject to each of Sonitrol's and Distributor's reasonable discretion; provided however, that Sonitrol agrees to communicate to Distributor and Franchisee its decision with respect to such transferee no later than thirty (30) days following Sonitrol's receipt of information necessary for Sonitrol's evaluation of such transferee;

(b) No Event of Default under this Agreement which has not been cured shall exist; there shall be no events which but for the giving of notice or lapse of time or both, would constitute an Event of Default hereunder, and no default or event which but for the giving of notice or lapse of time, or both, would constitute a default, exists under any other agreement between Franchisee and Sonitrol and/or Distributor. Notwithstanding the above, if there is an uncured default at the time of transfer, this will not preclude the assignment if the proposed transferee is a Sonitrol Franchisee in good standing, and that transferee agrees in writing for the benefit of Sonitrol and Distributor to assume such liabilities and cure the default at the time of transfer in the event of monies owed, or within 30 days of transfer in any other case (or commence diligent efforts to cure if the default cannot be reasonably cured within 30 days). For the avoidance of doubt, nothing herein shall modify Sonitrol's or Distributor's, as applicable, rights under Article XV;

(c) Franchisee has paid all outstanding amounts due under this Agreement and any other agreement with Sonitrol and/or Distributor;

(d) Franchisee executes a mutual general release, in the form of Exhibit "I";

(e) The transferee executes an acknowledgement in a form acceptable to Sonitrol and Distributor accepting the terms of this Agreement, all other agreements between Franchisee and Sonitrol and/or Distributor (which relate to or are affected by the Transfer) and the then current Sonitrol Franchise Standards Manual; and

(f) The transferee shall have paid Distributor and Sonitrol a transfer fee of Seven Thousand Five Hundred Dollars ($7,500.00), such amount to be split equally between Distributor and Sonitrol.

Section 14.04 **Endorsements on Ownership Certificates.** If Franchisee is a corporation or Franchisee incorporates during the term of this Agreement, or Franchisee at any time issues certificates evidencing ownership of limited liability company, partnership or beneficial interests, all certificates representing such shares or limited liability company, partnership or beneficial interests previously or subsequently issued by Franchisee shall have endorsed thereon an appropriate legend, referring to this Agreement by date and name of parties hereto, and stating, "Transfer of this certificate is limited by the Franchise Agreement," or similar language. This legend shall not be required on certificates representing publicly traded stock of Franchisee previously registered under the federal securities laws and representing less than twenty-five percent (25%) of any class of stock of Franchisee.

Section 14.05 **Assignment.** Sonitrol and/or Distributor (but only to the extent otherwise permitted under Distributor's agreements with Sonitrol) each have the right to assign this Agreement and the rights hereunder, in whole or in part, to any person, or entity, provided that the transferee agrees in writing to assume Sonitrol's and/or Distributor's obligations hereunder.

Article XV. SONITROL'S AND DISTRIBUTOR'S RIGHT TO PURCHASE

Section 15.01 **Notice of Offer.** If Franchisee receives from a third party a bona fide offer to purchase any assets or interest the Transfer of which would require Sonitrol's and/or Distributor's consent to complete pursuant to Article XIV, and Franchisee desires to accept such offer, then before accepting the offer Franchisee agrees to offer the assets or interest (whichever is applicable) which is the subject of the purchase offer first to Distributor and then to Sonitrol. This Article XV shall constitute an irrevocable right of first refusal in favor of Distributor and Sonitrol which shall apply with regard to each Transfer subject to its approval under Article XIV. Franchisee agrees to give Distributor and Sonitrol contemporaneous notice of the offer, which shall include a copy of the third party offer, accompanied by (if applicable) a commitment to lend from an appropriate financing source (or a term sheet or such similar document as such institution may normally provide under such circumstances), together with any amendments and other pertinent terms, information or documents referenced in such offer (all such information and documents collectively referred to as the "Purchase Offer"). If the Purchase Offer relates to a Transfer of more than the Sonitrol Business, Franchisee shall also specifically designate the price and terms of the offer as they relate to the transfer of the Sonitrol Business, any real estate relating to the facilities from which Franchisee conducts the Sonitrol Business, and any other security-related businesses which are the subject of the Purchase Offer. First Distributor's then Sonitrol's right of first refusal shall apply to all such assets, but not to any unrelated real estate or other assets or non-security businesses. Franchisee also agrees to provide any and all other documentation which Distributor and/or Sonitrol may reasonably request in order to evaluate the offer. If Distributor or Sonitrol do not receive written notice of the Purchase Offer and the specific information and the related documentation as set forth above, then neither Distributor nor Sonitrol shall have any obligation to consider or consent to the prospective sale of the assets or interest(s).

Section 15.02 **Exercise of Right.** During the thirty (30) day period following Distributor's and Sonitrol's receipt of the Purchase Offer and all other reasonably pertinent documents and information Distributor and/or Sonitrol, as applicable (the "Acquiring Company"), may require pursuant to Section 15.01 of this Agreement (the "Option Period"), Acquiring Company shall have the irrevocable option to elect to purchase or otherwise acquire the Sonitrol Business (and if applicable, the other assets) that is the subject of the Purchase Offer upon the same terms and conditions set forth in the Purchase Offer with respect to the Sonitrol Business. In order to exercise the option, Acquiring Company agrees to give Franchisee written notice of the election within the applicable Option Period. In the event Acquiring Company elects to exercise the option, Acquiring Company must purchase all of the assets to which the right of first refusal applies. If Acquiring Company gives Franchisee notice of the election to exercise the option within the time period provided herein, Acquiring Company shall have a reasonable period of time (not to exceed ninety (90) days) after exercising the option to complete due diligence in connection with the purchase and to close on the transaction. If Acquiring Company does not exercise the option by giving notice in writing within the Option Period, then Franchisee may sell the Sonitrol Business covered by the Purchase Offer to the offer or who extended such offer, subject to the satisfaction of the conditions to Transfer specified in Article XIV, provided (1) such interest is sold during the one hundred eighty (180) day period immediately following the expiration of the Option Period, and (2) such sale is consummated (A) at a price greater than or equal to that set forth in the Purchase Offer and (B) on the terms (including payment terms) set forth in the Purchase Offer. If Franchisee amends the Purchase Offer in any material way, this will constitute a new offer, subject anew to the provisions of this Article XV. Notwithstanding anything to the contrary herein, Sonitrol's rights to elect to purchase or otherwise acquire the Sonitrol Business (the "Purchase Option") under this Article 15 do not arise until the earlier of (i) the date when Distributor provides written notice to Sonitrol that it intends to waive or otherwise relinquish its Purchase Option under this Article 15, and (ii) the expiration of the initial Option Period for Distributor described above without exercise of the option by Distributor; and, further, in such event Sonitrol shall have an additional 30 days to elect to purchase or otherwise acquire the Sonitrol Business (and if applicable, the other assets) that is the subject of the Purchase Offer upon the same terms and conditions set forth in the Purchase Offer with respect to the Sonitrol Business, on the terms detailed in this Section 15.02.

Article XVI. DEFAULT

Section 16.01 **Events of Default.** Each of the following events shall constitute an Event of Default under this Agreement:

(a) An act of insolvency by Franchisee (either voluntarily or involuntarily), an assignment for the benefit of creditors or similar disposition of assets by Franchisee, or Franchisee's filing of a petition under any bankruptcy, reorganization, insolvency or moratorium law, or any law for the relief of, or relating to, debtors;

(b) The filing against Franchisee of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law, or any law for the relief of, or relating to, debtors, or the appointment of any receiver or trustee to take possession of any of Franchisee's property, unless such petition or appointment is set aside, withdrawn or ceases to be in effect within sixty (60) days of such filing or appointment;

(c) Franchisee abandons all or any portion of the Sonitrol Business by (i) ceasing monitoring functions or (ii) ceasing sales, installation and/or servicing operations for five (5) consecutive business days; provided however, the foregoing shall not apply if any failure to operate is due to forces beyond Franchisee's control as provided in Section 22.03 of this Agreement so long as Franchisee promptly commences and diligently pursues efforts to correct the failure;

(d) A final judgment (where the time to file an appeal has expired) or the unappealed decision of any regulatory officer or agency that results in a temporary or permanent suspension of any permit or license, possession of which is a prerequisite to operation of the Sonitrol Business by Franchisee under applicable law, which judgment or suspension is not stayed or enforcement of which is not enjoined, within ten (10) days of the entry of any such judgment or decision;

(e) Franchisee's failure to pay when due any monies owed to Sonitrol or Distributor or their Affiliates, as applicable, under the terms of this Agreement, the Monitoring Agreement, or any other agreement, or to Sonitrol or its Affiliates relating to the purchase, servicing or licensing of Central Monitoring Station hardware or software;

(f) A criminal conviction against Franchisee or any of its Manager(s), officers, directors, owners, partner(s) or principal(s) (excluding however, partners or principals who are passive investors with less than a twenty-five percent (25%) ownership interest in Franchisee prior to the offense upon which such conviction is based) for a felony offense involving moral turpitude, or any other crime which could reasonably be expected to impair substantially the goodwill associated with the Sonitrol Marks in the Exclusive Territory;

(g) Any material representation, warranty or certification made or deemed to be made to Sonitrol and/or Distributor by Franchisee or on its behalf in connection with the execution of this Agreement, or in any certificate, accounting, report or plan that Franchisee is required to submit to Sonitrol or Distributor and their Affiliates in connection with this Agreement shall prove to have been untrue or misleading as of the time made or furnished;

(h) Franchisee's failure to meet its MPRs for two consecutive calendar years;

(i) Franchisee's breach of any material obligation or failure to observe or perform any covenant or agreement imposed on Franchisee under this Agreement (including without limitation breach of Franchisee's obligations under Section 6.05), or any of the agreements relating to the Central Monitoring Station referred to in Subsection 4.02(d) of this Agreement;

(j) Franchisee's breach of Section 20.07 after Sonitrol or Distributor has provided written notice to Franchisee that a particular Sonitrol Franchisee has been terminated; or

(k) Franchisee's repeated failure to comply with, perform or observe the lawful provisions of this Agreement, including without limitation Subsection 1.07(d) of this Agreement, whether or not such noncompliance is corrected after notice. "Repeated" as used in this Subsection 16.01(k) shall mean four (4) or more times within any twelve (12) month period.

Section 16.02 **Notice and Cure.** In the event Sonitrol and/or Distributor notifies Franchisee in writing of the existence of any Event of Default, the Default Notice will specify the acts of default, the specific provision(s) of the Agreement violated, and the applicable Cure Period, if

any. Franchisee will have the following Cure Periods to cure certain Events of Defaults specified in the Default Notice:

(a) In the case of an Event of Default under Subsections 16.01(a)-(d) and (j), there will be no Cure Period beyond those referenced in each of those Subsections, and termination will be effective immediately upon giving the Default Notice;

(b) In the case of an Event of Default under Subsection 16.01(e), Franchisee will have ten (10) business days after receipt of the Default Notice to pay all amounts due, together with any accrued interest, service or late fees, as applicable;

(c) In the case of an Event of Default under Subsection 16.01(f) due to a conviction or specified act relating to a Key Employee, Manager, officer or director, Franchisee may cure by promptly terminating the employment of that Key Employee, Manager, officer or director, or suspending him or her from his or her duties pending investigation; in the case of an owner or Existing Equityholder, Franchisee may cure by promptly removing him or her from any management duties and transferring his or her equity interest to another Existing Equityholder, Key Employee or Immediate Family Member, subject to compliance with Section 14.02(e) to the extent applicable;

(d) In the event that Franchisee has failed to meet its MPRs as provided in Section 6.04 (taking into account any time to cure as provided therein), either Sonitrol or Distributor may immediately terminate Franchisee; and

(e) In the case of any Event of Default other than those under Subsections 16.01(a)-(d), (e), and (f), Franchisee will have (without duplication of any other applicable Cure Period specified in this Agreement or any other applicable agreement) thirty (30) days to cure such Event of Default; provided, however, that if this Agreement specifies a longer or shorter Cure Period with respect to such default, such longer or shorter Cure Period, as applicable, shall apply in lieu of the thirty (30) day period expressed in this Subsection 16.02(e).

Section 16.03 **Payment of Expenses**. Franchisee agrees to pay all reasonable costs and expenses, including attorneys' fees and expenses to the extent authorized by Section 22.08, incurred by Sonitrol or Distributor in enforcing the provisions of this Agreement.

Article XVII. TERMINATION

Section 17.01 **Notice of Termination by Sonitrol or Distributor.** If Franchisee fails to cure any default within the relevant Cure Period, Distributor may elect to terminate this Agreement by sending Franchisee written notice of termination (the "Termination Notice") at least thirty (30) days prior to the effective date of the termination, or such longer period as may be required by statute. Distributor's election to terminate this Agreement is in addition to any other right or remedy either Sonitrol or Distributor may have under this Agreement, any other agreement, at law, equity or otherwise. Notice and termination pursuant to this Section will be considered a termination by Sonitrol and Distributor "for cause." Notwithstanding the foregoing, and unless notice is required by law, if termination is based upon the violation of Subsections 16.01(a)-(d), there will be no delay required beyond the applicable Cure Period referenced in each of those

Subsections, and termination will be effective immediately upon giving the Termination Notice. Notwithstanding anything to the contrary herein, and upon reasonable notice to Distributor, Sonitrol retains the right to unilaterally terminate Franchisee for Events of Default under Section 16.01 (i) relating to the (1) misuse of, damage to, or impairment of, the Sonitrol Marks and/or Sonitrol System, (2) failure of Franchisee to satisfy financial obligations owed to Sonitrol, and (3) failure of Franchisee to comply with the National Accounts Guide, and (ii) if Franchisee is an Affiliate of Distributor. If upon an uncured Event of Default Distributor fails to exercise its rights to give notice of default, terminate, or otherwise exercise its rights under this Agreement, within a commercially reasonable time frame of the existence of the facts that gave rise to the default, Sonitrol may, in accordance with the provisions of this Agreement and acting reasonably, exercise all such rights of Distributor (which shall cooperate in all respects) without liability to either Distributor or Franchisee.

Section 17.02 **Franchisee's Obligations Upon Termination.** Upon termination under this Article XVII or expiration at the end of the Initial Term or Renewal Term under Sections 2.01 and 2.03, Franchisee will:

(a) Within ten (10) days after the effective date of the termination, assign to Distributor all of Franchisee's right, title and interest in and to all customer or public communication media which are published in conjunction with or are associated with any of the Sonitrol Marks, including but not limited to (i) published telephone numbers (excluding transmission lines associated with monitoring Subscriber equipment); (ii) Internet websites/domains and email addresses; and (iii) all other directories used in connection with the Sonitrol Business (*e.g.* Yellow Pages); and

(b) Comply fully with the applicable post-termination obligations in Article XVIII.

If Franchisee fails to comply fully with the requirements of this Section 17.02 and Article XVIII within the times, if any, prescribed therein, then in addition to any other rights or remedies Sonitrol or Distributor may have, Franchisee also acknowledges and agrees that (i) Sonitrol and Distributor each will have the immediate right to seek injunctive relief and (ii) Franchisee shall comply with the non-compete provisions of Subsection 20.02 of this Agreement.

Section 17.03 **Power of Attorney.** Franchisee hereby irrevocably appoints each of Sonitrol and Distributor to act in Franchisee's stead as attorney-in-fact, and grants each of Sonitrol and Distributor full legal authority to transfer and assign all of Franchisee's right, title and interest in any telephone numbers, telephone directories (including any Internet websites or domains and email addresses) or other documents, contracts or other media described in Section 17.02 of this Agreement, as are necessary to effectively complete the transfers therein contemplated. Franchisee also agrees to execute promptly any other documents that either Sonitrol or Distributor may reasonably request to accomplish these transfers or perfect this power of attorney. Notwithstanding the foregoing, Distributor's rights as attorney in-fact will be primary and Sonitrol will not act in such capacity without prior notice to Distributor and upon Distributor's failure to take such acts as necessary to protect the Sonitrol Marks as determined by Sonitrol in its reasonable discretion.

Article XVIII. POST-TERMINATION OBLIGATIONS

Section 18.01 **Certain Obligations Franchisee has on Expiration or Termination of this Agreement.** In the event this Agreement expires at the end of the Initial Term or at the end of the Renewal Term or the Agreement is terminated by reason of an Event of Default or otherwise, Franchisee agrees to do each of the following:

(a) Franchisee will immediately remove the Sonitrol Marks from the Sonitrol Business and each Authorized Facility, and cease using, all signs, stationary, business cards, forms, slogans, and other materials bearing any of the Sonitrol Marks, including Internet websites, domain names or email accounts. With regard to products with permanent or embossed Sonitrol Marks, Franchisee agrees to conceal completely such Sonitrol Marks through decals or other means acceptable to Sonitrol. Notwithstanding, Franchisee will not be required to substitute the forms for existing Subscriber Account Contracts, whether or not such forms contain the Sonitrol Marks until such time as the contracts are renewed or modified.

(b) Upon Distributor's or Sonitrol's request, Franchisee will mail to all Subscriber Accounts a registered letter, in content approved by Sonitrol and Distributor, return receipt requested to Sonitrol and/or Distributor, informing the Subscribers that Franchisee is no longer authorized or licensed to operate under the Sonitrol Marks and requesting that the Subscribers remove all signs, decals or other materials bearing any of the Sonitrol Marks from their premises. This mailing is to be completed within thirty (30) days from the date it is requested by Distributor and/or Sonitrol. To protect Franchisee's Confidential Information (including, Franchisee's customer lists), Sonitrol and/or Distributor will allow Franchisee to the use an independent third party to handle or confirm all mailings as required hereunder, all at Franchisee's expense, subject in all respects to Sonitrol's and/or Distributor's rights under Section 11.03(b).

(c) Within six (6) months from the date of the expiration or termination of this Agreement, Franchisee will use commercially reasonable efforts to remove all signs, decals, or other materials bearing any of the Sonitrol Marks from the premises of its Subscriber Accounts; subject however, to Franchisee's rights under Section 20.03, and in such event, promptly upon termination or expiration of each such Subscriber Account.

(d) Franchisee will promptly pay to Sonitrol and/or Distributor and their Affiliates, as applicable, all sums Franchisee owes to Sonitrol and/or Distributor under this Agreement or any other agreement Franchisee has with Sonitrol and/or Distributor and their Affiliates.

(e) Franchisee will return to Sonitrol and Distributor all of their respective Confidential Information, including the Sonitrol Franchise Standards Manual, within ten (10) days of the expiration or termination of this Agreement.

(f) Franchisee will cancel all assumed name or equivalent registrations relating to the use of any of the Sonitrol Marks, notify within thirty (30) days the telephone service provider and all listing agencies of the termination or expiration of Franchisee's right to use the Sonitrol Marks and classified and other directory listings (including any Internet websites or domains and email addresses) utilizing any Sonitrol Marks, and authorize and cause the telephone service provider and listing agencies to transfer to either Sonitrol, Distributor or their designee, all telephone

number(s) (but, excluding transmission lines associated with monitoring Subscriber equipment) and listings, and not to renew Franchisee's listings or advertising using any Sonitrol Marks in future listings.

(g) Franchisee will comply with and be bound by all applicable provisions of this Agreement which survive expiration or termination, including, but not limited to, provisions relating to non-disclosure of Confidential Information and protection of trade secrets, non-competition, non-solicitation and indemnification.

(h) Franchisee will not purchase or otherwise obtain, directly or indirectly, from any person or entity any Sonitrol Products and Services not already in its possession as of the date of the expiration or termination of this Agreement, except to the extent expressly authorized by Distributor and Sonitrol in writing or by this Agreement. Franchisee will not, and will have no right to, install any new or additional Sonitrol Products and Services, or repair, replace or service any Sonitrol Products and Services at any Subscriber Account except as otherwise provided under Section 20.03 of this Agreement.

(i) Except as otherwise provided under Section 20.03 of this Agreement, franchisee will not sell any Sonitrol Products and Services.

Notwithstanding anything to the contrary herein, each of Sonitrol and Distributor acknowledges Franchisee's ownership of the Subscriber Accounts and rights to maintain, monitor and provide service to such customers following expiration of this Agreement. Provided that Sonitrol or Distributor, as applicable, do not use Dealer Information, nothing herein shall be construed to limit or restrict Sonitrol's (subject to any limitations under the Distributor Agreement) or Distributor's ability to freely solicit such Subscriber Accounts and customers of Franchisee upon the expiration or termination of this Agreement.

Section 18.02 **Purchase of Products by Distributor.** Upon termination or expiration of this Agreement, Franchisee may require Distributor to purchase from Franchisee all unused inventory constituting physical Sonitrol Products and Services purchased from an Approved Vendor, and all stocks of unused supplies and materials bearing Sonitrol Marks purchased from Distributor, provided that (1) such inventory, supplies and materials are unused, in saleable condition, and then currently being sold by Distributor for new installations, and (2) the purchase price shall be the lesser of the actual cost and the then current fair market value thereof (as reasonably determined by Distributor). In connection with any such purchase, Distributor may offset against the purchase price any monies Franchisee owes to Distributor under this Agreement or any other agreement between Franchisee and Distributor.

Section 18.03 **Right of First Refusal Post-Termination.** In addition to any other right which Distributor or Sonitrol may have, at any time during the 365 days following the effective date of a termination of this Agreement ("Option Period") due to an Event of Default of Franchisee, if Franchisee receives from a third party a bona fide offer to purchase any assets or interest of Franchisee and Franchisee desires to accept such offer, then before accepting the offer, Franchisee agrees to offer the assets or interest (whichever is applicable) which is the subject of the purchase offer first to Distributor and then to Sonitrol. This Section 18.03 shall constitute an irrevocable right of first refusal in favor of Distributor and Sonitrol.

(a) Franchisee agrees to give Distributor and Sonitrol contemporaneous notice of the offer, which shall include a copy of the third party offer, accompanied by (if applicable) a commitment to lend from an appropriate financing source (or term sheet or such similar document as such institution may normally provide under such circumstances), together with any amendments and other pertinent terms, information or documents referenced in such offer (all such information and documents collectively referred to as the "Purchase Offer"). If the Purchase Offer relates to a Transfer of more than that portion of the business which included the Sonitrol Business during the term of this Agreement (the "Offered Business"), Franchisee shall also specifically designate the price and terms of the offer as they relate to the transfer of the Offered Business, any real estate relating to the facilities from which Franchisee conducts the Offered Business, and any other security-related businesses which are the subject of the Purchase Offer. Distributor's and Sonitrol's right of first refusal shall apply to all such assets, but not to any unrelated real estate or other assets or non-security businesses. Franchisee also agrees to promptly provide any and all other documentation which Distributor and/or Sonitrol may reasonably request in order to evaluate the offer.

(b) During the thirty (30) day period following Distributor's receipt of the Purchase Offer and all other reasonably pertinent documents and information Distributor and/or Sonitrol, as applicable (the "Acquiring Company"), may require pursuant to this Section 18.03 (the "Option Period"), Acquiring Company shall have the irrevocable option to elect to purchase or otherwise acquire the Offered Business (and if applicable, the other assets) that is the subject of the Purchase Offer upon the same terms and conditions set forth in the Purchase Offer. In order to exercise the option, Acquiring Company agrees to give Franchisee written notice of the election within the applicable Option Period. In the event Acquiring Company elects to exercise the option, Acquiring Company must purchase all of the assets to which the right of first refusal applies. If within the time period provided herein Acquiring Company gives Franchisee notice of Acquiring Company's election to exercise the option, Acquiring Company shall have a reasonable period of time (not to exceed ninety (90) days) after exercising the option to complete due diligence in connection with the purchase and to close on the transaction. If Acquiring Company does not exercise the option by giving notice in writing within the Option Period, then Franchisee may sell the Offered Business to the offer or who extended such offer, provided (1) such interest is sold during the one hundred eighty (180) day period immediately following the expiration of the Option Period, and (2) such sale is consummated (A) at a price greater than or equal to that set forth in the Purchase Offer, and (B) on the terms (including payment terms) set forth in the Purchase Offer. If Franchisee amends the Purchase Offer in any material way, this will constitute a new offer, subject anew to the provisions of this Section 18.03 even though the original Option Period has expired. Notwithstanding anything to the contrary herein, Sonitrol's rights to elect to purchase or otherwise acquire the Sonitrol Business (the "Purchase Option") under this Section 18.03 do not arise until the earlier of (i) the date when Distributor provides written notice to Sonitrol that it intends to waive or otherwise relinquish its Purchase Option under this Section 18.03, and (ii) the expiration of the initial Option Period for Distributor described above without exercise of the option by Distributor; and, further, in such event Sonitrol shall have an additional 30 days to elect to purchase or otherwise acquire the Sonitrol Business (and if applicable, the other assets) that is the subject of the Purchase Offer upon the same terms and conditions set forth in the Purchase Offer with respect to the Sonitrol Business, on the terms detailed in this Section 18.03(b).

Section 18.04 **Option to Purchase Post Termination or Expiration.** In addition to any other right which it may have, within sixty (60) days following the termination or expiration of this Agreement, Distributor shall have the option (but not the obligation unless otherwise required by applicable state or provincial law) to purchase from Franchisee all rights to the National Account Subscribers owned by Franchisee for an amount equal to fair market value determined by a reasonable multiple of RMR consistent with the market conditions at such time for comparable accounts; provided that, in no event will the multiple of RMR be less than 24. Any purchase under this Section 18.04 shall be closed within thirty (30) days of the exercise of the option and completion of due diligence and appraisals at a location designated by Distributor.

Article XIX. DEALER ADVISORY COUNCIL

Section 19.01 **Establishment/Support.** Sonitrol will establish and use reasonable commercial efforts to support and maintain a Dealer Advisory Council (the "DAC") to facilitate communication between Sonitrol and Sonitrol Franchisees. Sonitrol will provide the DAC with reasonable financial and logistical support to help it reasonably perform its functions under this Agreement. The DAC will have no more than nine (9) elected members, each of whom shall be an individual who either owns a Sonitrol Franchise or is a Manager/officer and Equityholder of a Sonitrol Franchisee which is a legal entity. DAC members will be elected by Sonitrol Franchisees in the Sonitrol Franchise System, and the DAC will otherwise operate, in accordance with procedures, bylaws or operating guidelines that Sonitrol provides for the operation of the DAC. On a periodic basis Sonitrol may consult with and consider the advice of the DAC related to the Sonitrol System. While Sonitrol may consult with and consider the advice of the DAC, Sonitrol retains the right to make all decisions in its sole reasonable discretion, except that Sonitrol shall be required to obtain DAC consent, which will not be unreasonably withheld or delayed, for (i) the establishment of a System Advertising Fund and for establishing operating guidelines for administering such Fund, and (ii) approval of National Account Contracts which fail to materially conform with the then-current parameters and guidelines for National Account Contracts or does not otherwise meet the definition of a National Account. Notwithstanding the foregoing, any potential National Account Customer with locations within the territories of five (5) or fewer Sonitrol franchisees need not be referred to the DAC for review, but Sonitrol may negotiate directly with each such affected Sonitrol franchisee regarding the potential National Account Customer. The DAC shall be required to respond to a request for approval of a National Account Contract no later than the date provided in such submission; provided however, that in no event will the date for response be shorter than forty-five (45) days from the date of submission to the DAC.

Section 19.02 **No Conflicts.** Individual DAC members will at all times remain free of conflicts of interest and conduct themselves in accordance with the highest ethical standards. DAC members will not receive any compensation or consideration of any type from Sonitrol, Franchisee, or any other Sonitrol Franchisee or vendor to the Sonitrol Franchise System (or an Affiliate of any of the foregoing) which relates to or arises from his or her duties as a DAC member. If any DAC member has any direct interest in any matter being considered by the DAC, or is in any way affiliated with a relevant party, that member must disqualify himself or herself and not participate in the proceedings. This will not apply to any matter where a DAC member has a general interest in the subject matter, similar to that of any Sonitrol Franchisee.

Article XX. COVENANTS NOT TO COMPETE/ABILITY TO OPERATE

Section 20.01 **Non-Competition During Term.** During the term of this Agreement, Franchisee shall not directly or indirectly own, manage, operate, join, control or participate in the ownership, management, operation or control of, or be connected in any manner with, any business or engage in any business which is Competitive with the Sonitrol System. For purposes of this Section 20.01 only, the term "Franchisee" shall include all entities owned in whole or in part by Franchisee, all of Franchisee's parent corporations, all Immediate Family Members, all Key Employees, all of Franchisee's owners, and all of Franchisee's Affiliates.

Section 20.02 **Non-Competition Upon Termination.** Except as expressly provided in Section 20.03, in the event that this Agreement is terminated or expires for any reason, for a period of two (2) years following the effective date of such termination or expiration, Franchisee agrees that it will not, directly or indirectly, own, manage, operate, join, control or participate in the ownership, management, operation or control of, or be connected in any manner with, any business or engage in any business which is Competitive with the Sonitrol System (except in a territory where Franchisee is the franchisee under a separate Franchise Agreement with Sonitrol (and Distributor in the case of a three party franchise agreement)), within the Exclusive Territory and any area within one hundred (100) miles of the outside boundaries of the Exclusive Territory; provided however, Franchisee may continue to monitor and service Subscriber Accounts in accordance with Section 20.03 of this Agreement. For purposes of this Section 20.02 only, the term "Franchisee" shall include all entities owned in whole or in part by Franchisee, all of Franchisee's parent corporations, all Immediate Family Members, and holders of 25% or more of Franchisee's (or its Affiliate's) equity ownership.

Section 20.03 **Ability to Operate Business.** Except as otherwise provided below, it is Sonitrol's, Distributor's and Franchisee's mutual intent that Franchisee will be allowed to continue to operate a security-related business that is not Competitive in the event this Agreement is terminated or expires, including the right to monitor accounts using Franchisee's Central Monitoring Station, or to have accounts monitored by Sonitrol or another Sonitrol franchisee approved in writing by Sonitrol, which shall not be unreasonably withheld. Franchisee acknowledges that upon termination or expiration of this Agreement, Franchisee ceases being a Sonitrol Franchisee and Franchisee will have no right to continue to use the Sonitrol Marks in any fashion, to refer to the Sonitrol Marks or Sonitrol System, or in any way to continue to use Confidential Information except for the limited purpose of operating, and solely to the extent necessary to operate, its Central Monitoring Station. Neither Sonitrol nor Distributor nor their respective Affiliates will be under any obligation to sell or provide Franchisee, and no Sonitrol Franchisee or Distributor shall be permitted to provide Franchisee, with any replacement parts, new equipment, or any other equipment, goods, services or support of any kind; provided however, if (1) this Agreement expired (rather than terminated due to an Event of Default), (2) Franchisee pays in full any remaining amounts owed to Sonitrol or its Affiliates for its Central Monitoring Station, (3) Franchisee continuously complies with all of its post-term obligations in Section 18.01, (4) Franchisee pays all license and service fees to Sonitrol on or before the payment date, and (5) Franchisee otherwise complies with the terms of the applicable licensing agreement for its Central Monitoring Station, Sonitrol agrees to provide Central Monitoring Station software and monitoring support service to Franchisee for a period of five (5) years following expiration of this Agreement. Sonitrol agrees not to install in the Central

Monitoring Station software an expiration function or license key that would render the software unusable due to the passage of time so long as Franchisee has rights under this Section 20.03. If this Agreement is terminated due to an Event of Default, no software, software upgrades, or monitoring support service will be provided to Franchisee post-termination under any circumstances. Nothing herein is intended to interfere with Franchisee's right to continue to contract with such customers for products which are not Competitive in accordance with the non-compete provisions of this Agreement. Distributor and/or Sonitrol has the right, upon reasonable prior notice to Franchisee, to audit, or cause to be audited, the Franchisee's business records solely for the purposes of confirming Franchisee's compliance with its post-term obligations under this Section 20.03. Franchisee agrees to cooperate fully with such audit and provide all information reasonably requested. Distributor and/or Sonitrol may terminate Franchisee's rights, and Distributor's and Sonitrol's obligations, under this Section 20.03 with 60 days written notice to Franchisee for Franchisee's failure to materially comply with the provisions hereof.

Section 20.04 **Diversion of Business.** During the term of this Agreement, and except for Complementary Products and Services if Franchisee has not exercised its right to Opt Out under Section 4.04, Franchisee agrees that it will not divert or attempt to divert any Subscriber Account or Sonitrol Business to any other competing business, by direct or indirect inducement or otherwise. Further, if Distributor or Sonitrol or their Affiliates refer a sales lead for a new Subscriber to Franchisee, any (1) Affiliate of Franchisee or (2) Franchisee which exercised its right to Opt Out under Section 4.04 of this Agreement, may not offer and sell to such Subscriber any products other than Sonitrol Products and Services, unless otherwise permitted by Sonitrol and Distributor in writing.

Section 20.05 **Injunctive Relief.** Franchisee acknowledges that any breach of the covenants set forth in this Article XX will cause Sonitrol and/or Distributor irreparable harm, the exact amount of which may not be reasonably or accurately ascertained and could not be adequately compensated by money damages. Therefore, Franchisee agrees that Sonitrol and/or Distributor is entitled to injunctive relief in the event of any such breach, in addition to any other relief or remedy to which Sonitrol and/or Distributor is entitled. To the extent allowed by law, Franchisee waives the requirement that Sonitrol or Distributor post a bond. Furthermore, Franchisee expressly acknowledges and agrees that the provisions of this Article XX are reasonable under the circumstances and constitute reasonable and necessary protections of the interests of Distributor and Sonitrol, and Franchisee hereby waives any right Franchisee may have to challenge the same. In the event that a court of competent jurisdiction determines that any of the provisions of this Article XX would be unenforceable as written because they cover too extensive a geographic area, too broad a range of activities, or too long a period of time, or otherwise, then such provisions shall automatically be modified to cover the maximum geographic area, range of activities and period of time as may be enforceable, and in addition, such court is expressly authorized so to modify this Agreement and to enforce it as so modified. No invalidity or unenforceability of any section of this Agreement or any portion thereof shall affect the validity or enforceability of any other section or the remainder of such section.

Section 20.06 **Application to Others.** Distributor or Sonitrol may require Franchisee, in which event Franchisee agrees, to obtain agreements from the following individuals to adhere to the provisions of Section 20.01 and Section 20.02 (to the extent applicable): any officer, Manager, general partner, managing member, Key Employee, Immediate Family Member, or Existing

Equityholder of Franchisee, as well as any owner of twenty-five percent (25%) or more of the ownership interests in Franchisee or the Sonitrol Business.

Section 20.07 **Former Franchisees.** Franchisee agrees not to knowingly provide any monitoring services or replacement parts, equipment (new or used), software support or upgrades or any other equipment, goods, service releases or repairs, services or support of any kind to a former Sonitrol franchisee, dealer or distributor, except as may be expressly permitted under the agreement between such former Sonitrol franchisee and Distributor, if applicable, and Sonitrol, or otherwise permitted by Distributor and Sonitrol in writing.

Article XXI. TRADEMARKS

Section 21.01 **License.** During the Term of this Agreement, Franchisee is hereby granted a limited, non-exclusive license to use the Sonitrol Marks solely in connection with the operation of the Sonitrol Business within the Exclusive Territory, subject to the provisions of this Agreement and the Sonitrol Franchise Standards Manual. During the Term of this Agreement, each of Sonitrol and Distributor agrees that it will not require Franchisee to stop use of the "Sonitrol" name.

Section 21.02 **Ownership of Sonitrol Marks.** Franchisee understands and agrees that this Agreement confers upon Franchisee no proprietary right, title or interest in any of the Sonitrol Marks or in the Sonitrol System, but only the right to the use of the Sonitrol Marks during the term of this Agreement and in accordance with the provisions of this Agreement and the Sonitrol Franchise Standards Manual. Further, Franchisee agrees that Franchisee shall not do any of the following:

(a) permit, authorize, license or approve others to use the Sonitrol Marks for any purpose;

(b) affix or relate the Sonitrol Marks to any product or equipment which was not purchased from Sonitrol, Distributor or their designees, unless such products or equipment constitute Complementary Products and Services for which Sonitrol has given Franchisee written authorization to label such product with the Sonitrol Marks, or such labeling is expressly permitted under the Sonitrol Franchise Standards Manual;

(c) register or attempt to register the Sonitrol Marks, or any trademarks or servicemarks which are confusingly similar to any of the Sonitrol Marks, in Franchisee's name or that of any other firm, person or entity, and shall not directly, or indirectly, contest or aid in contesting the use, ownership or rights of Sonitrol in and to any of the Sonitrol Marks or Sonitrol's trade secrets or business techniques; or

(d) except as otherwise provided in the Sonitrol Franchise Standards Manual, establish an Internet domain name or an Internet website containing the word "Sonitrol", any other Sonitrol Mark, or any trademarks or servicemarks which use or are confusingly similar to "Sonitrol" or any of the Sonitrol Marks. If Franchisee is an Existing Franchisee and has a website as of the date of this Agreement, Franchisee must provide the "http" address on the signature page of this Agreement. Franchisee is authorized to continue the use of such website and/or domain name during the term of this Agreement, provided Franchisee supports, updates and maintains such

site and/or domain name in accordance with the provisions of the Sonitrol Franchise Standards Manual.

Section 21.03 **Infringement** Franchisee agrees to use its best efforts to notify Sonitrol (with a copy to Distributor) promptly of any unauthorized use of the Sonitrol Marks of which Franchisee becomes aware which is a violation of this Agreement or the standards and procedures prescribed by Sonitrol with respect to the use of the Sonitrol Marks or any suspected or actual infringement of or challenge to the validity of Sonitrol's ownership of and rights to any of the Sonitrol Marks.

Section 21.04 **Enforcement.** Franchisee acknowledges that Sonitrol shall, in its sole discretion, institute proceedings or defend proceedings as Sonitrol shall deem fit and that Sonitrol alone has the right to control any administrative or judicial proceeding or litigation involving the Sonitrol Marks. If Sonitrol undertakes the defense or prosecution of any proceeding relating to the Sonitrol Marks, Franchisee agrees to execute any and all documents and to do whatever acts and things as may, in Sonitrol's opinion be reasonably necessary or advisable to carry out the defense or prosecution of such proceeding; provided, however, Sonitrol agrees to reimburse Franchisee for its reasonable out of pocket costs incurred with Sonitrol's prior written approval. Franchisee shall not, under any circumstances whatsoever, institute legal proceedings relating to the Sonitrol Marks except as permitted under Section 1.09 of this Agreement to enforce its rights to use the Sonitrol Marks within the Exclusive Territory.

Section 21.05 **Goodwill.** Franchisee acknowledges that all goodwill which may arise from use of the Sonitrol Marks and of the Sonitrol System, as between Franchisee and Sonitrol, is and shall at all times remain Sonitrol's sole and exclusive property and shall inure to Sonitrol's sole benefit. At the expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to the goodwill associated with Franchisee's use of the Sonitrol Marks and the Sonitrol System. Notwithstanding the foregoing, the goodwill referred to in this Section does not include the value of the Sonitrol Business derived from Franchisee's own business activities.

Article XXII. MISCELLANEOUS PROVISIONS

Section 22.01 **No Waiver.** No delay or failure to exercise a right, power or remedy with regard to any breach, violation or default of or under this Agreement shall impair either party's rights or remedies under this Agreement, and shall not be construed to be a waiver of, or acquiescence to, any breach, violation or default. Any waiver of any single breach, violation or default shall not be deemed a waiver of any other breach, violation or default. Any waiver, permit, consent or approval of any kind or character one party's part of any breach, violation or default under this Agreement, or any waiver by a party of any provision or condition of this Agreement, must be in writing and shall be effective only to the extent specifically allowed by such writing. All references to "breach," "violation," or "default" in this Agreement shall mean one and the same, and no inference should be made as to the use of one such term over the other.

Section 22.02 **Remedies Cumulative.** All rights and remedies afforded Franchisee, Distributor or Sonitrol, either under this Agreement or by law, equity or otherwise, are cumulative and not alternative.

Section 22.03 **Forces Beyond Party's Control.** No party to this Agreement will be held liable to the other for failure to comply with any of the terms of this Agreement when such failure has been caused solely by forces beyond the parties' respective control and without fault on the part of the party claiming relief by reason of this provision, such as fire, labor dispute, strike, war, insurrection, riot, flood, government restrictions, or acts of God; provided however, that in no event shall such extension of time exceed ninety (90) days without the express written consent of the other party hereto. Each party will have a duty to work diligently to minimize the effects of such acts and any harm or damage that may be caused thereby.

Section 22.04 **Consequential Damages.** Sonitrol, Distributor and Franchisee each agree that the nature of this relationship is one of contract. To the extent permissible by law, neither Franchisee, nor Distributor nor Sonitrol will be liable to the other for any incidental, punitive, special, exemplary, speculative or consequential damages, including lost future profits due to the enforcement, breach or termination of this Agreement.

Section 22.05 **Notices.** Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, delivered by overnight mail, or mailed by certified mail, return receipt requested, to the respective parties at the addresses listed below, or at such other address or addresses designated by the parties in writing:

SONITROL: Stanley Convergent Security Solutions, Inc.
8350 Sunlight Drive
Fishers, IN 46037
Attention: Director of Franchise Relations, West

With a copy to: ~~Stanley Black & Decker, Inc.~~Stanley Convergent Security Solutions, Inc.

Attention: Michael Blum, General Counsel
~~1000 Stanley Drive~~8350 Sunlight Drive
~~New Britain, CT 06053~~Fishers, IN 46037

FRANCHISEE: _____
_____
_____
_____

DISTRIBUTOR: Sonitrol Security, Inc.
_____
_____
_____

Attention: _____

Notice shall be deemed to have been received on (1) the date of delivery, if delivered by hand, (2) the next business day if delivered by a recognized overnight carrier, or (3) on the third business day from the date of mailing, if delivered by certified mail, return receipt requested.

Section 22.06 **Effective Date.** This Agreement shall be effective and binding as of the Effective Date.

Section 22.07 **Governing Law.** This Agreement will be construed and interpreted in accordance with the substantive laws of the State of Delaware, without reference to its conflicts of law principles. To the extent that this Agreement contains provisions regarding notice periods, termination, non-renewal or the like, which are not consistent with applicable law, such provisions shall, to the extent they are inconsistent with applicable law, not be effective, and the applicable law shall apply in their place. Except for disputes in which Sonitrol is not a named party, Franchisee consents to jurisdiction and venue in the United States District Court for the District of Delaware for the purposes of any legal proceeding relating to this Agreement or the Sonitrol Business. The parties agree to service of process in any manner provided for by the laws of the State of Delaware.

Section 22.08 **Dispute Resolution Process.** Except as provided in Section 22.08(d), the following process shall be followed:

(a) In the event of any dispute relating to or arising out of the interpretation or enforcement of this Agreement or breach thereof, each of Franchisee, Distributor and Sonitrol agree that prior to instituting any other dispute resolution process, each party will make a good faith attempt to resolve the dispute informally through meetings and direct negotiations between executives who have authority to settle the dispute. Any party may initiate this process by giving written notice to the other parties of the nature of the dispute, the party's position, its election to initiate this process and the person to conduct the negotiations on behalf of the party giving notice. The other party agrees to respond promptly and each of the parties agree to negotiate in good faith to attempt to resolve the dispute.

(b) In the event the parties have not resolved the dispute within sixty (60) days of initiation of the negotiation process required under Subsection 22.08(a), the parties agree to attempt to resolve the dispute through mediation in accordance with this Subsection 22.08(b). Any party may initiate mediation of the dispute with JAMS, The Resolution Experts an independent, non-profit, organization the main office of which is at 345 Park Avenue, New York, New York 10154 (telephone 212-751-2700) or its successor. The mediation shall be held in the Wilmington, Delaware metropolitan area, or at any other location mutually agreed upon by the parties. In the event Sonitrol is not a party, then the mediation will take placed in the county where Distributor has its principal place of business. The parties will pay their own expenses associated with the mediation; provided, however, the fees associated with the mediator will be shared equally. The mediation proceedings and the outcome thereof shall be strictly confidential (except as required to be disclosed by applicable law), and shall be deemed to be for settlement purposes only. The mediation shall be held within sixty (60) days of the initiation of the mediation process. The mediation prescribed by this provision shall be a condition precedent to the commencement of arbitration under Subsection 22.08(c).

(c) If no settlement of the dispute is reached through the mediation process within ninety (90) days of the appointment of the mediator, the parties agree, except as provided in Subsection 22.08(d), the exclusive way to resolve all disputes shall be by arbitration by a sole arbitrator in accordance with JAMS Arbitration Rules and Procedures, and judgment on the arbitration award

rendered may be entered in any court having jurisdiction. The arbitration proceeding shall take place in the Wilmington, Delaware metropolitan area, or at any other location mutually agreed upon by the parties. In the event Sonitrol is not a party, then the arbitration will take placed in the county where Distributor has its principal place of business. Any party may initiate the arbitration proceeding with an appropriate filing with the JAMS Arbitration Rules and Procedures. The arbitrator shall be selected by mutual agreement of the parties; provided however, in the event the parties are unable to agree upon an arbitrator within thirty (30) days of the first proposal of a list of names of potential arbitrators, any party may apply to JAMS Arbitration Rules and Procedures for selection of an arbitrator and the arbitrator selected by or in accordance with JAMS Arbitration Rules and Procedures shall be the arbitrator. The arbitrator shall allow and determine reasonable discovery and required information sharing among the parties. The arbitrator shall be neutral, impartial, and independent of the parties and others having any known interest in the outcome, shall abide by the JAMS Arbitration Rules and Procedures and shall have no ex parte communications about the dispute with any party. The arbitrator shall render his/her decision within one hundred eighty (180) days of appointment. Any award rendered by the arbitrator shall be final, conclusive and binding on the parties, and shall have the effect of a common law arbitration, and there shall be no right of appeal therefrom. In addition to any other award, the prevailing party will be entitled to recover reasonable costs and attorney fees related to the arbitration, enforcement of this arbitration provision and/or enforcement of any arbitration award. The arbitrator shall not be entitled to award punitive, special, exemplary or any similar type of damages under any circumstances. The arbitration proceedings and the outcome thereof shall be strictly confidential (except as required to be disclosed by applicable law).

(d) The dispute resolution provisions contained in this Section 22.08 shall constitute the sole and exclusive method for resolving the disputes between the parties except in the following cases:

> (1) As may be necessary to preserve the status quo, to protect proprietary information or confidential trade secrets, to prevent irreparable harm, to enforce defaults arising solely out of Franchisee's failure to pay amounts due to Distributor or Sonitrol, disputes where the total amount in controversy is less than $25,000, or to compel enforcement of Article XX or this Section 22.08. This Section is not a condition to, and does not preclude Distributor or Sonitrol from, exercising rights to declare an Event of Default and terminate this Agreement, nor does this provision relieve Franchisee from performing its obligations following expiration or termination of this Agreement. Franchisee consents to the jurisdiction and venue of the United States District Court for the District of Delaware in any dispute in which injunctive relief is sought as provided in this Subsection 22.08(d).

Section 22.09 **Effect of Partial Invalidity.** If any covenant, condition, term or provision contained in this Agreement is held or finally determined to be invalid, illegal or unenforceable in any respect, in whole or in part, such covenant, condition, term or provision shall be severed from this Agreement, and such provision shall be replaced by a valid one which reflects as much as possible the original intentions of the parties hereto. All remaining covenants, conditions, terms and provisions contained herein shall continue in full force and effect, and shall in no way be affected, prejudiced or disturbed thereby.

Section 22.10 **Entire Agreement.** This Agreement, together with any documents signed by the parties hereto at the same time as this Agreement, and any agreements or policies herein referenced and incorporated into this Agreement: (i) constitutes the entire agreement between all of the parties hereto and contains all of the terms, conditions, rights and obligations with respect to the subjects covered herein, and (ii) supersedes and cancels any prior oral or written statements, representations, promises, agreements or any other term between Franchisee or anyone acting on Franchisee's behalf, Distributor or anyone acting on its behalf, and Sonitrol or anyone acting on its behalf, and that no reliance is being or will be placed on any such written or oral communications. Nothing in this or in any related agreement, however, is intended to disclaim the representations made in the franchise disclosure document that was furnished to you by Sonitrol and/or Distributor, as applicable. Except as specifically provided in this Agreement, no change, modification, amendment or waiver of any of the provisions hereof will be effective or binding upon all of the parties to this Agreement unless it is in writing and signed by all parties hereto.

Section 22.11 **Existing Sonitrol Franchisees.** If Franchisee is currently an existing Sonitrol Franchisee, then by signing this Agreement Franchisee, Distributor and Sonitrol each agree that Franchisee's existing Sonitrol Franchise Agreement dated _____, ____ (the "Existing Franchise Agreement") is hereby terminated as of the Effective Date. Such termination will not relieve the parties thereto of the obligation to pay any amounts currently due as of the Effective Date under the Existing Franchise Agreement.

Section 22.12 **Survival of Provisions.** The terms and provisions of this Agreement that by their sense and context are intended to survive the expiration or termination of this Agreement shall so survive such expiration or termination, including, without limitation, this Section 22.12, nondisclosure of Confidential Information, nondisclosure of Dealer Information, protection of trade secrets, noncompetition, indemnification provisions, and Sections 17.02 and 17.03 of this Agreement, and Articles XI, XIII, XVIII, XX and XXI of this Agreement.

Section 22.13 **Obligation of Good Faith.** Each of the parties to this Agreement agrees that it has an obligation of good faith in its performance of the Agreement and its enforcement of the Agreement. Each party agrees that the term "good faith", as used in this Agreement, means honesty in fact and the observance of reasonable commercial standards of fair dealing. Each party agrees that it will follow the principles set forth in this Section 22.13 when it exercises discretion in the performance of its obligations or the exercise or enforcement of its rights under this Agreement and that it will not act in such a manner so as to unfairly deny the other party's rights or benefits under this Agreement. Where a party is required to obtain the other party's consent under this Agreement, such consent will not be unreasonably withheld or delayed.

Section 22.14 **Currency.** All payments due under this Agreement will be in U.S. dollars.

[*Signature Page Follows*]

IN WITNESS WHEREOF, each undersigned individual, in his/her individual and/or representative capacity, having read each and every provision of this Agreement and agreeing to the same, and to this Agreement as a whole, executes this Agreement and represents that he/she has the full authority to bind the party upon whose behalf he/she is signing to all of the terms of this Agreement.

STANLEY CONVERGENT SECURITY SOLUTIONS, INC.

ATTEST:

By: _____

Name: _____

_____ Title: _____

FRANCHISEE: _____

d/b/a Sonitrol of _____

ATTEST:

By: _____

Name: _____

_____ Title: _____

http://www._____

DISTRIBUTOR: SONITROL SECURITY, INC.

ATTEST:

By: _____

Name: _____

_____ Title: _____

List of Exhibits:

A -- Territory

B -- Subscriber Accounts Owned by Sonitrol in the Protected Territory

C -- Subscriber Accounts Owned by Franchisee Outside of the Protected Territory

D -- Mutual Release on Renewal

E -- Current Lines of Complementary Products and Services

F -- Business Plan

G -- Existing Equityholders

H -- Key Employees

I -- Mutual Release on Transfer

J -- List of Controlled Products

K -- List of Proprietary Products

L -- Assignment of Sonitrol Franchise Agreement

ADDENDUM TO STANLEY CONVERGENT SECURITY SOLUTIONS, INC.
RENEWING (THREE PARTY) FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

This Addendum to Stanley Convergent Security Solutions, Inc. Renewing (Three Party) Franchise Agreement (this "Addendum") is attached to and made a part of the Stanley Convergent Security Solutions, Inc. Renewing Franchise Agreement (the "Franchise Agreement"), by and between Stanley Convergent Security Solutions, Inc. ("Franchisor"), Sonitrol Security, Inc. ("Sub-Franchisor"), and _____ a _____ formed in the State of California, the principal place of business of which is located at _____("Franchisee"), dated as of _____ _____, 20 _____for the purpose of modifying and amending the terms of the Franchise Agreement. For such purpose, Franchisor, Sub-Franchisor and Franchisee agree as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to these terms in the Franchise Agreement.

2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.

4. Section 22.07 of the Franchise Agreement is hereby modified by adding the following paragraphs at the end thereof:

> **"THIS AGREEMENT REQUIRES APPLICATION OF THE LAW OF THE STATE OF DELAWARE. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.**
>
> **THIS AGREEMENT REQUIRES DELAWARE AS THE FORUM FOR LITIGATION. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW."**

5. Section 22.08 of the Franchise Agreement is hereby modified by adding the following paragraphs at the end thereof:

> **"THIS AGREEMENT REQUIRES WILMINGTON, DELAWARE AS THE FORUM FOR MEDIATION. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.**
>
> **THIS AGREEMENT REQUIRES WILMINGTON, DELAWARE AS THE FORUM FOR ARBITRATION. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW."**

6. The Franchise Agreement is hereby modified by adding a new Section 22.15 to the Franchise Agreement:

"22.15 California Disclosures and Modifications

(a) California Corporations Code, Section 31125, requires Franchisor and Sub-Franchisor to give you a disclosure document, approved by the ~~Department of Business Oversight~~ Commissioner of Financial Protection and Innovation before a solicitation of a proposed material modification of an existing franchise.

(b) Relative to the provision for termination upon bankruptcy, this provision may not be enforceable under federal bankruptcy law.

(c) California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

(d) The Franchise Agreement requires you to sign a mutual general release upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

~~(e) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.~~

(~~f~~e) The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. Except as set out in Section 16601 of the California Business and Professions Code, a contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

(~~g~~f) Each owner of the franchise is required to execute a personal guarantee. Doing so could jeopardize the martial assets of non-owner spouses domiciled in community property state such as California.

(~~h~~g) Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

(h) Notwithstanding anything in the Franchise Agreement to the contrary, no statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable California franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

7. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by the parties.

~~[signature page follows]~~

IN WITNESS WHEREOF, the parties hereto have signed this Addendum to be effective as of the effective date of the Franchise Agreement.

FRANCHISOR:
Stanley Convergent Security Solutions, Inc.

By: _____

Title: _____

FRANCHISEE:

_____

By: _____

Title: _____

SUB-FRANCHISOR:
Sonitrol Security, Inc.

By: _____

Title: _____

EXHIBIT A

TO FRANCHISE AGREEMENT

TERRITORY

EXHIBIT B

TO FRANCHISE AGREEMENT

SUBSCRIBER ACCOUNTS OWNED BY SONITROL IN THE PROTECTED TERRITORY

EXHIBIT C

TO FRANCHISE AGREEMENT

SUBSCRIBER ACCOUNTS OWNED BY FRANCHISEE OUTSIDE OF THE PROTECTED TERRITORY

EXHIBIT D

TO FRANCHISE AGREEMENT

MUTUAL RELEASE ON RENEWAL

MUTUAL GENERAL RELEASE UPON RENEWAL OF FRANCHISE

This Mutual General Release Upon Renewal of Franchise is made this_____day of_____, 20___0~~–~~, by and between Sonitrol Security, Inc. ("Distributor"), STANLEY CONVERGENT SECURITY SOLUTIONS, INC. ("Sonitrol") and_____, a _____ corporation ("Franchisee").

WHEREAS, Sonitrol, Distributor and Franchisee entered into a Renewing Sonitrol Franchise Agreement dated_____,_____, for a term of fifteen years ("Franchise Agreement"), and

WHEREAS, Franchisee wishes to renew its right to use the "SONITROL" trademark, to purchase and market Sonitrol products, and use the Sonitrol Product System for an additional fifteen-year period, and

WHEREAS, Sonitrol, Distributor and Franchisee desire to execute this Mutual General Release pursuant to the terms of the Renewing Franchise Agreement, to release each other from all claims relating to the Renewing Franchise Agreement.

NOW, THEREFORE, in consideration of the above premises and the mutual agreements herein set forth, and for good and valuable consideration, acknowledged and received, the parties hereto agree as follows:

Sonitrol, Distributor and Franchisee irrevocably and unconditionally release and discharge each other and each of its respective owners, stockholders, predecessors, assigns, agents, directors, officers, employees, representatives, attorneys, subsidiaries, affiliates (and agents, directors, officers, employees, representatives and attorneys of subsidiaries and affiliates) and all persons acting by, through, under, or in concert with any of them (collectively "Releasees") or any of them, from all actions, causes of action, suits, debts, liens, contracts, agreements, obligations, promises, liabilities, claims, rights, demands, damages, controversies, losses, costs, and expenses, indebtedness, indemnities, compensation, covenants, contracts of any kind whatsoever, whether developed or undeveloped, known or unknown, fixed or contingent, regarding or arising out of the Renewing Franchise Agreement, any prior or existing franchise agreement, or any other agreement or document executed by Franchisee, Distributor and Sonitrol (or any corporate affiliate of Sonitrol), the franchise relationship, or any other prior or existing business relationship between Franchisee, Distributor and Sonitrol (or any corporate affiliate of Sonitrol) which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against each other at any time up to the date of this Mutual General Release, including specifically, without limitation, claims under the Sherman and Clayton Acts and the anti-trust laws or regulations of the United States, and claims arising from contract, written or oral communications, alleged misstatements of fact, indebtedness of any kind or nature, and acts of negligence whether active or passive, provided however, this Mutual General Release shall not release Franchisee from its payment obligations to Distributor and Sonitrol (or any corporate affiliate of Sonitrol) including, without limitation, any software, monitoring, inventory or equipment agreements, and Distributor and Sonitrol shall retain all rights and remedies they have under applicable law, or the Renewing Franchise Agreement or other agreements or documents, to collect from Franchisee all amounts due to Distributor and Sonitrol or its corporate affiliates. This Mutual General Release shall survive the assignment, expiration or termination of any of the franchise agreements or other agreements entered into by and between Distributor and Sonitrol (or any corporate affiliate of Sonitrol) and Franchisee. This Mutual General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws. The Franchisee acknowledges and agrees that certain of its obligations as

provided in Section 17 and Section 18 of the Renewing Franchise Agreement, in addition to those other obligations of the Franchisee which specifically or by their nature survive termination of the Renewing Franchise Agreement, shall continue after the transfer, expiration or termination of the Renewing Franchise Agreement.

IN WITNESS WHEREOF, this Mutual General Release Upon Renewal has been executed as of the day first above written.

STANLEY CONVERGENT SECURITY SOLUTIONS, INC.

ATTEST:

By: _____

_____ Title: _____

Secretary

DISTRIBUTOR:

SONITROL SECURITY, INC.

ATTEST:

By: _____

_____ Title: _____

Secretary

FRANCHISEE:

SONITROL OF _____

ATTEST:

By: _____

_____ Title: _____

Secretary

EXHIBIT E

TO FRANCHISE AGREEMENT

CURRENT LINE OF COMPLEMENTARY PRODUCTS AND SERVICES

EXHIBIT E *November ~~2021~~2022*

COMPLEMENTARY PRODUCT LIST - APPROVED PRODUCTS

Access Peripherals

- 3Mill ID
- Allegion
- Bosch
- Cansec
- Corby
- Dynalock
- Essex
- Foldger Adams
- HES
- HID
- Honeywell
- Ingersoll Rand
- Kantech
- L-1
- Mircom
- Rutherford
- Schlage
- SDC
- Securitron
- Stanley
- Von Duprin

Access Systems (non-Sonitrol)

- 3xLogic
- Bosch
- Keri Systems
- KeyScan
- Linear (eMerge & Secured Series)
- S2
- Salient Systems

CCTV

- 3xLogic
- Aercont
- Avigilon
- Axis
- Bosch
- Dedicated Micros
- Digital Watchdog
- Everfocus
- Exacq
- Honeywell
- IC Realtime
- I-Inc
- Milestone
- Optex
- OzVision
- Panasonic
- Pelco
- Samsung
- Sony
- Speco
- SuperCircuits
- Videofied

Fire Alarm Control Panels/Systems

- Bosch
- DMP
- Edwards
- Firelite
- Mircom
- Silent Knight

Fire Alarm Detection Devices

- Bosch
- DMP
- Firelite
- Potter
- Safety Technology
- System Sensor

Fire Alarm Notification Devices

- Bosch
- DMP
- Firelite
- Gentex
- System Sensor
- Wheelock

Gates/Intercoms

- Aegis
- Aiphone
- DoorKing
- Linear
- Loure
- Mircom
- Trigon
- Viking

General & Miscellaneous

- AlarmNet
- Altronix
- Cisco/Meraki
- Cradlepoint
- Ditek
- Duracell
- PowerSonic
- Telguard
- Wireless Innovations
- Yuasa

ID Badging

- Datacard
- Fargo
- HID
- NESC

Industrial Process & Environmental Devices

- Winland

Intrusion Sensors

- Ademco
- Aleph
- Amseco
- Bosch
- C&K
- DMP
- DSC
- GRI
- Honeywell
- Moose
- Napco
- Optex
- Potter
- Protection Technologies
- Pyramid
- Sentrol/InterLogic
- United Security

Wire & Cable

- Belden
- Coleman Cable
- Contractors Wire
- Genesis

Wireless Devices

- Inovonics
- Linear
- Visonic

EXHIBIT E *November ~~2021~~2022*

COMPLEMENTARY PRODUCT LIST - APPROVED PRODUCTS

Descriptions:

Access Peripherals - (readers, locks, exit motions, exit buttons, etc.)

Access Systems - (Non-Sonitrol)

CCTV – (cameras, lenses, enclosures, domes, mounts, monitors, DVR's, VMS)

Fire Alarm Control Panels/Systems - (keypads, remote zone annunciators, addressable modules, etc.)

Fire Alarm Detection Devices – (smoke detectors, heat detectors, beam smoke detectors, duct smoke detectors, pull stations, sprinkler water flow switch, sprinkler tamper switch, etc.)

Fire Alarm Notification Devices – (strobes, strobe-horns, bells, etc.)

Gates & intercoms - (door release systems, gate systems, intercoms, etc.)

General & Misc. – (radio communicators, batteries, power supplies, etc.)

ID Badging

Industrial Process & Environmental Deices – (temp monitors, water bugs, etc.)

Intrusion Sensors - (door contacts, motion detectors, photo beams, hold-up buttons, non-Sonitrol panels (Opt-In), etc.)

Wireless Devices

Wire & Cable

EXHIBIT F

TO FRANCHISE AGREEMENT

BUSINESS PLAN

EXHIBIT G

TO FRANCHISE AGREEMENT

EXISTING EQUITYHOLDERS

EXHIBIT H

TO FRANCHISE AGREEMENT

KEY EMPLOYEES

EXHIBIT I

TO FRANCHISE AGREEMENT

MUTUAL RELEASE ON TRANSFER

MUTUAL GENERAL RELEASE UPON TRANSFER OF FRANCHISE

This Mutual General Release Upon Transfer of Franchise is made this_____day of_____, 20___0~~,~~ by and between Stanley Convergent Security Solutions, Inc. ("Sonitrol"), Sonitrol Security, Inc. ("Distributor") and_____, a_____corporation ("Franchisee").

WHEREAS, Sonitrol, Distributor and Franchisee entered into a Renewing Sonitrol Franchise Agreement dated_____,_____, for a term of fifteen-years ("Franchise Agreement"), and

WHEREAS, Franchisee wishes to transfer its rights and obligations under the Renewing Franchise Agreement, and

WHEREAS, in connection with this transfer, Sonitrol, Distributor and Franchisee desire to execute this Mutual General Release pursuant to the terms of the Renewing Franchise Agreement, to release each other from all claims relating to the Renewing Franchise Agreement.

NOW, THEREFORE, in consideration of the above premises and the mutual agreements herein set forth, and for good and valuable consideration, acknowledged and received, the parties hereto agree as follows:

Sonitrol, Distributor and Franchisee irrevocably and unconditionally release and discharge each other and each of its respective owners, stockholders, predecessors, assigns, agents, directors, officers, employees, representatives, attorneys, subsidiaries, affiliates (and agents, directors, officers, employees, representatives and attorneys of subsidiaries and affiliates) and all persons acting by, through, under, or in concert with any of them (collectively "Releasees") or any of them, from all actions, causes of action, suits, debts, liens, contracts, agreements, obligations, promises, liabilities, claims, rights, demands, damages, controversies, losses, costs, and expenses, indebtedness, indemnities, compensation, covenants, contracts of any kind whatsoever, whether developed or undeveloped, known or unknown, fixed or contingent, regarding or arising out of the Renewing Franchise Agreement, any prior or existing franchise agreement, or any other agreement or document executed by Franchisee, Distributor and Sonitrol (or any corporate affiliate of Sonitrol), the franchise relationship, or any other prior or existing business relationship between Franchisee, Distributor and Sonitrol (or any corporate affiliate of Sonitrol) which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against each other at any time up to the date of this Mutual General Release, including specifically, without limitation, claims under the Sherman and Clayton Acts and the anti-trust laws or regulations of the United States, and claims arising from contract, written or oral communications, alleged misstatements of fact, indebtedness of any kind or nature, and acts of negligence whether active or passive, provided however, this Mutual General Release shall not release Franchisee from its payment obligations to Distributor and Sonitrol (or any corporate affiliate of Sonitrol) including without limitation, any software, monitoring, inventory or equipment agreements, and Distributor and Sonitrol shall retain all rights and remedies they have under applicable law, or the Renewing Franchise Agreement or other agreements or documents, to collect from Franchisee all amounts due to Distributor and Sonitrol or its corporate affiliates. This Mutual General Release shall survive the assignment, expiration or termination of any of the franchise agreements or other agreements entered into by and between Distributor and Sonitrol (or any corporate affiliate of Sonitrol) and Franchisee. This Mutual General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws. The Franchisee acknowledges and agrees that certain of its obligation as provided in

Section 17 and Section 18 of the Renewing Franchise Agreement, in addition to those other obligations of the Franchisee which specifically or by their nature survive termination of the Renewing Franchise Agreement, shall continue after the transfer, expiration or termination of the Renewing Franchise Agreement.

IN WITNESS WHEREOF, this Mutual General Release Upon Transfer has been executed as of the day first above written.

STANLEY CONVERGENT SECURITY SOLUTIONS, INC.

ATTEST:

By: _____

_____ Title: _____

Secretary

DISTRICTUTOR:

SONITROL SECURITY, _____ INC.

ATTEST:

By: _____

_____ Title: _____

Secretary

FRANCHISEE:
SONITROL OF _____

ATTEST:

By: _____

_____ Title: _____

Secretary

EXHIBIT J

TO FRANCHISE AGREEMENT

LIST OF CONTROLLED PRODUCTS

Exhibit J

LIST OF CONTROLLED PRODUCTS

Access Control (Cards & Readers)

4000-3M	Clamshell Card, Proximity, Plain White
4010-3M	ISO Thin PVC Prox Card, Printable, Plain White
4020-3M	ISO Thin Composite Prox Card, Printable, Plain White
4032-3M	ISO Thin Composite Prox Card w/ Mag Stripe, Plain White
4080-3M	Key Fob, Prox, Black
4090-3M	Disk, Prox, White
SNLT4000-3M	CARD; 3Mil, PROXIMITY CLAMSHELL, SONITROL LOGO
SNLT4020-3M	CARD; 3Mil, ISO THIN COMPOSITE, PROX, SONITROL LOGO
SNLT4085-3M	FOB; 3Mil, PROXIMITY KEY FOB, BLACK, SONITROL LOGO
SNLT4085-3M-35	FOB; 3Mil, PROXIMITY KEY FOB, BLACK, ENGRAVED, 35 BIT, SONITROL LOGO,
SNLT4095-3M	DISK; 3Mil, PROXIMITY DISK, WHITE, SONITROL LOGO
08060511-S	CARD; PROX CARD II, HID, 1326LCSMV-A1363, SONITROL LOGO
08060747	CARD; ISOPROX II CARD, HID, SONITROL LOGO
08062088-S1	CARD; WIEGAND SWIPE, SONITROL LOGO
08064906	CARD, COMBO iCLASS/PROX CARD, PRINTABLE ONE SIDE, 37 BIT, SONITROL LOGO
08064926	CARD: ICLASS-2K, HID, PRG, SEQ MATCH #'S, SONITROL LOGO
08064931	CARD; iCLASS 2K CARD, 37 BIT (H 10304, FC 393), UV, SONITROL LOGO
08064953	CARD, iCLASS 2K, COMPOSITE, PRINTABLE ONE SIDE, 37 BIT, SONITROL LOGO
SNTL9436	CARD; SONITROL SECURE, ISO, Composite, MIFARE, 1K SONITROL Logo
SNTL9476	CARD; SONITROL SECURE, ISO, Composite, DESFIRE EV2, 8K SONITROL Logo
9436-SS	CARD, SONITROL SECURE, ISO Composite MIFARE, 1K, Plain White
9476-SS	CARD, SONITROL SECURE, ISO Composite DESFIRE EV2, 8K, Plain White
9472-3M	FOB, DESFIRE EV2, 8K, Grey
9442-3M	ISO Composite Combo - Mifare 4K and Proximity Card
9482-3M	ISO Composite Combo - DESFire EV2 8K and Proximity Card
909070110	READER, ONEPROX, GS3-LF, MULLION, SONITROL LOGO
909070111	READER, ONEPROX, GS3-LF, STANDARD, SONITROL LOGO
909070112	READER, ONEPROX, GS3-MT, MULLION, SONITROL LOGO
909070113	READER, ONEPROX, GS3-MT, STANDARD, SONITROL LOGO
909070114	READER, ONEPROX, GS3-MT, PROX/PIN, SONITROL LOGO
909070115	READER, ONEPROX, GS3-MT, ADMIN, SONITROL LOGO
909070116	READER, ONEPROX, GS3-LF, VANDAL, SONITROL LOGO
909070117	READER, ONEPROX, GS3-LF, PANEL, SONITROL LOGO
3MIL-R11030-SNTL	READER, Inline, SONITROL, Prox and Bluetooth
3MIL-R11330-SNTL	READER, Mullion, SONITROL, Prox, MIFARE, EV1/EV2, Bluetooth
3MIL-R11320-SNTL	READER, Single Gang, SONITROL, Prox, MIFARE, EV1/EV2, Bluetooth
3MIL-R11325-SNTL	READER, Single Gang w/KP, SONITROL, Prox, MIFARE, EV1/EV2, Bluetooth
3MIL-R11320-SNTL-NB	Single Gang Reader, SONITROL Branded, Prox, Mifare, EV1/EV2
3MIL-R11325-SNTL-NB	Single Gang Reader/KP, SONITROL Branded, Prox, Mifare, EV1/EV2
3MIL-R11330-SNTL-NB	Mullion Reader, SONITROL Branded, Prox, Mifare, EV1/EV2
RX400	Sonitrol Proximity Mullion Reader in BLK, branded Sonitrol
RX300	Sonitrol Proximity Reader Wall Mount in BLK, branded Sonitrol
RX3K00	Sonitrol Proximity Reader Wall Mount with Keypad in BLK, branded Sonitrol

Access Control (SONITROL Cloud Access)

SN-MPW-CHAR-AH	Mini Metal Surface Mount, Charcoal Wiegand Prox Reader, SONITROL
SN-MPADW-CHAR	Mini Metal Surface Mount backlit keypad - Wiegand output - Charcoal, SONITROL
SN-MPKW-CHAR-AH	Mini Metal Surface Mount Combo Prox and Keypad Reader, backlit - Wiegand output- Charcoal, SONITROL
SN-MEXIT-CHAR	Mini Metal Surface mount exit sensitive button - Charcoal, SONITROL
SN-DOOR-KIT-MPW	Sonitrol Cloud Single Door Kit contains the following: (1) SN-EIDC32, PoE network door controller, (1) SN-SMB-5075 Surface Mount Box, (1) SN-MPW-CHAR Wiegand Proximity Reader. All SONITROL Branded
SN-DOOR-KIT-~~MPW-~~LST	Sonitrol Cloud Single Door Add Kit contains the following: (1) SN-EIDC32 PoE network door controller, (1) SN-SMB-5075 Surface Mount Box, (1) SN-MPW-CHAR Proximity reader, (1) S-STRK-2400-05 electric door strike, (1) 29AWG-GY-S, Surface mount Sonitrol door contact. SONITROL branded
SN-EIDC-KIT-DEMO-S	Door Demo Kit contains the following: (1) SN-EIDC32, (1) Power Connector, (1) Surface Mount Box, (1) Mini Size Wiegand Proximity reader, (1) Short Arm Security Hex Key, (1) Sonitrol Prox Card Demo Pack
SN-EIDC32	Door Controller supports one (1) door with one (IN only) or two (IN/OUT) readers. Includes the faceplate, plaster ring and mounting screws. Sonitrol branded
SN-SMB-5075	Surface Mounting Box for mounting the SN-EIDC32 controllers on the surface of a wall, SONITROL Branded

Intrusion (Door Contacts)

29A-BR-S	DOOR CONTACT; GRI SURFACE MOUNT, brown w/gold Sonitrol

Exhibit J
LIST OF CONTROLLED PRODUCTS

29A-WH-S	DOOR CONTACT; GRI SURFACE MOUNT, white w/black Sonitrol
29A-GY-S	DOOR CONTACT; GRI SURFACE MOUNT, gray w/black Sonitrol
29AWG-BR-S	DOOR CONTACT; GRI SURFACE MOUNT, brown w/gold Sonitrol
29AWG-GY-S	DOOR CONTACT; GRI SURFACE MOUNT, gray w/black Sonitrol
29AWG-WH-S	DOOR CONTACT; GRI SURFACE MOUNT, white w/black Sonitrol
29AXWG-BR-S	DOOR CONTACT; GRI SURFACE MOUNT, brown w/gold Sonitrol
29AXWG-WH-S	DOOR CONTACT; GRI SURFACE MOUNT, white w/black Sonitrol
29AXWG-GY-S	DOOR CONTACT; GRI SURFACE MOUNT, gray w/black Sonitrol
400-BR-S	DOOR CONTACT; GRI SURFACE MOUNT, brown w/gold Sonitrol
400-GY-S	DOOR CONTACT; GRI SURFACE MOUNT, gray w/black Sonitrol
400WG-BR-S	DOOR CONTACT; GRI SURFACE MOUNT, brown w/gold Sonitrol
400WG-GY-S	DOOR CONTACT; GRI SURFACE MOUNT, grey w/black Sonitrol
400WG-WH-S	DOOR CONTACT; GRI SURFACE MOUNT, white w/black Sonitrol
29AWG-BR-SR	DOOR CONTACT; GRI SURFACE MOUNT, brown w/gold Sonitrol, 1K resistor
29AWG-WH-SR	DOOR CONTACT; GRI SURFACE MOUNT, white w/black Sonitrol, 1K resistor
29AWG-GY-SR	DOOR CONTACT; GRI SURFACE MOUNT, gray w/black Sonitrol, 1K resistor
28A-WH-S	DOOR CONTACT; GRI SURFACE MOUNT, white w/black Sonitrol
29AXWG-BR-SR	DOOR CONTACT; GRI SURFACE MOUNT, brown w/gold Sonitrol, 1K resistor
29AXWG-WH-SR	DOOR CONTACT; GRI SURFACE MOUNT, white w/black Sonitrol, 1K resistor
29AWG-BR-SR	DOOR CONTACT; GRI SURFACE MOUNT, gray w/black Sonitrol, 1K resistor
29C-BR-S	DOOR CONTACT; GRI SURFACE MOUNT SPDT, brown w/gold Sonitrol
29C-GY-S	DOOR CONTACT; GRI SURFACE MOUNT SPDT, gray w/black Sonitrol
29C-WH-S	DOOR CONTACT; GRI SURFACE MOUNT SPDT, white w/black Sonitrol
400-BR-SR	DOOR CONTACT; GRI SURFACE MOUNT, brown w/gold Sonitrol, 1K resistor
400-GY-SR	DOOR CONTACT; GRI SURFACE MOUNT, gray w/black Sonitrol, 1K resistor
400-WH-SR	DOOR CONTACT; GRI SURFACE MOUNT, white w/black Sonitrol, 1K resistor
400WG-BR-SR	DOOR CONTACT; GRI SURFACE MOUNT, brown w/gold Sonitrol, 1K resistor
400WG-GY-SR	DOOR CONTACT; GRI SURFACE MOUNT, grey w/black Sonitrol, 1K resistor
400WG-WH-SR	DOOR CONTACT; GRI SURFACE MOUNT, white w/black Sonitrol, 1K resistor
29A-BR-SR	DOOR CONTACT; GRI SURFACE MOUNT, brown w/gold Sonitrol, 1K resistor
29A-GY-SR	DOOR CONTACT; GRI SURFACE MOUNT, gray w/black Sonitrol, 1K resistor
29A-WH-SR	DOOR CONTACT; GRI SURFACE MOUNT, white w/black Sonitrol, 1K resistor

Intrusion (Cell Back-up)

~~MA1-0900600M-NNA~~	~~CRADLEPOINT, MA1-0900600M, (IBR900-600M) MOBILE ROUTER, WIFI (3G / 4G), SONITROL – SPRINT~~
SN-TB3-020010M-ANN	CRADLEPOINT, IBR200 Router WiFi, 10 Mbps, T-Mobile, w/ SONITROL Configuration
SN-TB3-600C150M-NNN	CRADLEPOINT, IBR600C Router WiFi, 150 Mbps, T-Mobile, w/ SONITROL Configuration
SN-TB3-650C150M-N0N	CRADLEPOINT, IBR650C Router no WiFi 150 Mbps, T-Mobile, w/ SONITROL Configuration
SN-BH03-0100C4D-NN	CRADLEPOINT, E100 Router WiFi, 150 Mbps, T-Mobile, w/ SONITROL Configuration
SN-E100-BATTERY	CRADLEPOINT, SINGLE BATTERY PACK for E100 ROUTERS

~~**Intrusion (SMART HUB)**~~

~~SN-NA502S-4G-US~~	~~Sonitrol, TotalGuard, Zigbee Hub, with Cellular, 4G~~
~~SN-SZ-PIR04SA~~	~~Sonitrol, TotalGuard, Zigbee Wireless Indoor PIR, 45 Foot Range~~
~~SN-SZ-DWS08N~~	~~Sonitrol, TotalGuard, Zigbee Wireless Door /Window Sensor~~
~~SN-SZ-WTD03N~~	~~Sonitrol, TotalGuard, Zigbee Wireless Water Sensor~~
~~SN-DC-23ZBS~~	~~Sonitrol, TotalGuard, Zigbee Wireless Universal Transmitter~~
~~SN-PB-15ZBS~~	~~Sonitrol, TotalGuard, Zigbee Wireless Fixed Panic Button~~
~~SN-TSO-9ELZBS~~	~~Sonitrol, TotalGuard, Zigbee Wireless Temperature sensor~~
~~SN-HS2WD-E~~	~~Sonitrol, TotalGuard, Zigbee Wireless Repeater~~

Video Verification Devices (SONAVISION)

SN-2M-CPIR-IAW	GEN III, Multi-Sensor, Sonitrol, w/2MP camera, PIR, Vigil Server SFTW
SN-2M-CPIR-IAW-S	GEN III, Multi-Sensor, Sonitrol, w/2MP camera, PIR, Vigil Server SFTW, 64GB SD Card
SN-5M20-B-RIAW	SONITROL, 5MP Outdoor Bullet with Remote Focus (6-50mm), IR, Audio and Alarm I/O. IP67/IK10 rated
SN-5M28-MD-IW	SONITROL, 5MP Fixed 2.8mm Lens, Indoor/Outdoor Vandal Proof Mini-dome with IR and True WDR, IP67/IK10 rated
SN-5M4-MB-IAW	SONITROL, 5MP Fixed 4mm Lens Outdoor Mini Bullet with IR and True WDR, Audio and Mic, IP67/IK10 rated
SN-5M-B-RIAW	SONITROL, 5MP Outdoor Bullet with Remote Focus (2.7-13.5mm), IR, Audio and Alarm I/O. IP67/IK10 rated
SN-5M-OD-RIAW	SONITROL, 5MP Indoor/Outdoor Dome with Remote Focus (2.7-13.5mm), IR, Audio and Alarm I/O, and True WDR. IP67/IK10 rated
SN-6M-180-IAW	SONITROL, 6MP Outdoor Fisheye with IR, Audio w/Mic, Alarm I/O, True WDR, IP66/IK10 rated
SN-8M-180-IAW	SONITROL, 8MP (4K) 180 Indoor/Outdoor Camera with Audio and Alarm I/O, True WDR, IP67 rated
SN-8M-OD-RIAW	SONITROL, 8MP Indoor/Outdoor Dome with Remote Focus (3.6-10mm), IR, Audio and Alarm I/O, and True WDR.

Exhibit J

LIST OF CONTROLLED PRODUCTS

	IP66/IK10 rated
SN-VT-35	SONITROL Branded, 35° Indoor/outdoor Thermal Bullet Camera with 4mm Fixed Lens and Advanced Analytics
SN-VT-56	SONITROL Branded, 56° Indoor/outdoor Thermal Bullet Camera with 4mm Fixed Lens and Advanced Analytics
SN-5M4-MB-IW-S128	SONITROL, 5MP, Fixed 4mm Lens Outdoor Mini Bullet with IR and True WDR, IP67 rated with All-in-One Functionality and 128GB SD Card
SN-5M4-MB-IW-S256	SONITROL, 5MP, Fixed 4mm Lens Outdoor Mini Bullet with IR and True WDR, IP67 rated with All-in-One Functionality and 256GB SD Card
SN-5M-B-RIAW-S128	SONITROL, 5MP Outdoor Bullet with Remote Focus (2.7-13.5mm), IR, Audio and Alarm I/O. IP67/IK9 rated with All-in-One Functionality and 128GB SD Card
SN-5M-B-RIAW-S256	SONITROL, 5MP Outdoor Bullet with Remote Focus (2.7-13.5mm), IR, Audio and Alarm I/O. IP67/IK9 rated with All-in-One Functionality and 256GB SD Card
SN-5M20-B-RIAW-S128	SONITROL, 5MP Outdoor Bullet with Remote Focus (6-50mm), IR, Audio and Alarm I/O. IP67/IK9 rated with All-in-One Functionality and 128GB SD Card
SN-5M20-B-RIAW-S256	SONITROL, 5MP Outdoor Bullet with Remote Focus (6-50mm), IR, Audio and Alarm I/O. IP67/IK9 rated with All-in-One Functionality and 256GB SD Card
SN-5M28-MD-IAW-S128	SONITROL, 5MP, Fixed 2.8mm Lens, Indoor/Outdoor Vandal Proof Mini-dome with IR, True WDR, and Mic. IP67/IK10 rated with All-in-One Functionality and 128GB SD Card
SN-5M28-MD-IAW-S256	SONITROL, 5MP, Fixed 2.8mm Lens, Indoor/Outdoor Vandal Proof Mini-dome with IR, True WDR, and Mic. IP67/IK10 rated with All-in-One Functionality and 256GB SD Card
SN-5M-OD-RIAW-S128	SONITROL, 5MP Indoor/Outdoor Dome with Remote Focus (2.7-13.5mm), IR, Audio and Alarm I/O, and True WDR. IP67/IK10 rated with All-in-One Functionality and 128GB SD Card
SN-5M-OD-RIAW-S256	SONITROL, 5MP Indoor/Outdoor Dome with Remote Focus (2.7-13.5mm), IR, Audio and Alarm I/O, and True WDR. IP67/IK10 rated with All-in-One Functionality and 256GB SD Card
SN-VT-35-128S	SONITROL Branded, 35° Indoor/outdoor Thermal Bullet Camera with 4mm Fixed Lens and Advanced Analytics w/128GB SD Card and All-in-One Functionality
SN-VT-56-128S	SONITROL Branded, 56° Indoor/outdoor Thermal Bullet Camera with 4mm Fixed Lens and Advanced Analytics w/128GB SD Card and All-in-One Functionality
BNDL-SN-5M4-MB-IW-S128-4	Bundle of 4 SONITROL, 5MP, Fixed 4mm Lens Outdoor Mini Bullet with IR and True WDR, IP67 rated with All-in-One Functionality and 128GB SD Card
BNDL-SN-5M4-MB-IW-S256-4	Bundle of 4 SONITROL, 5MP, Fixed 4mm Lens Outdoor Mini Bullet with IR and True WDR, IP67 rated with All-in-One Functionality and 256GB SD Card
BNDL-SN-5M28-MD-IAW-S128-4	Bundle of 4 SONITROL, 5MP, Fixed 2.8mm Lens, Indoor/Outdoor Vandal Proof Mini-dome with IR, True WDR, and Mic. IP67/IK10 rated with All-in-One Functionality and 128GB SD Card
BNDL-SN-5M28-MD-IAW-S256-4	Bundle of 4 SONITROL, 5MP, Fixed 2.8mm Lens, Indoor/Outdoor Vandal Proof Mini-dome with IR, True WDR, and Mic. IP67/IK10 rated with All-in-One Functionality and 256GB SD Card

EXHIBIT K

TO FRANCHISE AGREEMENT

LIST OF PROPRIETARY PRODUCTS

November 2022~~2021~~

Exhibit K

LIST OF PROPRIETARY PRODUCTS

SONIP Equipment

D6650	LINE CARD; BOSCH, SONITROL SPECIFIC
D6655	TERMINATOR CARD; BOSCH, SONITROL SPECIFIC
D6686-UL	Bosch IP Receiver Box, SONITROL SPECIFIC
Sonitrol Display Module (SDM)	Display Module used in SONIP Central Stations
D6600 Receiver	LINE CARD; BOSCH, SONITROL SPECIFIC
SONIP POTS COMM CARD	SONITROL Line card with 4 inputs (POTS lines) for the Bosch receiver. Consist of a line card and terminator card (D6650 / D6655)
SONIP SFTW	Software, Application for SONIP

iBase/FlexIP Product Line

SONIP FLEXIP SYS-18	SONIP FLEXIP, SONIP 18” enclosure, Battery, Plug In Transformer
SONIP FLEXIP SYS-27	SONIP FLEXIP, SONIP 27” enclosure, Battery, Plug In Transformer
SONIP FLEXIP/ACC KIT-27	SONIP FLEXIP, SONIP ACCESS-4, SONIP 27” enclosure, 2 Batteries, Transformer Kit
SONIP FLEXIP	FlexIP (pcba only)
SONIP FLEXIP CPU	FlexIP CPU (pcba only)
SONIP ACCESS4 SYS-18	SONIP ACCESS-4, SONIP 18" enclosure, Battery, Plug in Transformer
SONIP ACCESS4 SYS-27	SONIP ACCESS-4, SONIP 27" enclosure, Battery, Plug in Transformer
SONIP ACCESS-4 PRO	Module, Access-4 PRO
SONIP AUDIO-8 PRO	Module, Audio-8 PRO
SONIP POWER HUB	Module, Power Hub
SONIP I/O	Module, I/O Expansion
SONIP KP	Standard Keypad – Sonitrol
SONIP IPROX KP	Prox Enhanced Keypad - Sonitrol
SN-TOUCH KP, WHT	Keypad, Touch Screen, 7 inch, White, for FlexIP
SN-TOUCH-KP, BLK	Keypad, Touch Screen, 7 inch, Black, for FlexIP
TRANSFORMER KIT AC	Internal Enclosure Mounted Transformer Kit / w120V Power Cord
SONIP 18 ENCLOSURE	18" Enclosure - Sonitrol
SONIP 27 ENCLOSURE	27" Enclosure - Sonitrol
SONIP 18A ENCLOSURE	18” UL Attack Enclosure – Sonitrol
SONIP 27A ENCLOSURE	27" UL Attack Enclosure – Sonitrol
24000116	Sonitrol Legacy Back Plate Upgrade Kit (3 pack)
24000117	Sonitrol Legacy Back Plate Kit (single)
AUDIOSENSOR	Sensor, Audio Sonitrol (PA20)
904001088	ACCESSORY INSTALL KIT, for ACCESS-4 (Sonitrol)
904001090	ACCESSORY INSTALL KIT, for AUDIO-8 (Sonitrol)
904001094	ACCESSORY INSTALL KIT, for FLEXIP or FLEXIBASE (Sonitrol)
904001084	ACCESSORY INSTALL KIT, for I/O (Sonitrol)
904001086	ACCESSORY INSTALL KIT, for iBASE (Sonitrol)
904001092	ACCESSORY INSTALL KIT, for POWER HUB (Sonitrol)
904001100	IBASE/FLEXIBAS 8POS.TERM BLOCK. PACK OF 13, 8-PIN Connectors.
09003601	Audiosensor Plastic Enclosure
17700004	Acoustic Filter for AUDIOSENSOR
KP BACK BOX, BLACK	Sonitrol Keypad Mounting Backbox, Metal, 7/8" knockout, Powder Coat - BLACK *Not Compatible with the Touchscreen Keypad*
KP BACK BOX, WHITE	Sonitrol Keypad Mounting Backbox, Metal, 7/8" knockout, Powder Coat - WHITE *Not Compatible with the Touchscreen Keypad*
FIRE OPEN FRAME ASSY KIT	UL/ULC FIRE KIT for Open Frame Transformer Installs; includes TRANSFORMER KIT AC, EOL Resistors, Battery Cable, Labels
FIRE PLUG-IN ASSY KIT	UL/ULC FIRE KIT for Wall Mount Transformer Installs; includes TRANSFORMER Cover, EOL Resistors, Battery Cable, Labels

Exhibit K

LIST OF PROPRIETARY PRODUCTS

~~BUNDLE - FLEXIP/MS~~	~~Bundle Special consisting of (1) SONIP FLEXIP SYS 18 and (1) SN-2S-CPIR-W-SGI~~
~~BUNDLE - UPGRADE FLEXIP/MS~~	~~Bundle Special consisting of (1) SONIP FLEXIP and (1) SN-2S-CPIR-W-SGI~~
SONIP FLEXIP STARTER KIT	FlexIP Intrusion System, Starter Kit comes with 1x SONIP FLEXIP SYSTEM 18, 1x White Touchscreen Keypad, 2x Audio Sensors, 2x Door Contacts, and a Siren
ABLE	ABEL Demo Unit

SONAVISION (Video) Product Line

SN-2M-CPIR-IAW-SGI	GEN III, Multi-Sensor, Sonitrol, w/2MP camera, PIR, Vigil Server SFTW, 64GB SD Card, Glass Break, Impact Audio Analytics
SN-2M-CPIR-IAW-SGI-128	GEN III, Multi-Sensor, Sonitrol, w/2MP camera, PIR, Vigil Server SFTW, 128GB SD Card, Glass Break, Impact Audio Analytics
SN-2M-CPIR-IAW-PANEL	**TotalGuard™**, Sonitrol, w/2MP camera, PIR, Vigil Server SFTW, Glass Break, Impact Audio Analytics
SN-2M-CPIR-IAW-PANEL-64	GEN III **TotalGuard**, Sonitrol, w/2MP camera, PIR, Vigil Server SFTW, 64GB SD Card, Glass Break, Impact Audio Analytics
SN-2M-CPIR-IAW-PANEL-128	GEN III **TotalGuard**, Sonitrol, w/2MP camera, PIR, Vigil Server SFTW, 128GB SD Card, Glass Break, Impact Audio Analytics
VGL-SW-AA-GB	SFTW, Multi-Sensor, Vigil Server, Glass Break License
VGL-SW-CAM-PANEL	SFTW, Multi-Sensor (TotalGuard™) Vigil Server IOT PANEL License

Plus Product Line - Product Line Discontinued June 2010 - some items still available in limited quantity

90295101	ADV3350+ (board only)
SONSAM	Module; Smart Audio, Sonitrol (SAM)

EXHIBIT L

TO FRANCHISE AGREEMENT

ASSIGNMENT OF SONITROL FRANCHISE AGREEMENT

MUTUAL RELEASE OF ALL CLAIMS

This Mutual Release Of All Claims ("Mutual Release") is made this_____day of _____, 20___, by and between Sonitrol Security, Inc., a California corporation ("Sub-Franchisor"), and _____, a _____ corporation ("Franchisee").

WHEREAS, Sonitrol Security, Inc. and Franchisee entered into a Renewing Sonitrol Franchise Agreement dated_____, 20_ for an "APR" generally described as _____("Renewing Franchise Agreement"), and

WHEREAS, Sonitrol Security, Inc. and Franchisee desire to execute this Mutual Release pursuant to the terms of the Renewing Franchise Agreement, to release each other from all claims relating to the Renewing Franchise Agreement.

NOW, THEREFORE, in consideration of the above premises and the mutual agreements herein set forth, and for good and valuable consideration, acknowledged and received, the parties hereto agree as follows:

Sonitrol Security, Inc. and Franchisee irrevocably and unconditionally release and discharge each other and each of its respective owners, stockholders, predecessors, assigns, agents, directors, officers, employees, representatives, attorneys, subsidiaries, affiliates and all persons acting by, through, under, or in concert with any of them, from any and all liabilities, claims, damages, demands, costs, indebtedness, expenses, debts, indemnities, compensation, suits, controversies, covenants, contracts, actions and causes of action of any kind whatsoever, whether developed or undeveloped, known or unknown, fixed or contingent, regarding or arising out of the Renewing Franchise Agreement, any prior or existing franchise agreement, or any other agreement or document executed by Franchisee and Sonitrol Security, Inc, the franchise relationship, or any other prior or existing business relationship between Franchisee and Sonitrol Security, Inc. which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against each other at any time up to the date of this Mutual Release, including specifically, without limitation, claims under the Sherman and Clayton Acts and the anti-trust laws or regulations of the United States, and claims arising from contract, written or oral communications, alleged misstatements of fact, indebtedness of any kind or nature, and acts of negligence whether active or passive; provided however, this Mutual Release shall not release Franchisee from its payment obligations to Sonitrol Security, Inc. accruing under the Renewing Franchise Agreement, any prior or existing franchise agreement, or any other agreement or document executed by Franchisee and Sonitrol Security, Inc. including, without limitation, any software, monitoring, inventory or equipment agreements, and Sonitrol Security, Inc. shall retain all rights and remedies it has under applicable law, or the Renewing Franchise Agreement or other agreements or documents, to collect from Franchisee all amounts due to Sonitrol Security, Inc. This Mutual Release shall survive the assignment, expiration or termination of any of the franchise agreements or other agreements entered into by and between Sonitrol Security, Inc and Franchisee. This Mutual Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws. The Franchisee acknowledges and agrees that certain of its obligations as provided in Section 17 and

Section 18 of the Renewing Franchise Agreement, in addition to those other obligations of the Franchisee which specifically or by their nature survive termination of the Renewing Franchise Agreement, shall continue after the transfer, expiration or termination of the Franchise Agreement.

IN WITNESS WHEREOF, this Mutual Release of Franchise has been executed as of the day first above written.

SONITROL SECURITY, INC.

ATTEST:

By: _____

_____ Title: _____

Secretary

FRANCHISEE:

_____

SONITROL OF _____

ATTEST:

By: _____

Title: _____

_____

Secretary

EXHIBIT B

GUARANTEE ADDENDUM

ADDENDUM

THIS ADDENDUM is made and entered into this 13th day of November, 1990, by and between SONITROL CORPORATION, a corporation organized and existing under the laws of the State of Delaware (hereinafter referred to as "Sonitrol"), and SONITROL SECURITY, INC., a corporation organized and existing under the laws of the State of California (hereinafter referred to as "Distributor").

WHEREAS, Sonitrol and Distributor have entered into a Sonitrol Distributor Agreement dated the 24th day of March, 1976, with a written addendum thereto dated the 23rd day of July, 1977 (hereinafter collectively referred to as the "Distributor Agreement"); and

WHEREAS, Sonitrol has executed an Assumption attached hereto as Exhibit A agreeing in the event of default by Distributor, to assume with respect to three-party Sonitrol Dealer Franchise Agreements entered into after October 1, 1990, the performance by Distributor of the terms and conditions thereof in the State of California, which Assumption was required by the State of California prior to acceptance of Distributor's franchise registration; and

WHEREAS, the parties desire to enter into this Addendum to the Distributor Agreement to permit Sonitrol to assume all rights and obligations of Distributor under such Sonitrol Dealer Franchise Agreements in the event that Sonitrol Corporation is required to assume Distributor's obligations pursuant to the Assumption; and

WHEREAS, the parties desire that this Addendum shall replace in all respects that certain Addendum entered into between Sonitrol and Distributor on the 8th day of July, 1987.

NOW, THEREFORE, in consideration of the execution of the Assumption, the mutual covenants contained in this Addendum, and other good and valuable consideration, the receipt of which is hereby acknowledged, it is agreed by and between the parties as follows:

1. In the event Sonitrol is required, pursuant to the terms of the Assumption, to assume any obligations of Distributor under the terms and conditions of any Sonitrol Dealer Franchise Agreement entered into by Distributor after October 1, 1990 due to Sonitrol's execution of the Assumption and Distributor's default, Distributor shall, upon request of Sonitrol, assign all of its right, title and interest to said Dealer Franchise Agreement to Sonitrol.

2. The assignment referred to in paragraph 1 shall not occur if Sonitrol is required to assume any obligations of Distributor under the Assumption solely due to Sonitrol's failure to supply Distributor with Sonitrol products in the quantities agreed to by Sonitrol and Distributor unless such failure is due to Distributor's default under the Distributor Agreement or any other agreement with Sonitrol.

3. Before the assignment referred to in paragraph 1 takes place, Sonitrol must give Distributor written notice of its intention to exercise its rights to cause the assignment, and Distributor shall then have thirty days to either cure the default which led to Sonitrol's right to request assignment or to reimburse Sonitrol in full for any amounts Sonitrol was forced to pay pursuant to the Assumption, including any reasonable attorney's fees and costs which Sonitrol may have incurred pursuant to the Assumption. If the Distributor either cures the default or reimburses Sonitrol within this thirty day period, the assignment to Sonitrol shall not take place. If the cure or reimbursement does not occur within the thirty day period, the assignment shall be effective immediately thereafter.

4. In the event of an assignment in accordance with this Addendum, Sonitrol shall be deemed to be assigned all the terms, covenants and obligations of the subject Sonitrol Dealer Franchise Agreement(s) and have all the rights and privileges pertinent thereto, including full and exclusive rights to any royalties and other payments required of Dealer(s) thereunder.

5. This Addendum shall replace in all respects that certain Addendum entered into between Sonitrol and Distributor on the 8th day of July, 1987.

6. Except as modified above, all rights and responsibilities previously existing between the parties shall be unaffected by this Addendum.

IN WITNESS WHEREOF, the parties hereto set their hands and seals the day and year first above written.

DISTRIBUTOR:

SONITROL SECURITY, INC.

By: _____
Title: _____

ATTEST:

_____

SONITROL CORPORATION

By: _____
Title: _____

ATTEST:

_____
Secretary

CHS055.R2(C2)
10/15/90

EXHIBIT C

AGENT FOR SERVICE OF PROCESS

Agent for Service of Process

California:

Ruth Nicholas
President
Sonitrol Security, Inc.
1300 Galaxy Way, #6
Concord, California 94520
(925) 687-1055

Commissioner Department of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, California 95834
1-866-275-2677

Hawaii:

Commissioner of Securities
Business Registration Division
Department of Commerce and Consumer Affairs
King Kalakaua Building
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2744

Ruth Nicholas
President
Sonitrol Security, Inc.
1300 Galaxy Way, #6
Concord, California 94520
(925) 687-1055

EXHIBIT D

WEBSITE USER AGREEMENT
MY SONITROL.NET

MYSONITROL.NET AGREEMENT

This MySonitrol.net Agreement (the "Agreement"), dated as of the date set forth below, is between Stanley Convergent Security Solutions, Inc., a Delaware corporation ("Sonitrol") and the undersigned franchisee ("Franchisee").

Whereas, Franchisee is a Sonitrol franchisee pursuant to the terms and conditions of a Sonitrol Franchise Agreement dated_____("Franchise Agreement"), and

Whereas, as a service to Sonitrol franchisees and their account subscribers ("Subscribers"), Sonitrol and/or its Approved Vendors (as defined in the Franchise Agreement and designated by Sonitrol from time-to-time to provide certain services under this Agreement) hosts and maintains its proprietary web site accessible at www.mySonitrol.net (the "Web Site"), and

Whereas, Franchisee desires to have access to certain tools and services (previously defined as mySonitrolSTANDARD and mySonitrolPRO) and the Sonitrol Mobile App which are hosted services via the Web Site that will permit Franchisee to input and retrieve certain information regarding Subscribers, which information is more fully described in the privacy policy posted on the Web Site ("Personal Information"), and

Whereas, Franchisee also understands that there may be some additional yet to be defined optional features associated with the Sonitrol Mobile App that may have separate costs associated with them above and beyond the fees noted in this agreement, and

Whereas, Franchisee further desires to make the Web Site accessible for use by its subscribers for the purpose of inputting and retrieving Personal Information, and in certain applications performing video-based activities, pursuant to the terms of a Web Site User agreement in a form prescribed by Sonitrol.

Now, therefore, by signing below and using Franchisee's assigned password to access the Web Site, Franchisee agrees to the following terms and conditions:

1. Franchisee acknowledges that the Personal Information that is displayed over the Web Site is provided by (a) Franchisee electronically inputting Personal Information through SonNT and SONIP™ ("Central Monitoring Station") applications or by other means of modifying the Central Monitoring Station database, (b) Franchisee electronically inputting Personal Information over the Web Site, (c) the subscriber electronically inputting Personal Information over the Web Site, (d) Sonitrol, or its Approved Vendor, electronically retrieving Personal Information from the data base of Franchisee's Central Monitoring Station, and (e) video cameras installed in the Subscriber's premises. Franchisee hereby agrees that Sonitrol, or its Approved Vendor, may electronically access the database of Franchisee's Central Monitoring Station to retrieve Personal Information for each Subscriber and, based upon input from the Franchisee or Subscribers accessing the Web Site, to electronically change Personal Information stored in the database of the Central Monitoring Station. Further, Franchisee agrees to maintain

the computer hardware and software specified by Sonitrol, or its Approved Vendor, and to maintain the necessary communication links, that will enable Sonitrol, or its Approved Vendor, to electronically access Personal Information stored in the database of the Central Monitoring Station. Further, Franchisee agrees to comply with all standards and procedures regarding the use of the Web Site that are promulgated by Sonitrol from time to time.

2. Franchisee acknowledges that the content of Personal Information that is displayed over the Web Site is based upon information that is provided by Franchisee or the Subscriber. Sonitrol and its Approved Vendor are not responsible for the accuracy of Personal Information, and any reliance by Franchisee on Personal Information shall be at Franchisee's own risk. Franchisee agrees to indemnify and hold Sonitrol and its Approved Vendor, harmless from all claims, suits, losses, damages and expenses, including attorney's fees, arising out of or related to any errors in the Personal Information that is displayed over the Web Site.

3. Franchisee acknowledges that it is an independently owned and operated franchise of Sonitrol and Franchisee agrees that the fact that Sonitrol is making the Web Site available for the use by Franchisee and its subscribers does not and shall not create an agency relationship between Sonitrol and Franchisee.

4. Sonitrol and its Approved Vendor may monitor use of the Web Site by Franchisee and Subscriber and, subject to the stated privacy policy for the Web Site, may freely use any Personal Information and materials received from or collected over the Web Site for sales or marketing analysis, determining Web Site Usage, responding to Franchisee or Subscriber inquiries, and any other lawful reason or purpose consistent with the terms of this Agreement and the Franchisee Agreement.

5. Sonitrol may change, suspend or discontinue the Web Site, or any aspect thereof, at any time, including the availability of any Web Site feature, database, or content. Sonitrol also may impose limits on certain features and services or restrict Franchisee's or Subscriber's access to parts or all of the Web Site without notice or liability. Sonitrol and its Approved Vendor shall not be liable to Franchisee for any loss by Franchisee of fees or other payments Franchisee charges Subscribers for use of the Web Site.

6. The Web Site is protected by copyright as a collective work and/or compilation (the "Content"), pursuant to U.S. copyright laws, international conventions, and other copyright laws. All materials contained on the Web Site are protected by copyright, and are owned, controlled and/or licensed by Sonitrol or the party credited as the provider of the Content. Franchisee will abide by any and all additional copyright notices, information, or restrictions contained in any Content on the Web Site. Franchisee may download and make copies of the Content and other downloadable items displayed on the Web Site for its business records, provided that Franchisee maintains all copyright and other notices contained in such content. Copying or storing of any Content for any other purpose is expressly prohibited without prior written permission from Sonitrol or the copyright holder identified in the Content copyright notice.

7. Franchisee represents, warrants and covenants that it shall not upload, post or transmit to or distribute or otherwise publish through the Web Site any materials which (i) restrict or inhibit any other user from using and enjoying the Web Site, (ii) are unlawful, threatening, abusive, libelous, defamatory, obscene, vulgar, offensive, pornographic, profane, sexually explicit or indecent, (iii) constitute or encourage conduct that would constitute a criminal offense, give rise to civil liability or otherwise violate law, (iv) violate, plagiarize or infringe the rights of third parties including, without limitation, copyright, trademark, patent, rights of privacy or publicity or any other proprietary right, (v) contain a virus or other harmful component, (vi) contain any information, software or other material of a commercial nature, (vii) contain advertising of any kind, or (viii) constitute or contain false or misleading indications of origin or statements of fact. Moreover, Franchisee warrants and covenants that it will not use the Web Site to access information regarding other Sonitrol franchisees, or subscribers of other Sonitrol franchisees.

8. The Web Site may contain links and pointers to other related Internet sites, resources, and sponsors of the Web Site. Links to and from the Web Site to other third party sites, maintained by third parties, do not constitute an endorsement by Sonitrol or any of its subsidiaries, affiliates or its Approved Vendor, or of any third party resources, or their contents.

9. Franchisee hereby agrees to indemnify, defend and hold Sonitrol and its Approved Vendor, and all its officers, directors, owners, agents, employees, information providers, affiliates, franchisees, licensors and licensees (collectively, the "Indemnified Parties") harmless from and against any and all liability and costs, including reasonable attorney's fees, arising out of or related to claims or actions brought by third parties against Sonitrol or its Approved Vendor for Franchisee's breach of this Agreement, or as a result of the Franchisee's Subscriber's use of or reliance upon the information displayed or distributed over the Web Site.

10. Sonitrol or its Approved Vendor does not and cannot review all materials posted to the Web Site by users, and are not responsible for any such materials posted by users. However, Sonitrol reserves the right at all times to disclose any information as necessary to satisfy any law, regulation or government request, or to edit, refuse to post or to remove any information or materials, in whole or in part, that in Sonitrol's sole discretion are objectionable or in violation of this Agreement.

11. THE WEB SITE, INCLUDING ALL CONTENT, SOFTWARE, FUNCTIONS, MATERIALS AND INFORMATION MADE AVAILABLE ON OR ACCESSED THROUGH THE WEB SITE, IS PROVIDED "AS IS", AND SONITROL, ON BEHALF OF ITSELF AND ITS THIRD PARTY APPROVED VENDOR MAKES NO WARRANTY AS TO ITS USE, ACCURACY OR COMPLETENESS TO THE EXTENT PERMISSIBLE BY APPLICABLE LAW, SONITROL AND ITS SUBSIDIARIES AND AFFILIATES DISCLAIM ANY EXPRESS OR IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. SONITROL AND ITS APPROVED VENDOR DO NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE WEB SITE OR ANY MATERIALS OR CONTENT CONTAINED THEREIN WILL BE UNINTERRUPTED OR ERROR FREE, THAT DEFECTS WILL BE CORRECTED, OR THAT THE WEB SITE OR THE SERVER THAT MAKES IT AVAILABLE IS FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS.

12. SONITROL AND ITS APPROVED VENDOR SHALL NOT BE LIABLE TO FRANCHISEE OR ANY SUBSCRIBER FOR ANY DAMAGES OR INJURY, INCLUDING COMPENSATORY, SPECIAL, CONSEQUENTIAL OR LOST PROFITS, CAUSED BY THE INACCURACY OF THE INFORMATION ON THE WEB SITE OR ANY FAILURE IN PERFORMANCE OF THE WEB SITE, OR ANY INTERRUPTION, DEFECT, DELAY IN OPERATION OR TRANSMISSION, THE LOSS OF DATA, ALTERED DATA, INABILITY TO ACCESS THE WEB SITE, COMPUTER VIRUS OR LINE FAILURE.

13. Franchisee's authorized employees ("Administrators") shall be assigned a unique USER ID and password. Franchisee shall prohibit its Administrators from transferring or sharing the assigned USER ID and password and institute procedures to protect against any unauthorized use of the USER ID and password by its Administrators. Any transfer, sharing or unauthorized use of the USER ID and password by the Administrator shall result in the immediate termination of the Administrator's right to access the Web Site. Franchisee agrees to immediately notify Sonitrol of any known or suspected unauthorized use of a USER ID and password, and shall also notify Sonitrol when an Administrator's authority to access the Web Site has been terminated by Franchisee, including upon termination of the Administrator's employment.

14. Franchisee acknowledges that it has reviewed the privacy policy posted on the Web Site and agrees to the terms and conditions thereof, as if they incorporated herein by reference. Franchisee agrees that it will not use or attempt to use the Web Site to access information regarding other Sonitrol franchisees, or subscribers of other Sonitrol franchisees, and shall not otherwise use the Web Site in a manner which is contrary to such privacy policy. Sonitrol reserves the right to make changes to such privacy policy, which changes will be posted on the Web Site.

15. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflicts of law's provisions. Sole and exclusive jurisdiction for any action or proceeding arising out of or related to this Agreement shall be in,

and Franchisee consents to jurisdiction and venue in, the United States District Court for Delaware.

16. This Agreement constitutes the entire agreement between Sonitrol and Franchisee with respect to Franchisee's use of the Web Site. If for any reason a court of competent jurisdiction finds any provision of the Agreement, or portion thereof, to be unenforceable, the remainder of this Agreement shall continue in full force and effect.

17. In the event of a default by Franchisee under this Agreement, or upon termination or expiration of the Franchise Agreement between Sonitrol and Franchisee, Sonitrol reserves the right to immediately and without further notice terminate this Agreement and deactivate USER ID's and passwords assigned to Administrators and to each of the Subscribers. Further, a default of this Agreement shall be considered to be a default of the Franchise Agreement between Sonitrol and Franchisee, entitling Sonitrol to the remedies for a default available there under.

18. Franchisee hereby agrees to the amounts set forth on Exhibit A that will be paid for Web site usage.

STANLEY CONVERGENT SECURITY SOLUTIONS, INC.

_____ By: _____
Date

SONITROL FRANCHISEE

_____
(Print Name of Franchisee)

_____ By: _____
Date

EXHIBIT A

Fees:

Fees shall be invoiced to Franchisee on a monthly basis (in arrears) and shall be due and payable as set forth in Sonitrol's then current Credit Policy and Procedures. Fees shall be calculated on the total number of Subscriber Facilities associated with the Franchisee. "Subscriber Facility" shall mean that unique physical address recognized for each Subscriber of Franchisee connected to mySonitrol.net as of December 1st of each calendar year. The fee schedule set forth below shall be firm through Dec 2017 (the "Initial Period"); thereafter, except as otherwise stated in the Franchise Agreement, Sonitrol may adjust pricing, which may include minimum and maximum fees, on an annual basis.

Fee Schedule:

> $200 per month for Franchisee with 500 Subscriber Facilities or less;
> plus, $40 per month for each 100 block count of Subscriber Facilities over 500;
> provided, however, the maximum fee to be charged per Franchisee Control Group (as defined in the Franchise Agreement) shall be $1,200 per month.

The calculated monthly fee for your Franchise for the Initial Period is: $ _____

Above figure is calculated as follows:	
1-500 Subscriber Facilities:	$200.00
Franchisees with over 500 Subscriber Facilities	
Number of Subscriber Facilities connected to mySonitrol.net (rounded to the nearest 100)/100x$40):	$
Franchise Control Group (Yes or No). If YES, max fee $1,200	$1,200.00

EXHIBIT E

TABLES OF CONTENTS FOR MANUALS

STANLEY CONVERGENT SECURITY SOLUTIONS, INC.
SONITROL FRANCHISE STANDARDS MANUAL
(Total 29 Pages)

Table of Contents

Topic	Number of Pages Devoted to Topic
INTRODUCTION	1
UNDERSTANDING FRANCHISING	4
WHAT IS FRANCHISING?	1
OBJECTIVES OF FRANCHISING	1
WHO OWNS WHAT?	1
BRAND	1
OPERATING SYSTEM	1
ENHANCED VALUE	1
CONFIRMED EXPECTATIONS	1
WORD OF MOUTH	1
COMPLIANCE	1
ONGOING SUPPORT	1
MAKING THE EFFORT	1
SUMMARY	1
GENERAL STANDARDS	5
LOGO	1
TRADEMARK	1
SEPARATION OF NON-SONITROL BUSINESS	1
INSURANCE	1
LICENSES AND PERMITS	1
ROYALTY FEES	1
NATIONAL ACCOUNTS PROGRAM PROCEDURES AND STANDARDS	1
CONTRACT MONITORING SCHEDULE	2
OPERATING TERRITORY	1
WEBSITE STANDARDS	1
ADMINISTRATIVE	4
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EMPLOYEE STANDARDS	1
FACILITY SECURITY	1
FINANCIAL OPERATIONS	1
TAXES	1
CUSTOMER CONTRACTS	1
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FRANCHISE QUALITY ASSURANCE PROGRAM	1
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OPERATIONAL 3

HOURS OF BUSINESS 1
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COMMUNITY RELATIONS 1

MONITORING 4

CENTRAL STATION POLICY 1
CENTRAL STATION CUSTOMER INFORMATION 1
MONITORING PROCEDURES 1
GENERAL 2
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SERVICE STANDARDS 1

INSTALLATION STANDARDS 4

GENERAL 1
INTRUSION/FIRE ALARMS 1
AUDIO ALARMS 1
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INTRODUCTION 1
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STANLEY CONVERGENT SECURITY SOLUTIONS, INC.
SONITROL FRANCHISE NATIONAL ACCOUNTS GUIDE
(Total 17 Pages)

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PARTICIPATION IN THE SONITROL ACCOUNT PROGRAM	1
DEFINITIONS	1
NATIONAL ACCOUNTS RESPONSIBILITIES	1
INCONSISTENCY COSTS YOU MONEY	1
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SELLING TO CURRENT NATIONAL ACCOUNTS CUSTOMERS	1
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SONITROL NATIONAL ACCOUNTS PROGRAM COMMISSIONS	2
PAYMENT TERMS FOR FRANCHISEE'S WORK	1
GENERAL TERMS OF DEFAULT UNDER NATIONAL ACCOUNTS CONTRACTS	1
NATIONAL ACCOUNTS PROGRAM STANDARDS	2
FRANCHISE INSTALLATION PROCEDURES	1
CERTIFICATE OF COMPLETION (COC) DEFINITION & STANDARDS	1
NOTICE OF TERMINATION OF NATIONAL ACCOUNT CONTRACT	1
ATTACHMENT A NATIONAL ACCOUNTS MONITORING SCHEDULE FOR SONITROL SYSTEMS	2

STANLEY CONVERGENT SECURITY SOLUTIONS, INC.
SONITROL GRAPHIC STANDARDS MANUAL
(Total 25 Pages)

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Communicating Our Mission and Message	1
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Corporate Colors	1
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Taglines and Usage	1
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Headline and Primary Fonts	1
Secondary Font	1
STATIONERY STANDARDS	3
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SIGNAGE & DECALS STANDARDS	5
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USING THIS MANUAL 1
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Print Checklist 1
Contact Brand Marketing 1

EXHIBIT F

MONITORING AGREEMENT WITH SONITROL

MONITORING AGREEMENT

THIS MONITORING AGREEMENT (the "Agreement") is effective as of _____, 20_, by and between Stanley Convergent Security Solutions, Inc., a Delaware corporation, having its principal business offices located at, 8350 Sunlight Drive, Fishers, Indiana 46037 ("Sonitrol") and_____("Franchisee").

RECITALS

WHEREAS, Franchisee is an independent Sonitrol franchisee, and has been licensed and granted the right to, and has primary responsibility for, promoting, leasing, selling and servicing a security product line consisting of audio burglary, fire, CCTV, surveillance, and managed access control products and components using emerging technologies for diverse security system requirements, bearing the trademark "SONITROL," registered with the United States Patent and Trademark Office under the principal register number 912,681 together with such other trade names, service marks, trademarks and trade symbols as Franchisor has adopted and designated for use by Sonitrol businesses ("Sonitrol Products") within the Territory set forth in its Franchise Agreements with Sonitrol; and

WHEREAS Sonitrol has a central monitoring station for the monitoring of Sonitrol security systems and Franchisee desires to have its Subscribers Sonitrol Products monitored by Sonitrol upon the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the premises, and the mutual covenants contained in this Agreement, the parties hereby agree as follows:

SECTION 1 - DEFINITIONS

1.1 In this Agreement, the following terms shall have the following meanings:

(a) "Franchise Agreements" shall mean, whether one or more, the Franchise Agreement dated _____ entered into between Sonitrol and Franchisee.

(b) "Monitoring Services" shall mean the receiving, evaluating and responding to electronic signals from a Subscriber's Sonitrol Security System.

(c) "Sonitrol Central Station" shall mean the U.L. rated facility located either at Plymouth, Minnesota or Indianapolis, Indiana, which receives, evaluates and responds to audio activated, burglar and fire alarm signals transmitted from Sonitrol Security Systems.

(d) "Sonitrol Security System" shall mean audio activated or listen back burglar alarm system, a fire alarm system, access control or a video system utilizing the Sonitrol Products, sold by Franchisee pursuant to the terms of the Franchise Agreements.

(e) "Subscriber" shall mean subscribers of Franchisee who have installed Sonitrol Security Systems and contracted with Franchisee for the monitoring thereof.

(f) "Subscriber Premises" shall mean the location at which Subscriber has installed a Sonitrol Security System.

SECTION 2 - MONITORING

2.1 Sonitrol agrees, during the term of this Agreement, to provide Monitoring Services for all of Franchisee's Subscribers and thereby to do the following:

(a) Upon receipt of a burglar alarm or access control door alarm signal, transmit the alarm to headquarters of the public police department or other designee or authority as may be allowed or required by contract or ordinance and notify the Subscriber or his designated representative by calling the telephone numbers supplied to Franchisee in writing by Subscriber;

(b) Upon receipt of a hold-up alarm signal, transmit the alarm to the headquarters of the public police department, or other designee or authority as may be allowed or required by contract or ordinance.

(c) Upon receipt of a manual, waterflow, smoke, or automatic fire alarm signal, transmit the alarm to the public fire department and notify Subscriber or his designated representative by calling the telephone numbers supplied to Franchisee in writing by Subscriber.

(d) Upon receipt of an emergency control signal, notify Subscriber or his designated representative by calling the telephone numbers supplied to Franchisee in writing by Subscriber.

(e) Upon receipt of an audio activation or visual signal, Sonitrol's operator will make every reasonable effort to identify available sound or image, if any, to attempt to determine whether or not it indicates an unauthorized breaking and entry into Subscriber's premises, and when warranted, transmit notice of said sound or image to the local police authority or other designee or authority as required by contract or local ordinance, and notify the Subscriber or its designated representative by calling the telephone numbers supplied to Franchisee in writing by Subscriber.

2.2 Sonitrol agrees to operate its Sonitrol Central Station in accordance with standards established by Sonitrol imposed on Franchisee under the terms of its Franchise Agreement.

2.3 Sonitrol shall not be liable for any damages or injuries resulting from communication disruption between Sonitrol and Franchisee or its Subscribers, caused by any reason beyond the control of Sonitrol, including, but not limited to, disruption caused by fire, storm, failure of communications carrier, power failure, natural disaster or act of God. In the event of such disruption, Sonitrol will make all reasonable efforts to restore service in the least amount of time possible. FRANCHISEE SHALL INDEMNIFY AND HOLD SONITROL HARMLESS FROM ANY THIRD-PARTY CLAIM, LOSS, DAMAGE, ACTION, CAUSE OF ACTION OR EXPENSE (INCLUDING WITHOUT LIMITATION REASONABLE ATTORNEY FEES) REGARDLESS OF SOURCE, ARISING IN WHOLE OR IN PART AS A RESULT OF ANY COMMUNICATION DISRUPTION BETWEEN SONITROL AND FRANCHISEE OR ITS SUBSCRIBERS, CAUSED BY ANY REASON BEYOND THE CONTROL OF SONITROL, EXPRESSLY INCLUDING, BUT NOT LIMITED TO, ANY CLAIMS ARISING OUT OF SONITROL'S OWN NEGLIGENCE, FAULT OR LIABILITY, WHETHER THAT NEGLIGENCE, FAULT OR LIABILITY IS FOR 100% OF THE DAMAGES OR FOR SOME LESSER PERCENTAGE OF THE DAMAGES.

2.4 Sonitrol certifies that it has now, and during the term of this Agreement, will maintain insurance coverage for general liability and errors and omissions with coverage of not less than one million dollars ($1,000,000.00). Sonitrol shall provide, upon request, certificates of insurance and all such policies to Franchisee, upon execution of this Agreement, and annually thereafter.

2.5 Franchisee certifies that it has now, and during the term of this Agreement, will maintain insurance coverage for general liability and errors and omissions with coverage of not less than one million dollars ($1,000,000.00). Franchisee shall provide certificates of insurance and all such policies to Sonitrol upon execution of this Agreement, and annually thereafter. Each such policy shall contain a provision that it may not be cancelled or the coverage materially changed without thirty (30) days prior written notice to all certificate holders.

2.6 Franchisee warrants that all Subscribers have signed or shall have signed a valid Sonitrol subscriber contract with Franchisee in the form prescribed pursuant to the Franchise Agreements. Franchisee and Sonitrol acknowledge that pursuant to such Sonitrol Subscriber contracts, and particularly those paragraphs relating to disclaimer of warranties, limitation of liability and third-party indemnification, Sonitrol is a third-party beneficiary thereof and such contractual provisions enure to the benefit of and are applicable to Sonitrol and its parent, affiliates and subsidiaries and to any sub-contractors engaged by Franchisee to provide monitoring, maintenance, installation or service of the Sonitrol Security Systems, and bind Subscriber to Sonitrol and its parent, affiliates and subsidiaries, with the same force and effect as they bind Subscriber to Franchisee.

SECTION 3 - INSTALLATION AND CONNECTION

3.1 Franchisee shall ensure that all Sonitrol Security Systems installed at Subscriber Premises are installed in accordance with the rules and standards imposed on Franchisee under the terms of the Franchise Agreement.

3.2 Franchisee shall provide Sonitrol with detailed Subscriber information as required by Sonitrol relating to each Subscriber at least twenty-four (24) hours prior to the scheduled time for connection of such Subscriber's Sonitrol Security System to the Sonitrol Central Station.

3.3 Sonitrol shall assist Franchisee in downloading account information from the Sonitrol Central Station to each Subscriber's Sonitrol Security System. The parties shall attempt to ensure that the download time shall not exceed two (2) hours for each Subscriber.

SECTION 4 - SERVICE

4.1 Franchisee shall provide maintenance service on Subscriber's Sonitrol Security Systems as required.

4.2 Sonitrol shall notify Franchisee of any special maintenance service required to be made to Subscriber's Sonitrol Security System, of which Sonitrol is aware and Franchisee will service such systems in accordance with the terms of the Franchise Agreements and Franchisee's subscriber contract with the Subscriber. Sonitrol agrees to receive service inquiries from Subscribers and to notify Franchisee on a timely basis of any such inquires. Franchisee agrees to respond to service inquiries on a timely basis and notify Sonitrol of the resolution of same.

4.3 Franchisee shall indemnify and hold Sonitrol harmless of and from any claim, loss, damage, action or cause of action, expense (including without limitation reasonable attorneys fees) regardless of source, arising as a result of failure of Franchisee to properly install or service Sonitrol Security Systems installed at Subscriber Premises.

SECTION 5 - REPORTS

5.1 Sonitrol shall provide Franchisee with daily account activity, dispatch and service reports, which may be provided via Virtual Private Network or some other method, as determined by Sonitrol at its discretion. Sonitrol shall provide directly to Subscribers, opening and closing and exception reports as required, which may be provided via mySonitrol.net or some other method, as determined by Sonitrol in its discretion.

SECTION 6 - FEES

6.1 Subject to Section 6.2 of this Agreement, Franchisee agrees to pay Sonitrol monitoring fees (a) as published in the Sonitrol Franchise Standards Manual, or (b) as mutually agreed by Sonitrol and Franchisee as set forth on Exhibit A, attached hereto and incorporated herein by reference.

6.2 Monitoring fees may be increased on the second and subsequent anniversaries of this Agreement, and shall be limited to the greater of three percent (3%) or the applicable Federal Reserve District Consumer Price Index over the preceding twelve (12) month period.

6.3 Invoices will be produced monthly and in advance, dated on the 15th day of the month prior to which Monitoring Services are to be performed. Payment for invoices is due thirty (30) days after invoice to date. Payment not received by the 30th day after the due date shall be subject to a finance charge equal to 1.5% per month. Sonitrol may offset any amounts due from Franchisee against any amounts Sonitrol owes to Franchisee under this Agreement or any other agreements between Franchisee and Sonitrol.

SECTION 7 - TERM AND TERMINATION

7.1 The term of this Agreement shall be for a period of_____years, commencing upon the date both parties sign this Agreement and shall automatically renew for successive one (1) year terms unless Franchisee has given Sonitrol written notice of its election not to renew, not less than ninety (90) days prior to the end of the term then in effect.

7.2 Either party may at its option immediately terminate this Agreement by giving written notice thereof to the other party in the event of the happening of any of the following:

(a) If the other party becomes insolvent or a petition in bankruptcy is filed, or any similar relief is filed by or against the other party, or a receiver is appointed with respect to any of the assets of the other party, or a liquidation proceeding is commenced by or against the other party; or

(b) Failure to correct or cure any material breach by the other party of any covenant or obligation under this Agreement hereunder within sixty (60) calendar days after receipt by the other of a written notice from such party specifying, such breach; or

(c) Franchisee ceases to be a franchise in good standing of Sonitrol or the Franchise Agreements shall terminate or expire.

7.3 Franchisee may terminate this Agreement upon sixty (60) days prior written notice, in the event it sells its Subscriber accounts as permitted under the Franchise Agreement; provided that, Franchisee shall not be entitled to terminate prior to the _____ anniversary of this Agreement.

7.4 In the event of the termination of this Agreement, Franchisee will arrange for the expeditious transfer of monitoring services for Subscribers to an alternate monitoring facility and in any event, not more than six (6) months following the expiration or termination of this Agreement. During the intervening period, the respective obligations of the parties shall continue to be governed by the terms of this Agreement.

SECTION 8 - GENERAL

8.1 Each party, during and after the term of this Agreement, agrees to indemnify and hold the other party harmless of, from and against, and promptly reimburse the other party for, and all loss, damage, liability and attorney's fees and other costs and expenses incurred by the other party as a result of the indemnifying party's violation of this Agreement.

8.2 Neither party shall assign this Agreement and the rights hereunder to any person, firm, association or corporation without the prior written consent and approval of the other party which consent and approval shall not be unreasonably withheld.

8.3 Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed, by certified mail-return receipt requested, to the respective parties at the addresses listed below their signature hereto, unless or until a different address has been designated by written notice.

8.4 This Agreement shall be governed by and construed in accordance with the State of Delaware.

8.5 This Agreement shall not be construed as evidence of any partnership or joint venture, it being expressly agreed and understood that the Parties are acting only for themselves with respect to the obligations set forth herein as independent contractors and that the Parties are independent, do not control the manner in which obligations are met and are not agents of each other.

8.6 It is expressly understood and agreed that this Agreement does not create a third party beneficiary relationship with any person, entity or Subscriber, that the parties intend solely to benefit themselves by their entry into this Agreement and no other person or entity not a party hereto, and that only Franchisee and Sonitrol are entitled to remedies for any breach hereof.

8.7 It is expressly understood and agreed that the parties hereto have entered into this Agreement on an arms-length basis acting on their own judgment and have not been induced to enter into this Agreement by any statement, act or representation of any kind or character on the part of any other entity or person outside the express written terms of this Agreement. Furthermore, this Agreement represents the entirety of the agreements of the parties hereto with respect to the subject matters expressed and this is a complete, integrated, final Agreement on these matters, which may not be amended, altered, modified or changed in any way except in writing signed by the authorized representative of the parties hereto.

DATED this_____day of_____, 20_.

STANLEY CONVERGENT SECURITY SOLUTIONS, INC.

By: _____

Printed Name: _____

Title: _____

Address: 8350 Sunlight Drive
Fishers, Indiana 46037
Attn: Director of Franchise Relations

FRANCHISEE: _____

By: _____

Printed name: _____

Title: _____

Address: _____

_____

Attn: _____

EXHIBIT G

SONIP™ EQUIPMENT PURCHASE AGREEMENT

SONIP™ EQUIPMENT PURCHASE AGREEMENT

THIS SONIP EQUIPMENT PURCHASE AGREEMENT ("Purchase Agreement") is made this _____ day of_____,_____, by and between Stanley Convergent Security Solutions, Inc., a Delaware corporation with its principal place of business at 8350 Sunlight Drive, Fishers, Indiana 46037 ("Seller"), and _____, a(n) _____[corporation/limited liability company/partnership/individual], with its principal place of business at_____ ("Purchaser").

WHEREAS, Seller is the franchisor set forth in the Sonitrol Franchise Agreement between Seller and Purchaser, dated _____ , (the "Franchise Agreement"); and

WHEREAS, the Franchise Agreement sets forth Purchaser as a franchisee of Seller; and

WHEREAS, Seller is a designated authorized supplier of products and services to Purchaser under the Franchise Agreement; and

WHEREAS, Purchaser wishes to purchase certain central station equipment, as defined herein being the "SonIP Equipment," from Seller for use in Purchaser's franchise business; and

WHEREAS, simultaneously with entering into this Purchase Agreement, Purchaser is also entering a SonIP Software License Agreement ("License Agreement") with Seller to license certain proprietary software intended and necessary for use with the SonIP Equipment being purchased under this Purchase Agreement (the "Software Package," and sometimes collectively referred to with the SonIP Equipment as the "System"), and a SonIP Service Agreement ("Service Agreement") providing for certain service of the SonIP Equipment and the licensed proprietary software.

Now, therefore, in consideration of the mutual covenants set forth herein, intending to be legally bound, Seller and Purchaser hereby agree as follows:

1. **Purchase.** Purchaser hereby purchases from Seller, and Seller hereby sells to Purchaser, the items of equipment and other personal property and installation services described in Exhibit A to this Purchase Agreement (collectively called "SonIP Equipment") upon the terms and conditions set forth in this Purchase Agreement and any Exhibits thereto. Risk of loss shall pass to Purchaser upon delivery to the shipper at Seller's loading dock, FOB Seller's dock.

2. **Price, Payment and Security.** The Purchase Price, FOB Seller's dock, shall be the amount specified in Exhibit A hereto, and shall be payable pursuant to the payment terms as set forth on Exhibit A. Purchaser shall pay all shipping charges, and all foreign, federal, state or local sales, excise, use, document, stamp, intangible or other taxes (excluding income taxes of Seller), duties or assessments which are levied or imposed by reason of the sale contemplated by this Agreement. Purchaser hereby grants to Seller a presently existing and continuing security interest in all of the SonIP Equipment and in all proceeds thereof to secure payment of the purchase price therefore and to secure payment of the one-time software license fees payable under the License Agreement.

3. **Installation**. Installation shall be performed during Seller's normal working hours. If any governmental agency requires any changes to the System originally installed, Purchaser agrees to pay for such changes. It is Purchaser's responsibility to obtain all governmental permits or licenses required by the local jurisdiction to operate the System. It is Seller's responsibility to obtain all governmental licenses required by the local jurisdiction to perform the installation of the System on Purchaser's premises.

Purchaser, at its own expense, shall supply appropriate AC power, outlets for such power and telephone interconnection jacks, if required. Purchaser shall not tamper with, alter, adjust, add to, disturb, injure, move, remove, interconnect with other equipment or otherwise interfere with the System installed by Seller, nor shall Purchaser permit the same to be done by others. It is further agreed that Purchaser indemnifies and holds Seller harmless from any claim arising out of the foregoing and that if any work is required to be performed by Seller due to Purchaser's breach of the foregoing obligations, Purchaser will pay Seller for such work in accordance with Seller's then current prevailing rates. Any claim by Purchaser of improper installation or a defect in the System shall be made in writing to Seller within ninety (90) days of the completion of the installation.

4. **Use.** Purchaser shall use the System in a careful and proper manner and solely for the purpose of conducting business pursuant to the Franchise Agreement. Purchaser shall at all times comply with the Franchise Agreement, the Sonitrol Franchise Standards Manual (as defined in the Franchise Agreement), and any manual relating to the operation of the System, and conform to all laws, ordinances and regulations, the terms of any insurance policies, and the terms of this Purchase Agreement. Purchaser shall be exclusively responsible to pay the cost or charges for (a) any upgrade or change to any of the third-party/off-the-shelf components, including without limitation hard-drives, computer memory, individual PC cards, video cards, serial interface cards; (b) the base operating system (Windows), the SQL Server database (SQL), and any client-access licenses; (c) periodic updates to third-party software, including without limitation anti-virus, communications (PC Anywhere); (d) upgrades/updates to Remote Office hardware and software, including without limitation firewalls, web-servers, Terminal Services hosts and/or clients, associated client-access-licenses, and Navigator terminals; any peripheral hardware/software including E-Service and related E-Service components, including without limitation computer, operating system, database, Palm Pilots, and the associated licensing; and hardware/software associated with the local data aggregation servers for MySonitrol.com, whether or not such upgrades, corrections, changes or modifications are due to any SonIP software or hardware enhancement or correction.

5. **Software.** Purchaser shall execute the standard SonIP Software License Agreement governing the use of the proprietary software designed for use with the SonIP Equipment.

6. **Maintenance and Repairs.** Purchaser shall execute the standard SonIP Service Agreement providing that Seller will provide certain services required to maintain the SonIP Equipment in proper working order. Except as otherwise specifically provided in the Service Agreement, Purchaser, at its own cost and expense, shall keep the SonIP Equipment in good repair, condition and working order and shall furnish any and all parts, equipment and devices required for such purpose.

7. **Required Purchase of Replacement Equipment.** Seller will use commercially reasonable efforts to improve and advance the technology, function and design of the System. Franchisee acknowledges the importance of using current equipment in using the System. Seller may from time to time make available to Purchaser replacement or upgrade equipment for the System or additions thereto. The price for such replacement SonIP Equipment shall be the then current list price, plus shipping and handling charges, and all foreign, federal, state or local sales, excise, use or other taxes (excluding income taxes of Seller), duties or assessments which are levied or imposed by reason of the purchase. Notwithstanding, Purchaser will not be required to expend more than 15% of the original Purchase Price of the SonIP Equipment for each year from the effective date of this Agreement until such replacement or upgraded equipment is required to be purchased. If replacement or upgraded equipment is required during the initial 1-year warranty, it will be provided at no charge by the Seller. For example, if Purchaser is required to purchase replacement or upgraded equipment in the fifth year after the date of this Agreement, Purchaser will not be compelled to pay more than seventy-five percent (75%) of the Purchase Price under

this Agreement for the purchase of such replacement or upgraded equipment. Seller may designate or approve new or additional equipment, add or discontinue SonIP Equipment in its reasonable discretion but subject to the terms of the Franchise Agreement and the Sonitrol Franchise Standards Manual. Seller will not discontinue any SonIP Equipment without providing for substitute equipment for the System and an end-of-life parts replacement and service plan.

8. **Warranties.** Purchaser acknowledges that the purchased SonIP Equipment is of a type, design, size, capacity and manufacture as selected by Purchaser; and that Seller has not and will not, and has no obligation to separately inspect the SonIP Equipment. **SELLER WARRANTS AND AGREES THAT ANY EQUIPMENT MANUFACTURED BY SELLER FURNISHED HEREUNDER DOES NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, TRADE SECRET OR OTHER INTELLECTUAL PROPERTY RIGHT, EXCEPT TO THE EXTENT SAID INFRINGEMENT IS ATTRIBUTABLE TO FRANCHISEE'S IMPROPER USE OF SAID EQUIPMENT OR USE OF THE EQUIPMENT IN COMBINATION WITH ANY THIRD PARTY EQUIPMENT OR SOFTWARE NOT SPECIFIED BY SELLER. EXCEPT FOR THE FOREGOING, SELLER MAKES NO REPRESENTATIONS, WARRANTIES OR COVENANTS, EXPRESS OR IMPLIED, ON WHICH PURCHASER MAY RELY, WITH RESPECT TO THE MERCHANTABILITY, FITNESS, CONDITION, QUALITY, DURABILITY OR SUITABILITY FOR PURCHASER'S PURPOSES OF THE SONIP EQUIPMENT IN ANY RESPECT, OR THE SONIP EQUIPMENT'S COMPLIANCE WITH ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO, LATENT DEFECTS, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED**. SELLER HEREBY ASSIGNS TO PURCHASER ANY MANUFACTURER AND VENDOR WARRANTIES IT MAY HAVE WHICH ARE APPLICABLE TO THE SONIP EQUIPMENT.

9. Indemnification and Limitation of Liability.

a. Indemnification of Purchaser. Purchaser assumes liability for and shall indemnify, protect, save and hold harmless the Seller, its affiliates, their respective agents, employees, successors, assigns, owners, officers and directors, (the Seller Indemnified Parties") from and against all losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal expenses of whatsoever kind and nature imposed upon, incurred by, or asserted against any Seller Indemnified Party in any way relating to or arising out of Purchaser's operation of the System, including the negligent or otherwise improper use of either the SonIP Equipment or the software licensed under the SonIP Software License Agreement, except to the extent caused by the gross negligence or willful misconduct of Seller.

b. Indemnification of Seller. Seller shall indemnify, protect, save and hold harmless Licensee its agents, employees, successors, assigns, officers and directors, (the Purchaser Indemnified Parties") from and against all losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal expenses of whatsoever kind and nature imposed upon, incurred by, or asserted against any Purchaser Indemnified Party to the extent arising out of (i) any actual, contributory or active inducement infringement of any patent, trademark, copyright or other intellectual property right pertaining to the Equipment manufactured by Seller and sold to Purchaser hereunder, except to the extent attributable to Purchaser's improper use of the Equipment or use in combination with any third party equipment or software not specified by Seller and (ii) the negligent or defective manufacture of any Proprietary Product (hereinafter as that term is defined in the Franchise Agreement) sold to Purchaser under this Agreement which is manufactured by Seller or an Affiliate of Seller, or the negligent or defective manufacturing of any Proprietary Product sold to Purchaser under this

Agreement which results directly from Seller's or its Affiliate's design or specifications for such Proprietary Product.

c. **LIMITS OF LIABILITY. IN NO EVENT SHALL THE SELLER INDEMNIFIED PARTIES BE LIABLE TO PURCHASER FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OR LOST PROFITS ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE PERFORMANCE OR BREACH THEREOF, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY THEREOF. THE SELLER INDEMNIFIED PARTIES' LIABILITY TO PURCHASER SHALL IN NO EVENT EXCEED ANY AMOUNT ACTUALLY PAID BY PURCHASER TO SELLER UNDER THIS AGREEMENT. IN NO EVENT SHALL SELLER BE LIABLE TO PURCHASER FOR ANY DAMAGES RESULTING FROM OR RELATED TO ANY FAILURE OR DELAY OF SELLER IN THE DELIVERY OF THE SERVICES OR PARTS TO BE PROVIDED UNDER THIS AGREEMENT. THIS SECTION 9 SHALL APPLY TO ANY OTHER COMPANY OR ENTITY WHICH, IN ADDITION TO SELLER, FURNISHES AS A SUBCONTRACTOR OR OTHERWISE, ANY SERVICES HEREUNDER. THE PROVISIONS OF THIS SECTION 9 REPRESENT A REASONABLE ALLOCATION OF THE RISKS UNDER THIS AGREEMENT. SELLER'S WILLINGNESS TO ENTER INTO THIS AGREEMENT WITH PURCHASER REFLECTS THIS ALLOCATION OF RISK AND THE LIMITATIONS OF LIABILITY SPECIFIED HEREIN.**

10. **Assignment.** Without the prior written consent of Seller, Purchaser shall not assign, transfer, sublicense, pledge or hypothecate this Agreement except as may be specifically provided in the Franchise Agreement, and any such purported transfer, assignment, sublicense, pledge or hypothecation shall be void and of no force or effect. Upon prior written consent of Seller, which will not be unreasonably withheld, or as otherwise specifically provided in the Franchise Agreement, Purchaser shall have the right to assign, transfer, or sell its rights, duties and obligations under this Purchase Agreement solely in connection with the sale or assignment of the franchise business as provided under the terms of the Franchise Agreement. Any assignment will not be effective unless the assignee agrees, in writing, to assume and comply with the terms of this Purchase Agreement, to assume and comply with the terms of the Service Agreement and to separately enter into and execute a SonIP License Agreement. Any transfer authorized and approved by Seller shall in no event relieve Purchaser of its obligations under this Agreement. Seller may assign this Agreement or subcontract the services to be provided under this Agreement without the consent of, or notice to, Purchaser.

11. Default and Termination.

a. In the event the Purchaser neglects or fails to adhere to any of its obligations hereunder, or is in default of any obligation in this Purchase Agreement, and fails to cure said failure or default within the notice period provided below (if any), at Seller's sole discretion, this Agreement may be immediately terminated upon written notice thereof to Purchaser. A default under this Agreement justifying termination shall include, but is not limited to, each of the following violations:

(i) Purchaser's failure or refusal to pay within ten (10) days after written notice to Purchaser any amounts due under the terms or conditions stated of this Agreement;

(ii) Any other violation of this Agreement not cured within ten (10) days after written notice to Purchaser; or.

(iii) The delivery of notice of termination pursuant to Purchaser's default under the Service Agreement, the License Agreement, the Franchise Agreement, or any other agreement between Seller and Purchaser.

b. Except as otherwise specifically provided in the Franchise Agreement pertaining to those certain terms in which Purchaser may continue to operate the SonIP Equipment post-termination, upon termination, all services to be provided by Seller under this Agreement will cease. Upon termination all payments then due from Purchaser under this Agreement, or thereafter scheduled to become due, shall accelerate and become immediately due and payable to Seller. Purchaser shall also pay attorneys' fees and/or collection fees incurred by Seller in collecting Purchaser's account.

12. Dispute Resolution Process and Governing Law.

a. Except as provided in Section 12(a)(iv), the following dispute resolutions process shall be followed:

(i) In the event of any dispute relating to or arising out of the interpretation or enforcement of this Agreement or breach thereof, Purchaser and Seller agree that prior to instituting any other dispute resolution process, each party will make a good faith attempt to resolve the dispute informally through meetings and direct negotiations between executives who have authority to settle the dispute. Either party may initiate this process by giving written notice to the other party of the nature of the dispute, the party's position, its election to initiate this process and the person to conduct the negotiations on behalf of the party giving notice. The other party agrees to respond promptly and both parties agree to negotiate in good faith to attempt to resolve the dispute.

(ii) In the event the parties have not resolved the dispute within sixty (60) days of initiation of the negotiation process required under Subsection 12(a)(i), the parties agree to attempt to resolve the dispute through mediation in accordance with this Subsection 12(a)(ii). Either party may initiate mediation of the dispute with JAMS, The Resolution Experts ("JAMS"), an independent, non-profit, organization the main office of which is at 345 Park Avenue, New York, New York 10154 (telephone 212-751-2700) or its successor. The mediation shall be held in the Wilmington, Delaware metropolitan area, or at any other location mutually agreed upon by the parties. The parties will pay their own expenses associated with the mediation; provided, however, the fees associated with the mediator will be shared equally. The mediation proceedings and the outcome thereof shall be strictly confidential (except as required to be disclosed by applicable law), and shall be deemed to be for settlement purposes only. The mediation shall be held within sixty (60) days of the initiation of the mediation process. The mediation prescribed by this provision shall be a condition precedent to the commencement of arbitration under Subsection 12(a)(iii).

(iii) If no settlement of the dispute is reached through the mediation process within ninety (90) days of the appointment of the mediator, the parties agree, except as provided in Subsection 12(a)(iv), the exclusive way to resolve all disputes shall be by arbitration by a sole arbitrator in accordance with JAMS Arbitration Rules and Procedures, and judgment on the arbitration award rendered may be entered in any court having jurisdiction. The arbitration proceeding shall take place in the Wilmington, Delaware metropolitan area, or at any other location mutually agreed upon by the parties. Either party may initiate the arbitration proceeding with an

appropriate filing with the JAMS Arbitration Rules and Procedures. The arbitrator shall be selected by mutual agreement of the parties; provided however, in the event the parties are unable to agree upon an arbitrator within thirty (30) days of the first proposal of a list of names of potential arbitrators, either party may apply to JAMS Arbitration Rules and Procedures for selection of an arbitrator and the arbitrator selected by or in accordance with JAMS Arbitration Rules and Procedures shall be the arbitrator. The arbitrator shall allow and determine reasonable discovery and required information sharing among the parties. The arbitrator shall be neutral, impartial, and independent of the parties and others having any known interest in the outcome, shall abide by the JAMS Arbitration Rules and Procedures and shall have no ex parte communications about the dispute with any party. The arbitrator shall render his/her decision within one hundred eighty (180) days of appointment. Any award rendered by the arbitrator shall be final, conclusive and binding on the parties, and shall have the effect of a common law arbitration, and there shall be no right of appeal therefrom. In addition to any other award, the prevailing party will be entitled to recover reasonable costs and attorney fees related to the arbitration, enforcement of this arbitration provision and/or enforcement of any arbitration award. The arbitrator shall not be entitled to award punitive, special, exemplary or any similar type of damages under any circumstances. The arbitration proceedings and the outcome thereof shall be strictly confidential (except as required to be disclosed by applicable law).

(iv) The dispute resolution provisions contained in this Section 12(a) shall constitute the sole and exclusive method for resolving the disputes between the parties except in the following cases:

(A) As may be necessary to preserve the status quo, to protect proprietary information or confidential trade secrets, to prevent irreparable harm, to enforce defaults arising solely out of Purchaser's failure to pay amounts due to Seller, disputes where the total amount in controversy is less than $25,000, or to compel enforcement of this Section 12(a). This Section is not a condition to, and does not preclude Seller from, exercising rights to declare an Event of Default and terminate this Agreement, nor does this provision relieve Purchaser from performing its obligations following expiration or termination of this Agreement. Purchaser consents to the jurisdiction and venue of the United States District Court for the District of Delaware in any dispute in which injunctive relief is sought as provided in this Subsection 12(a)(iv)(A).

b. This Agreement will be construed and interpreted in accordance with the substantive laws of the State of Delaware, without reference to its conflicts of law principles. To the extent that this Agreement contains provisions regarding notice periods, termination, non- renewal or the like, which are not consistent with applicable law, such provisions shall, to the extent they are inconsistent with applicable law, not be effective, and the applicable law shall apply in their place. The parties consent to jurisdiction and venue in the United States District Court for the District of Delaware for the purposes of any legal proceeding relating to this Agreement. The parties agree to service of process in any manner provided for by the laws of the State of Delaware.

13. **Delays.** The delivery date set forth on Exhibit A is an estimated date only. Seller shall not be liable for damages of any kind for delays in the delivery of goods, completion of installation, or the inability to deliver caused by or due to reasons which shall include, but not be limited to, the inability to obtain transportation, equipment, materials, fuel or power, fires, floods, storms, acts of

God, embargoes, strikes, lockouts, civil strife, other labor relations problems, governmental rules, restrictions, or any other circumstances not enumerated herein which may prevent Seller from making deliveries in the normal course on a timely basis.

14. **Statute of Limitations.** Except for any third-party claim which requires indemnity under Section 9 of this Agreement, any action for breach of this contract must be commenced by Purchaser within one (1) year after the cause of action has accrued.

15. **Miscellaneous.** Any provision of this Purchase Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction only, be ineffective to the extent of such prohibition and enforceable without invalidating the remaining provisions hereof. The titles of the sections of this Purchase Agreement are for convenience only and shall not define or limit any of the terms or provisions thereof. This Purchase Agreement and the Exhibits hereto, together with the License Agreement and the Service Agreement, provide the entire understanding and agreements as between the parties, and such understanding may not be modified except in writing signed by both of the parties. Any additional or conflicting terms in any purchase order or other document supplied by Purchaser shall be void and of no effect.

[signature page follows]

IN WITNESS WHEREOF, the parties have caused this SONIP Equipment Purchase Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

SELLER:

Stanley Convergent Security Solutions, Inc.

ATTEST:

_____ By:_____

Title:_____

Date:_____

PURCHASER:

_____

d/b/a Sonitrol of _____

ATTEST:

_____ By:_____

Title:_____

Date:_____

EXHIBIT A

LIST OF EQUIPMENT AND PURCHASE TERMS

Exhibit A is the attached SonIP Hardware, Software, Services quote DATED _____

Estimated Delivery Date 60 Days after receipt of P.O.

.

Payment Terms (prices do not include any applicable state and local sales or use tax).

Purchaser agrees to pay Seller $_____(pending Pre-Site visit) for the total installation of the SonIP Equipment, upon completion of install with terms being Net 30.

Failure to comply with the payment terms set forth in this Agreement will result in the forfeiture of any discounts provided.

EXHIBIT H

SONIP™ SOFTWARE LICENSE AGREEMENT

SONIP™ SOFTWARE LICENSE AGREEMENT

THIS SONIP SOFTWARE LICENSE AGREEMENT ("License Agreement") is made this__ day of _____, _____, by and between Stanley Convergent Security Solutions, Inc., a Delaware corporation with its principal place of business at 8350 Sunlight Drive, Fishers, IN 46073 ("Licensor"), and _____, a(n) _____ [corporation/limited liability company/partnership/individual], with its principal place of business at _____ ("Licensee").

WHEREAS, Licensor is the franchisor set forth in the Sonitrol Franchise Agreement between Licensor and Licensee, dated _____, (the "Franchise Agreement"); and

WHEREAS, the Franchise Agreement sets forth Licensee as a franchisee of Licensor; and

WHEREAS, Licensor is a designated authorized supplier of products and services to Licensee under the Franchise Agreement; and

WHEREAS, simultaneously with entering into this Agreement, Licensee is entering into a SonIP Equipment Purchase Agreement ("Purchase Agreement") pursuant to which Licensee has purchased certain central station equipment ("SonIP Equipment," and sometimes collectively referred to with the Software Package as the "System")), as that term is defined in the Purchase Agreement, from Licensor for use in Licensee's franchise business; and

WHEREAS, also simultaneously with entering into this License Agreement, Licensee is entering into SonIP Service Agreement ("Service Agreement") to engage Licensor to maintain and service the SonIP Equipment being purchased by Licensee and certain proprietary software of Licensor for use with the SonIP Equipment; and

WHEREAS, Licensee desires to license, in accordance with the terms of this Agreement, certain software from Licensor for use with the SonIP Equipment that Licensee is purchasing.

Now, therefore, in consideration of the mutual covenants set forth in this Agreement, intending to be legally bound, Licensor and Licensee hereby agree as follows:

1. License.

a. Licensor hereby grants and Licensee accepts a non-transferable (except as provided for herein under Sections 6 and 12), and non-exclusive license to use the SonIP Monitoring System Software ("Software Package"), as the Software Package is defined herein (as provided in Exhibit A), and according to the terms as provided in this License Agreement ("the License"). The Software Package shall be used on only one receiver/console combination which shall include a single backup system. If Licensee requires more than one receiver/console combination for the conduct of Licensee's business, Licensee shall be obligated to, and agrees to license, additional Software Packages for each such receiver/console combination. Licensor agrees to install each licensed version of the Software Package on each of Licensee's SonIP Equipment.

b. The Software Package includes software and firmware programs, as well as related data and supporting documentation.

c. This License is valid only for the operation and use of the Software Package on SonIP Equipment or such other equipment as may be expressly approved in writing by Licensor. Licensee acknowledges and agrees that use of the entire Software Package or any

portions of the Software Package by Licensee on any other equipment is prohibited and may jeopardize the continuation of this License.

d. Licensee is not permitted to, and agrees to not, decompile, decipher, disassemble, reverse engineer, decrypt, or otherwise modify or print out any of the Software Package source code, or the commercial or proprietary operating program of the Software Package.

e. Licensee agrees that Licensor or its designee may remotely communicate with Licensee's system, and SonIP Equipment that contains the Software Package, for purposes of diagnostics, program verification, service pursuant to the Service Agreement, or performance of any other function deemed necessary by Licensor or its designee.

f. Licensee may not install, integrate or interface any third-party software to the Software Package without the express written consent and authorization of Licensor. For any third-party software that is authorized and approved by Licensor to be integrated, interfaced or used with the Software Package, and that is purchased, leased or licensed by Licensee from a third party, Licensee shall obtain and maintain any and all necessary licenses for use of such third-party software. Licensee shall be solely responsible for all costs and expenses associated with service, repair, reconstruction, replacement or maintenance of the Software Package resulting from the unapproved and/or unauthorized interfacing or integration of any other software to or with the Software Package.

g. Licensor specifically reserves any and all rights, including intellectual property rights, title and interest in the Software Package that is not expressly granted to Licensee under this License Agreement.

2. Payment.

a. In consideration of the License granted under the terms of this Agreement, Licensee agrees to pay Licensor the one-time software license fees and the annual software license fees as set forth in Exhibit A attached hereto. The annual software license fees for the second year and thereafter shall be due and payable by Licensee to Licensor sixty (60) days in advance of the install anniversary date on an annual basis. Licensor agrees that the then current charges for the annual software licensing fee for years 2-5 under this Agreement shall not exceed a 10% increase over the prior year's annual software license fee. Licensor agrees that for any permitted assignment (e.g., a transfer or assignment that does not require the consent of Licensor or the franchisor) under the Franchise Agreement (a "Permitted Transfer"), Licensor may, in its sole discretion, permit assignment of this Agreement, or require the transferee to execute a new agreement in a form acceptable to Licensor. If Licensor requires execution of a new agreement with the transferee in connection with a Permitted Transfer, Licensor agrees that the initial annual software licensing fee shall not exceed a 10% increase over the then current year's annual software license fee under this Agreement.

b. In addition to the license fees set forth on Exhibit A hereto, Licensee shall pay Licensor for (i) onsite engineering services to setup and install the Software Package on Licensee's SonIP Equipment, (ii) for SonNT or SONICS database conversion. Upon completion of the services, Licensor shall invoice Licensee for such services and payment shall be due within thirty (30) days of invoice date.

c. Licensee shall pay late charges at the rate of 1.5% per month on all overdue payments. In the event of a payment default by Licensee hereunder, in addition to all other remedies, Licensor will be entitled to recover from Licensee Licensor's cost of collection, including reasonable attorneys' fees.

3. Term of License.

a. The term of this Agreement shall be for a period of the shorter of (i) five (5) years from the acceptance date of the installation; (ii) the termination of the Franchise Agreement for whatever reason; and (iii) the termination of this License Agreement pursuant to Section 4 of this Agreement.

b. Licensee acknowledges and agrees that at the end of the term of this License Agreement, in order to continue to use the Software Package, Licensee will be required to renew this License Agreement or enter into a new license agreement in accordance with Licensor's then prevailing terms and conditions. Except as otherwise specifically provided in the Franchise Agreement pertaining to those certain terms in which Purchaser may continue to operate the SonIP Equipment post-termination, Licensor shall have no obligation to renew, and Licensee shall have no right to have renewed, this License Agreement. Notwithstanding the forgoing, Licensor shall have no obligation to renew, and Licensee shall have no right to have renewed, this License Agreement if Licensee is in default under this License Agreement, under any amendment to this License Agreement, the Franchise Agreement, or under any other agreement between Licensee and Licensor.

c. This Agreement is not renewable except at the discretion of Licensor; however, Licensor agrees that for any renewal of this Agreement or replacement or substitute agreement for the Software Package (each a "New Agreement"), the initial annual software license fees for such New Agreement will not be greater than 125% of the annual software license fees in effect immediately prior to the renewal, termination or expiration of this Agreement or any New Agreement. A written notice will be provided to the Licensee towards the end of the term of this Agreement, indicating intent of Licensor.

4. Termination.

a. The Licensee may terminate this License Agreement at any time by providing written notice to Licensor thirty (30) days in advance of termination.

b. In the event the Licensee neglects or fails to adhere to any of its obligations hereunder, or is in default of any obligation in this License Agreement, and fails to cure said failure or default within the notice period provided below (if any), at Licensor's sole discretion, this License Agreement (and the License granted hereunder) shall immediately terminate upon written notice thereof to Licensee. A default under this License Agreement justifying termination shall include, but is not limited to, any of the following violations:

(i) Licensee's failure to pay within ten (10) days after written notice to Licensee, any amounts due under this License Agreement when due;

(ii) Licensee providing to others or acquiring from others copies of software programs prohibited under the terms of this License Agreement;

(iii) Unauthorized or unapproved modification of the Software Package by the Licensee;

(iv) Licensee's failure to provide security of the Software Package contents or functions as required by Section 7 of this License Agreement;

(v) Any other violation of this License Agreement or any amendment to this License Agreement not cured within ten (10) days after written notice to Licensee; or

(vi) The delivery of notice of termination pursuant to Licensee's default under the Purchase Agreement, the Service Agreement, the Franchise Agreement or any other agreement between Licensor and Licensee.

c. In the event the Licensee shall cease doing business, shall be declared bankrupt, or shall suffer any attachment or lien affecting the Software Package, this Agreement will automatically and immediately terminate.

5. **Licensee Obligations upon Termination.** Upon termination of this License Agreement, the Licensee agrees to and shall return to Licensor within thirty (30) days of the termination date, all copies and versions of the Software Package, including all software and firmware programs, archived or back-up copies of these programs, and all supporting documentation and materials provided by Licensor during the term of this License.

6. Ownership of Software Package.

a. Title to and ownership of the Software Package, including copies, archived or back-up media, any and all printed materials, images, sounds, automation and text incorporated into the Software Package, shall at all times remain with Licensor.

b. Any attempted transfer or other assignment by Licensee of the Software Package to any other person shall be void and of no effect. The use of the Software Package on any other system other than the identified receiver/console combination, is absolutely prohibited, unless in each case, the following conditions have been met:

(i) Prior written approval for use on another receiver/console combination is obtained from Licensor, and

(ii) Execution of a signed software license agreement, service agreement and franchise agreement, each in forms acceptable to Licensor, by the new user, if approved by Licensor, and payment of any applicable transfer fees to Licensor are made.

c. Certain software programs that are non-proprietary to Licensor, that are part of the SonIP Software Package, are licensed for specific use with the SonIP Software Package and SonIP Equipment. These software programs are protected by copyright laws and are owned by their respective suppliers. The licenses, limited warranties and limitations of liability that pertain to each such non-proprietary software program (as identified in Exhibit A) are as documented and provided in the license agreements included in the Licensee's Software Package.

d. Licensee shall preserve all of Licensor's copyright notices on, and in, all copies of the Software Package and of all copies of any non-proprietary software programs.

e. Licensee shall promptly inform Licensor in writing of any infringement of Licensor's ownership rights in the Software Package or of any unauthorized use or disclosure of the Software Package of which Licensee becomes aware.

7. Security.

a. Licensee agrees that it and its employees will not make the Software Package or any portion thereof (including supporting documentation or materials) available to any person other than employees of Licensee who have a need to have access and a need to know, or to any employees of Licensor.

b. Licensee agrees to take all steps reasonably required by Licensor to ensure that the Software Package is protected and secured, and not available to third parties. In addition, Licensee agrees to and shall protect the confidentiality of the Software Package with the same diligence as Licensee protects its most confidential and proprietary business information and trade secrets.

c. The Software Package in machine-readable form may be copied, in whole or part, for use by Licensee for archive or emergency restart purposes, provided that not more than three (3) machine-readable copies will be in existence at any one time.

d. During the term of this License Agreement, and limited to no more than two (2) times each calendar year, Licensee agrees to permit Licensor, on reasonable advance notice, access to Licensee's premises during normal business hours for the sole purpose of examining Licensee's records and other information relating to the Licensee's use of the Software Package. In addition, Licensee agrees to permit Licensor to remotely monitor Licensee's usage of the Software Package to determine compliance with this License Agreement. Licensee agrees to not unreasonably refuse the installation and use of necessary software monitoring tools. Licensee agrees not to intentionally circumvent or disable any such monitoring tools. If Licensee is advised by Licensor that License has circumvented or disabled any Licensor monitoring tools, Licensee agrees to promptly cease such circumvention or disabling and allow such monitoring tools to be re-installed. If any good faith examination reveals that Licensee has used the Software Package in violation of this License Agreement, then, in addition to any other remedies at law or in equity or in this License Agreement, Licensor may invoice Licensee for such unauthorized use based upon Licensor's standard fees in effect at the time the examination is completed.

8. **Training.** In consideration of the payment of the fees set forth on Exhibit A hereto, Licensor shall provide training to the employees of Licensee in the operation of the Software Package as described in detail on Exhibit B. Training, in addition to that provided on Exhibit B, may be provided in the future at reasonable charges to Licensee.

9. Absence of Warranties. LICENSOR WARRANTS AND AGREES THAT THE SOFTWARE PACKAGE FURNISHED BY IT HEREUNDER AND THE USE THEREOF (AS SPECIFICED IN THIS AGREEMENT AND/OR ANY APPLICABLE MANUAL PROVIDED TO LICENSEE PERTAINING TO ITS USE) DOES NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, TRADE SECRET OR OTHER INTELLECTUAL PROPERTY RIGHT, EXCEPT TO THE EXTENT SAID INFRINGEMENT IS ATTRIBUTABLE TO LICENSEE'S IMPROPER USE OF THE SOFTWARE PACKAGE OR ITS USE IN COMBINATION WITH ANY THIRD PARTY EQUIPMENT OR SOFTWARE NOT SPECIFIED BY LICENSOR. EXCEPT FOR THE FOREGOING, LICENSOR AND ITS AFFILIATES MAKE NO REPRESENTATIONS, WARRANTIES OR COVENANTS, EXPRESS OR IMPLIED, ON WHICH LICENSEE MAY RELY, WITH RESPECT TO THE MERCHANTABILITY, FITNESS, CONDITION, QUALITY, DURABILITY OR SUITABILITY FOR LICENSEE'S PURPOSES OF THE SOFTWARE PACKAGE IN ANY RESPECT, OR THE SOFTWARE PACKAGE'S COMPLIANCE WITH ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO, LATENT DEFECTS, THAT THE OPERATION OF THE SOFTWARE WILL BE ERROR FREE OR UNINTERRUPTED OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED. LICENSOR ASSIGNS TO LICENSEE ANY MANUFACTURER AND VENDOR WARRANTIES IT MAY HAVE WHICH ARE APPLICABLE TO THE SOFTWARE PACKAGE.

10. Limitation of Liability. IN NO EVENT WILL LICENSOR BE LIABLE FOR ANY DAMAGES OF ANY NATURE WHATSOEVER RESULTING FROM, OR RELATED TO, THE LOSS, DELAY OR INABILITY TO USE THE SOFTWARE PACKAGE, THE LOSS OF OR DAMAGE TO ANY DATA, INFORMATION, SOFTWARE, PRODUCTS, AND/OR EQUIPMENT CAUSED BY THE SOFTWARE PACKAGE, WHETHER FOR BREACH OF CONTRACT, IN TORT OR

OTHERWISE UNLESS SAID DAMAGES ARISE SOLELY FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LICENSOR. NOTWITHSTANDING THE FORGOING, IN NO EVENT SHALL LICENSOR, ITS AFFILIATES, THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, BE LIABLE TO LICENSEE FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OR LOST PROFITS ARISING OUT OF OR RELATED TO THIS LICENSE AGREEMENT OR THE PERFORMANCE OR BREACH THEREOF, EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY THEREOF. LICENSOR, ITS AFFILIATES, THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEE AND AGENTS' LIABILITY TO LICENSEE SHALL IN NO EVENT EXCEED THE AMOUNT OF THE ONE-TIME SOFTWARE LICENSE FEES PAID TO LICENSOR UNDER THIS LICENSE AGREEMENT BY THE LICENSEE. IN NO EVENT SHALL LICENSOR BE LIABLE TO LICENSEE FOR ANY DAMAGES RESULTING FROM OR RELATED TO ANY FAILURE OR DELAY OF LICENSOR IN THE DELIVERY OF THE SOFTWARE PACKAGE. THE PROVISIONS OF THIS SECTION 10 AND SECTION 11 BELOW REPRESENT A REASONABLE ALLOCATION OF THE RISKS UNDER THIS AGREEMENT. LICENSOR'S WILLINGNESS TO ENTER INTO THIS AGREEMENT WITH FRANCHISEE REFLECTS THIS ALLOCATION OF RISK AND THE LIMITATIONS OF LIABILITY SPECIFIED HEREIN.

11. Indemnity.

a. **Indemnity of Licensee.** Licensee assumes liability for and shall indemnify, protect, save and keep harmless Licensor, its affiliates, their respective agents, employees, successors, assigns, officers and directors, (the "Licensor Indemnified Parties") from and against all losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal expenses of whatsoever kind and nature imposed upon, incurred by, or asserted against any Licensor Indemnified Party in any way relating to or arising out of Licensee's operation of the System, including Licensee's negligent or otherwise improper use of either the SonIP Equipment or the Software Package, except to the extent caused by the gross negligence or willful misconduct of Seller. This indemnity shall continue in full force and effect, notwithstanding the termination of this Agreement.

b. **Indemnity of Licensor.** Licensor shall indemnify, protect, save and keep harmless Licensee its agents, employees, successors, assigns, officers and directors, (the "Licensee Indemnified Parties") from and against all losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal expenses of whatsoever kind and nature imposed upon, incurred by, or asserted against any Licensee Indemnified Party to the extent arising out of (i) any actual, contributory or active inducement infringement of any patent, trademark, copyright or other intellectual property right pertaining to the Software Package licensed to Licensee hereunder except to the extent attributable to Licensee's improper use of the Software Package or use in combination with any third party equipment or software not specified by Seller and (ii) the negligent or defective manufacture of any Proprietary Product (hereinafter as that term is defined in the Franchise Agreement) licensed to Licensee under this Agreement which is manufactured by Licensor or an Affiliate of Licensor, or the negligent or defective manufacturing of any Proprietary Product licensed to Licensee under this Agreement which results directly from Licensor's or its Affiliate's design or specifications for such Proprietary Product.

12. **No Assignment by Licensee.** Without the prior written consent of Licensor, which shall not be unreasonably withheld, Licensee shall not assign, transfer, sublicense, pledge or hypothecate this License Agreement or the license granted by this License Agreement, and any such purported transfer, assignment, sublicense, pledge or hypothecation shall be void and of no force or effect. Any permitted transfer, as provided under Section 6 of this License Agreement, shall be subject to the terms of this License Agreement and shall in no event relieve Licensee of its obligations

under this License Agreement. Licensor may assign this Agreement without the consent of, or notice to, the Licensee.

13. **Waiver.** No delay or omission on the part of Licensor in exercising any right shall operate as a waiver of any such right or of any other right under this License Agreement, and a waiver of any such right on any one occasion shall not be construed as a bar to or waiver of any such right on any future occasion.

14. **Notices.** Any notices required to be given under this License Agreement shall be given in writing to the parties at the addresses set forth below:

If to Licensor, to:
Stanley Convergent Security Solutions, Inc.
8350 Sunlight Drive
Fishers, IN 46037
Attention: President

With copy to:
Stanley Convergent Security Solutions, Inc.
14670 Cumberland Road
Noblesville, IN 46060
Attention: Counsel

If to Licensee, to:

_____
_____
_____

Notices shall be personally delivered, delivered by overnight mail, or mailed certified mail, return receipt requested. Notice shall be deemed to have been received (a) on the date of delivery if delivered by hand, (b) the next business day if delivered by a nationally recognized overnight delivery service, or (c) the third business day from the date of mailing, if delivered by certified mail.

15. Trial by Jury and Choice of Law.

a. Both parties to this Agreement knowingly, voluntarily and intentionally waive any right they may have to a trial by jury in respect of any litigation arising out of, under, in connection with, or relating to this Agreement.

b. This Agreement will be construed and interpreted in accordance with the substantive laws of the State of Delaware, without reference to its conflicts of law principles. To the extent that this Agreement contains provisions regarding notice periods, termination, non- renewal or the like, which are not consistent with applicable law, such provisions shall, to the extent they are inconsistent with applicable law, not be effective, and the applicable law shall apply in their place. The parties' consent to jurisdiction and venue in the United States District Court for the District of Delaware for the purposes of any legal proceeding relating to this Agreement. The parties agree to service of process in any manner provided for by the laws of the State of Delaware.

16. **Miscellaneous.** Any provision of this License Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition and enforceable without invalidating the remaining provisions hereof. The titles of the sections of this

License Agreement are for convenience only and shall not define or limit any of the terms or provisions thereof. If there be more than one Licensee to this Agreement, the liability of each shall be joint and several. This License Agreement and any Exhibits hereto, together with the Purchase Agreement and the Service Agreement, contain the entire understanding of the parties, and such understanding may not be modified except in writing signed by the parties and by any proper assignee. Any additional or conflicting terms in any purchase order or other document supplied by Purchaser shall be void and of no effect.

17. Licensor will use commercially reasonable efforts to improve and advance the technology, function and design of the System. Licensee acknowledges the importance of using current software in using the System. Licensor may from time to time make available to Licensee replacement or upgrade software for the System, or additions thereto. Licensor may designate or approve new or additional SonIP Software, add or discontinue SonIP Software in its reasonable discretion but subject to the terms of the Franchise Agreement and the Licensor Franchise Standards Manual. Licensor will not discontinue any SonIP Software without providing for substitute software for the System.

IN WITNESS WHEREOF, the parties have caused this License Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

COMPANY:

Stanley Convergent Security Solutions, Inc.

ATTEST:_____ By:_____

Title:_____

Date: _____

LICENSEE:

_____

d/b/a Sonitrol of _____

ATTEST:_____ By: _____

Title:_____

Date: _____

EXHIBIT A – SonIP System Listing and Quote

Sample SonIP Quote

Basic SonIP Installation

1 console, 12 phone lines

Item	Qty	Price each	Total (Year 1)	Total Recurring
Licensor Supplied Equipment				
Services (Recurring Annual)				
Service Agreement (Required)	1	$ 6,000.00	$ 6,000.00	$ 6,000.00
Software License Fees (Required)	1	$ 3,500.00	INCLUDED	$ 3,500.00
Hardware				
Bosch IP Receiver	1	$ 1,500.00	$ 1,500.00	
Bosch Line Card Receiver	1	$ 6,000.00	$ 6,000.00	
Bosch Line Cards	3	$ 3,000.00	$ 9,000.00	
Bosch NetComm Security Key	1	$ 3,500.00	$ 3,500.00	
Speaker Display	3	$ 1,500.00	$ 4,500.00	
UDM Modems	3	$ 500.00	$ 1,500.00	
Software				
SonIP	1	$ 1,500.00	$ 1,500.00	
Client fee	1	$ 35,000.00	$ 35,000.00	
Support				
Setup Onsite engineering services	1	$ 2,500.00	$ 2,500.00	
SonNT DB Conversion	1	$ 2,800.00	$ 2,800.00	
Training (published rate after initial session)	12 students	INCLUDED	INCLUDED	
Other required Software				
Windows 2003/2005 Server OS	2	$ 1,500.00	$ 3,000.00	
SQL 2005 Server	1	$ 1,500.00	$ 1,500.00	
SQL Client access License	1	$ 150.00	$ 150.00	
Total			$ 78,450.00	$ 9,500.00

This SONIP Central Station platform quotation is based on information provided in the SONIP questionnaire your franchise completed. It is not a quote for the total cost of system implementation. The actual cost will depend on non-Licensor supplied components (i.e., internet services, PC, etc.). Questions regarding this quotation should be directed to Kevin Baumgartner.

Exhibit A is the attached SonIP Hardware, Software, Services quote dated_____

Payment Terms (prices do not include any applicable state and local sales or use tax).

Purchaser agrees to pay Seller $_____for the annual Software License Fee (per SonIP Console) for the continued use of the SonIP software, with terms being Net 30.

Failure to comply with the payment terms set forth in this Agreement will result in the forfeiture of any discounts provided.

Exhibit B

Son IP Training

The initial SonIP Training Session is included within the SonIP Quote for a class of up to **12** students. Subsequent training after deployment will be provided at the published rate. If the Franchisee designates less than 12 students to be trained during the initial session the published training rate still applies for all subsequent training sessions.

The SonIP Training Session included the following:

- Sections:
    - Monitoring
    - Data Entry
    - Administration
    - Reports

- Product Manuals and Course Workbooks are provided for each registered student.
- The class will be either a Certified Instructor led Power Point SonIP Training class or Certified Web Based SonIP Training Class (Franchisor option).
- Course relevant quizzes to assist in review of material
- Certification Test
- Printed or Electronic Test Certificate on successful completion of the Certification Test. Training Certificates are valid for a period of two (2) years from successful course completion.

Initial SONIP Training schedule shall be coordinated between the Franchisor and the Franchisee to occur before or during the week of SonIP deployment. It is the responsibility of the Franchisee to ensure the student's attendance and attention in class.

EXHIBIT I

SONIP™ SERVICE AGREEMENT

SONIP™ SERVICE AGREEMENT

THIS SONIP™ SERVICE AGREEMENT ("Agreement") made this ___ day of _____,_____, by and between Stanley Convergent Security Solutions, Inc., a Delaware corporation with its principal place of business at 8350 Sunlight Drive, Fishers, IN 46037 ("Stanley"), and _____, a(n) _____ [corporation/limited liability company/partnership/individual], with its principal place of business at _____("Franchisee").

WHEREAS, Stanley is the franchisor set forth in the Sonitrol Franchise Agreement between Stanley and Franchisee, dated_____, (the "Franchise Agreement"); and

WHEREAS, the Franchise Agreement sets forth Franchisee as a franchisee of Stanley; and

WHEREAS, Stanley is a designated authorized supplier of products and services to Franchisee under the Franchise Agreement;

WHEREAS, simultaneously with entering into this Agreement, Franchisee is entering into a SonIP Equipment Purchase Agreement ("Purchase Agreement") pursuant to which Franchisee has purchased certain central station equipment ("SonIP Equipment"), as that term is defined in the Purchase Agreement, from Stanley for use in its franchise business;

WHEREAS, also simultaneously with entering into this Agreement, Franchisee is entering into a SonIP Software License Agreement ("License Agreement") with Stanley to license the use of certain proprietary software intended for use with the SonIP Equipment purchased under the Purchase Agreement;

WHEREAS, the Franchisee agrees to engage Stanley to maintain and service the SonIP Equipment and the proprietary software package licensed by Franchisee pursuant to the License Agreement (the "Software Package," and sometimes collectively referred to with the SonIP Equipment as the "System") subject to the terms and conditions set forth in this Agreement.

Now, therefore, in consideration of the mutual covenants set forth in this Agreement, intending to be legally bound, Stanley and Franchisee hereby agree as follows:

1. **Term.** The term of this Agreement shall be for a period of one year ("Initial Term") commencing upon the date of complete installation of the System. Unless written notice of intent not to renew is given by either party within 30 days of the end of the Initial Term or any Renewal Term of this Agreement, this Agreement shall automatically renew for successive one-year periods ("Renewal Term").

2. **Service.** During the term of this Agreement, Stanley will provide the following services required to maintain the System (the "Services"):

    a. Twenty-four hour telephone availability of field engineer to assist Franchisee's staff in diagnosing problem(s).

    b. Parts replacement or exchange as outlined in the "Parts Bank" program procedures, as modified by Stanley in its sole discretion from time to time (See Exhibit B to this Agreement for current procedures).

    c. Availability of on-site field engineer, in the event Stanley deems such on-site field service is necessary for emergency services. Franchisee shall be charged by, and agrees to pay, Stanley for the field engineer's on-site time and reasonable travel expenses, with prior Franchisee approval. There will be no charge if this occurs during the 1 year warranty period.

Stanley will have no obligation to provide any Services with respect to hardware, firmware or software which are not part of the System. Franchisee acknowledges that the System is not a fully integrated, self-contained system, but rather it is connected to other computer equipment acquired by Franchisee, and Franchisee shall be solely responsible for the care, maintenance and servicing of such other hardware, firmware and software. In the event that Franchisee fails to maintain or service such other hardware, firmware or software, any resulting damage to the System shall not be covered by this Agreement and Franchisee will be responsible for all charges by Stanley in order to repair the System.

3. **Charges.** In consideration for the Services provided by Stanley or its designee, during the Initial Term of this Agreement, Franchisee agrees to pay Stanley the charges set forth in Exhibit A hereto. During any Renewal Term, Franchisee agrees to pay Stanley's then current charges for the Services provided, or to be provided, under this Agreement, which such current service charges shall not exceed a 10% increase over the prior year's service charges and rates for similar services provided under this Agreement. Payment shall be made within 30 days of the date of invoice. Any amounts not paid by the due date are subject to an interest charge at the rate of 1-½% per month, compounded monthly on all amounts overdue until paid. In the event of a payment default by Franchisee, in addition to all other remedies, Stanley will be entitled to recover from Franchisee Stanley's cost of collection, including reasonable attorneys' fees. Franchisee shall pay all shipping charges for repaired or replacement parts, (only after initial 1 year warranty period) and all foreign, federal, state or local sales, excise, use, document, stamp, intangible or other taxes, duties or assessments which are levied or imposed on this Service Agreement or any payments required hereunder. Stanley agrees that for any permitted assignment (e.g., a transfer or assignment that does not require the consent of Stanley or the franchisor) under the Franchise Agreement (a "Permitted Transfer"), Stanley may, in its sole discretion, permit assignment of this Service Agreement, or require the transferee to execute a new agreement in a form acceptable to Stanley. If Stanley requires execution of a new agreement with the transferee in connection with a Permitted Transfer, Stanley agrees that the initial service charges shall not exceed a 10% increase over the then current year's service charges under this Service Agreement.

4. Default and Termination.

a. In the event the Franchisee neglects or fails to adhere to any of its obligations hereunder, or is in default of any obligation in this Service Agreement, and fails to cure said failure or default within the notice period provided below (if any), at Stanley's sole discretion, this Agreement shall immediately terminate upon written notice thereof to Franchisee. A default under this Agreement justifying termination shall include, but is not limited to, each of the following violations:

(i) Franchisee's failure or refusal to pay within ten (10) days after written notice to Franchisee any amounts due under the terms or conditions stated of this Agreement;

(ii) Any other violation of this Agreement or any amendment to this Agreement not cured within ten (10) days after written notice to Franchisee; or

(iii) The delivery of notice of termination pursuant to Franchisee's default under the Purchase Agreement, the License Agreement, the Franchise Agreement, or any other agreement between Stanley and Franchisee.

b. Except as otherwise specifically provided in the Franchise Agreement pertaining to those certain terms in which Franchisee may continue to operate the SonIP Equipment post-termination, upon termination, all Services to be provided by Stanley under this Agreement will cease. Upon termination all payments then due by Franchisee, or thereafter scheduled to become due, shall accelerate and become immediately due and payable to Stanley.

Franchisee shall also pay attorneys' fees and/or collection fees incurred in collecting Franchisee's account.

5. Responsibilities of the Franchisee and Maintenance Limitations or Exclusions.

a. Stanley shall be under no obligation to furnish any Services or replacement parts for failures that result from any of the following causes or circumstances:

(i) Franchisee's failure to procure, install or have maintenance performed on equipment not covered by this Agreement, including without limitation, PCs, printers, transmission lines, and/or telephone equipment necessary for the transmission of data.

(ii) Failure of electrical power, power conditioners, air conditioning, or any other failure relating to the facilities where the System is installed and maintained.

(iii) Accident, lightning damage, fire or other hazard, transportation, neglect, misuse, abuse, improper use, or any other cause beyond the scope of normal and intended usage.

(iv) Franchisee's failure to perform maintenance, installation or repair to the SONIP Equipment (without the prior written approval from Stanley), except for operator level preventative maintenance.

(v) Failures resulting from equipment that has been modified or reconfigured not within Stanley's specifications, or problems arising from foreign equipment or software that has been attached to the System without Stanley's authorization.

(vi) Failure of Franchisee to perform operator level preventative maintenance as defined in Stanley's applicable standards and service manuals or those of its vendors.

(vii) Failures caused by magnetic tapes, disks or other supplies not meeting Stanley's specifications. (Franchisee acknowledges that supplies are not furnished.)

(viii) Operator or user error, including failure to follow back-up procedures or the editing of computer files.

(ix) Local union regulations, or

(x) Failures relating to the failure of or failure to maintain any equipment, hardware, firmware or software attached to the System or to maintain current antivirus protection and firewalls or the failure of any antivirus software or firewalls.

b. Stanley does not provide Service external to the SONIP Equipment. If Franchisee has connected external hardware (such action is subject to approval by Stanley pursuant to paragraph 6 below), upon request, Franchisee shall remove any such external hardware or other devices connected to the System so Stanley's technical personal may properly evaluate the problem.

c. Time spent on Service calls related to limitations or exclusions set forth in this section will be invoiced at Stanley's then current standard service rates.

d. Franchisee shall ensure that an outside telephone line is available and that remote diagnostic aids (pcAnywhere or equivalent) remain resident on the server for assistance in troubleshooting any service calls. Upon request, Franchisee agrees to take all reasonable steps to facilitate such remote support, including activation of remote connection.

e. Franchisee accepts sole responsibility for the connection of the System to the Internet. Franchisee agrees to and shall install a firewall approved and certified by ICSA Labs. Franchisee acknowledges that as of the effective date of this Service Agreement, ICSA Labs is the recognized standards entity for information security products. ICSA Labs is a division of CyberTrust, Inc.

The firewall to be installed and maintained by Franchisee must meet the current version of ICSA Firewall standards 3.0a or the Baseline+Corporate standards of Modular Firewall Certification Criteria Version 4.1 (Final) and greater. These current criteria are available at the following URL:

http://www.icsalabs.com

A list of ICSA Approved Firewalls, as of the date of installation of the System is available at the following URL:

http://www.icsalabs.com

Franchisee agrees to and shall also install Anti-Virus software and Franchisee shall also adhere to the then current ICSA Labs standards. The current criteria are available at the following URL:

http://www.icsalabs.com

Stanley may change these requirements with any relevant advances in technology, and as new standards are established in accordance with necessary protective criteria.

Stanley is under no obligation for failures that result from Internet compromises or virus attacks from the Internet.

f. Franchisee shall ensure licensing compliance for all Off-the-Shelf software and hardware products, including those installed on the System, as well as on any peripheral systems networked to the System, including without limitation, terminal servers, and web servers.

g. Franchisee shall furnish appropriate bandwidth considerations to perform internal and external connectivity requirements for the System as specified at the time of installation of the System.

6. **Alterations, Attachments and Networking of SonIP Equipment.** Alterations in, or attachments to, the SonIP Equipment may not be made by Franchisee without the prior written consent of Stanley and will be permitted only if such alterations or attachments do not interfere with the normal operation of the SonIP Equipment. If such written consent is given, Franchisee agrees, upon request from Stanley, to promptly remove the alteration or the attachment and restore the SonIP Equipment to its normal condition. Unauthorized alterations will void Stanley's service obligations under this Agreement.

7. **Absence of Warranties on Parts.** Franchisee acknowledges that the parts to be provided under this Agreement will be of a type, design, size, capacity and manufacture selected by Franchisee; and that Stanley will not, and has no obligation to separately inspect the parts being provided. **STANLEY WARRANTS AND AGREES THAT ANY PARTS MANUFACTURED BY STANLEY WHICH ARE FURNISHED BY IT HEREUNDER DO NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, TRADE SECRET OR OTHER INTELLECTUAL PROPERTY RIGHT, EXCEPT TO THE EXTENT SAID INFRINGEMENT IS ATTRIBUTABLE TO FRANCHISEE'S USE OF SAID PARTS IN COMBINATION WITH ANY THIRD-PARTY EQUIPMENT OR SOFTWARE NOT SPECIFIED BY STANLEY. EXCEPT FOR THE FOREGOING, STANLEY AND ITS AFFILIATES**

MAKE NO REPRESENTATIONS, WARRANTIES OR COVENANTS, EXPRESS OR IMPLIED, ON WHICH FRANCHISEE MAY RELY, WITH RESPECT TO THE MERCHANTABILITY, FITNESS, CONDITION, QUALITY, DURABILITY OR SUITABILITY FOR FRANCHISEE'S PURPOSES OF THE PARTS PROVIDED IN ANY RESPECT, OR THE PARTS' COMPLIANCE WITH ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO, LATENT DEFECTS, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED. STANLEY ASSIGNS TO FRANCHISEE ANY MANUFACTURER AND VENDOR WARRANTIES IT MAY HAVE WHICH ARE APPLICABLE TO THE PARTS PROVIDED PURSUANT TO THE SERVICE AGREEMENT.

8. Indemnification and Limitation of Liability.

a. Indemnity of Franchisee. Franchisee assumes liability for and shall indemnify, protect, save and keep harmless Stanley, its affiliates, their respective agents, employees, successors, assigns, officers and directors, (the Stanley Indemnified Parties") from and against all losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal expenses of whatsoever kind and nature imposed upon, incurred by, or asserted against any Stanley Indemnified Party in any way relating to or arising out of Franchisee's (i) operation of the System, including Franchisee's negligent or otherwise improper use of either the SonIP Equipment or the Software licensed under the SonIP Software License Agreement, except to the extent caused by Stanley's gross negligence or willful misconduct.

b. Indemnity of Stanley. Stanley shall indemnify, protect, save and keep harmless Franchisee its agents, employees, successors, assigns, officers and directors, (the Franchisee Indemnified Parties") from and against all losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal expenses of whatsoever kind and nature imposed upon, incurred by, or asserted against any Franchisee Indemnified Party to the extent arising out of (i) any actual, contributory or active inducement infringement of any patent, trademark, copyright or other intellectual property right of Stanley hereunder except to the extent attributable to Franchisee's improper use of the System or use of the System in combination with any third party equipment or software not specified by Seller and (ii) the negligent or defective manufacture of any Proprietary Product (hereinafter as that term is defined in the Franchise Agreement) sold to Purchaser under this Agreement which is manufactured by Seller or an Affiliate of Seller, or the negligent or defective manufacturing of any Proprietary Product sold to Purchaser under this Agreement which results directly from Seller's or its Affiliate's design or specifications for such Proprietary Product.

c. Limitation of Liability. IN NO EVENT SHALL THE STANLEY INDEMNIFIED PARTIES BE LIABLE TO FRANCHISEE FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OR LOST PROFITS ARISING OUT OF OR RELATED TO THIS SERVICE AGREEMENT OR THE PERFORMANCE OR BREACH THEREOF, EVEN IF STANLEY HAS BEEN ADVISED OF THE POSSIBILITY THEREOF. THE STANLEY INDEMNIFIED PARTIES' LIABILITY TO FRANCHISEE SHALL IN NO EVENT EXCEED ANY AMOUNT ACTUALLY PAID TO STANLEY UNDER THIS SERVICE AGREEMENT BY THE FRANCHISEE. IN NO EVENT SHALL STANLEY BE LIABLE TO FRANCHISEE FOR ANY DAMAGES RESULTING FROM OR RELATED TO ANY FAILURE OR DELAY OF STANLEY IN THE DELIVERY OF THE SERVICES OR PARTS TO BE PROVIDED UNDER THIS SERVICE AGREEMENT. THIS SECTION 8 SHALL APPLY TO ANY OTHER COMPANY OR ENTITY WHICH, IN ADDITION TO STANLEY, FURNISHES AS A SUBCONTRACTOR OR OTHERWISE, ANY SERVICES HEREUNDER. THE PROVISIONS OF THIS SECTION 8 REPRESENT A REASONABLE ALLOCATION OF THE RISKS UNDER THIS AGREEMENT. STANLEY'S WILLINGNESS TO ENTER INTO THIS AGREEMENT WITH FRANCHISEE REFLECTS THIS ALLOCATION OF RISK AND THE LIMITATIONS OF LIABILITY SPECIFIED HEREIN.

9. **Waiver.** No delay or omission on the part of Stanley in exercising any right shall operate as a waiver of any such right or of any other right under this Agreement, and a waiver of any such right on any one occasion shall not be construed as a bar to or waiver of any such right on any future occasion.

10. **Notices.** Any notices required to be given under this Agreement shall be given as provided by the notice provisions of the License Agreement.

11. **No Assignment by Franchisee.** Without the prior written consent of Stanley, Franchisee shall not assign, transfer, sublicense, pledge or hypothecate this Agreement except as may be specifically provided in the Franchise Agreement, and any such purported transfer, assignment, sublicense, pledge or hypothecation shall be void and of no force or effect. Upon prior written consent of Stanley, which will not be unreasonably withheld, or as otherwise specifically provided in the Franchise Agreement, Franchisee shall have the right to assign, transfer, or sell its rights, duties and obligations under this Service Agreement solely in connection with the sale or assignment of the franchise business as provided under the terms of the Franchise Agreement. Any assignment will not be effective unless the assignee agrees, in writing, to assume and comply with the terms of this Service Agreement, to assume and comply with the terms of the Purchase Agreement and to separately enter into and execute a SonIP License Agreement. Any transfer authorized and approved by Stanley shall in no event relieve Franchisee of its obligations under this Agreement. Stanley may assign this Agreement or subcontract the services to be provided under this Agreement without the consent of, or notice to, Franchisee.

12. Dispute Resolution Process and Governing Law.

a. Except as provided in Section 12(a)(iv), the following dispute resolutions process shall be followed:

(i) In the event of any dispute relating to or arising out of the interpretation or enforcement of this Agreement or breach thereof, Purchaser and Seller agree that prior to instituting any other dispute resolution process, each party will make a good faith attempt to resolve the dispute informally through meetings and direct negotiations between executives who have authority to settle the dispute. Either party may initiate this process by giving written notice to the other party of the nature of the dispute, the party's position, its election to initiate this process and the person to conduct the negotiations on behalf of the party giving notice. The other party agrees to respond promptly and both parties agree to negotiate in good faith to attempt to resolve the dispute.

(ii) In the event the parties have not resolved the dispute within sixty (60) days of initiation of the negotiation process required under Subsection 12(a)(i), the parties agree to attempt to resolve the dispute through mediation in accordance with this Subsection 12(a)(ii). Either party may initiate mediation of the dispute with JAMS, The Resolution Experts ("JAMS"), an independent, non-profit, organization the main office of which is at 345 Park Avenue, New York, New York 10154 (telephone 212-751-2700) or its successor. The mediation shall be held in the Wilmington, Delaware metropolitan area, or at any other location mutually agreed upon by the parties. The parties will pay their own expenses associated with the mediation; provided, however, the fees associated with the mediator will be shared equally. The mediation proceedings and the outcome thereof shall be strictly confidential (except as required to be disclosed by applicable law), and shall be deemed to be for settlement purposes only. The mediation shall be held within sixty (60) days of the initiation of the mediation process. The mediation prescribed by this provision shall be a condition precedent to the commencement of arbitration under Subsection 12(a)(iii).

(iii) If no settlement of the dispute is reached through the mediation process within ninety (90) days of the appointment of the mediator, the parties agree, except as provided in Subsection 12(a)(iv), the exclusive way to resolve all disputes shall be by arbitration by a sole arbitrator in accordance with JAMS Arbitration Rules and Procedures, and judgment on the arbitration award rendered may be entered in any court having jurisdiction. The arbitration proceeding shall take place in the Wilmington, Delaware metropolitan area, or at any other location mutually agreed upon by the parties. Either party may initiate the arbitration proceeding with an appropriate filing with the JAMS Arbitration Rules and Procedures. The arbitrator shall be selected by mutual agreement of the parties; provided however, in the event the parties are unable to agree upon an arbitrator within thirty (30) days of the first proposal of a list of names of potential arbitrators, either party may apply to JAMS Arbitration Rules and Procedures for selection of an arbitrator and the arbitrator selected by or in accordance with JAMS Arbitration Rules and Procedures shall be the arbitrator. The arbitrator shall allow and determine reasonable discovery and required information sharing among the parties. The arbitrator shall be neutral, impartial, and independent of the parties and others having any known interest in the outcome, shall abide by the JAMS Arbitration Rules and Procedures and shall have no ex parte communications about the dispute with any party. The arbitrator shall render his/her decision within one hundred eighty (180) days of appointment. Any award rendered by the arbitrator shall be final, conclusive and binding on the parties, and shall have the effect of a common law arbitration, and there shall be no right of appeal therefrom. In addition to any other award, the prevailing party will be entitled to recover reasonable costs and attorney fees related to the arbitration, enforcement of this arbitration provision and/or enforcement of any arbitration award. The arbitrator shall not be entitled to award punitive, special, exemplary or any similar type of damages under any circumstances. The arbitration proceedings and the outcome thereof shall be strictly confidential (except as required to be disclosed by applicable law).

(iv) The dispute resolution provisions contained in this Section 12(a) shall constitute the sole and exclusive method for resolving the disputes between the parties except in the following cases:

(A) As may be necessary to preserve the status quo, to protect proprietary information or confidential trade secrets, to prevent irreparable harm, to enforce defaults arising solely out of Purchaser's failure to pay amounts due to Seller, disputes where the total amount in controversy is less than $25,000, or to compel enforcement of this Section 12(a). This Section is not a condition to, and does not preclude Seller from, exercising rights to declare an Event of Default and terminate this Agreement, nor does this provision relieve Purchaser from performing its obligations following expiration or termination of this Agreement. Purchaser consents to the jurisdiction and venue of the United States District Court for the District of Delaware in any dispute in which injunctive relief is sought as provided in this Subsection 12(a)(iv)(A).

b. This Agreement will be construed and interpreted in accordance with the substantive laws of the State of Delaware, without reference to its conflicts of law principles. To the extent that this Agreement contains provisions regarding notice periods, termination, non-renewal or the like, which are not consistent with applicable law, such provisions shall, to the extent they are inconsistent with applicable law, not be effective, and the applicable law shall apply in their place. The parties' consent to jurisdiction and venue in the United States District Court for the District of Delaware for the purposes of any legal proceeding relating to this Agreement. The parties agree to service of process in any manner provided for by the laws of the State of Delaware.

13. **Miscellaneous.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition and enforceable without invalidating the remaining provisions hereof. The titles of the sections of this Agreement are for convenience only and shall not define or limit any of the terms or provisions thereof. If there is more than one Franchisee party to this Agreement, the liability of each Franchisee party shall be joint and several. This Agreement and any Exhibit executed by the parties, together with the License Agreement and the Purchase Agreement, contain the entire understanding of the parties, and such understanding may not be modified except in writing signed by the parties. Any additional or conflicting terms in any purchase order or other document supplied by Franchisee shall be void and of no effect.

IN WITNESS WHEREOF, the parties have caused this SonIP Service Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

COMPANY:

Stanley Convergent Security Solutions, Inc.

ATTEST:

_____ By: _____

Title: _____

Date: _____

FRANCHISEE:

_____

d/b/a Sonitrol of _____

ATTEST:

_____ By: _____

Title: _____

Date: _____

EXHIBIT A

SONIP Service Agreement

1. List of Franchisee Equipment Covered (see sample below):

Sample SonIP Quote

Basic SonIP installation

1 console, 12 phone lines

Item	Qty	Price each	Total (Year 1)	Total Recurring
Stanley Supplied Equipment				
Services (Recurring Annual)				
Service Agreement (Required)	1	$ 6,000.00	$ 6,000.00	$ 6,000.00
Software License Fees (Required)	1	$ 3,500.00	INCLUDED	$ 3,500.00
Hardware				
Bosch IP Receiver	1	$ 1,500.00	$ 1,500.00	
Bosch Line Card Receiver	1	$ 6,000.00	$ 6,000.00	
Bosch Line Cards	3	$ 3,000.00	$ 9,000.00	
Bosch NetComm Security Key	1	$ 3,500.00	$ 3,500.00	
Speaker Display	3	$ 1,500.00	$ 4,500.00	
UDM Modems	3	$ 500.00	$ 1,500.00	
Software				
SonIP	1	$ 1,500.00	$ 1,500.00	
Client fee	1	$ 35,000.00	$ 35,000.00	
Support				
Setup Onsite engineering services	1	$ 2,500.00	$ 2,500.00	
SonNT DB Conversion	1	$ 2,800.00	$ 2,800.00	
Training (published rate after initial session)	12 students	INCLUDED	INCLUDED	
Other required Software				
Windows 2003/2005 Server OS	2	$ 1,500.00	$ 3,000.00	
SQL 2005 Server	1	$ 1,500.00	$ 1,500.00	
SQL Client access License	1	$ 150.00	$ 150.00	
Total			$ 78,450.00	$ 9,500.00

This SONIP Central Station platform quotation is based on information provided in the SONIP questionnaire your franchise completed. It is not a quote for the total cost of system implementation. The actual cost will depend on non-Stanley supplied components (i.e., internet services, PC, etc.). Questions regarding this quotation should be directed to Kevin Baumgartner.

Exhibit A is the attached SonIP Hardware, Software, Services quote dated_____.

Payment Terms (prices do not include any applicable state and local sales or use tax).

Purchaser agrees to pay Seller $_____for the annual Service Fee for the support of the SonIP Equipment, with terms being Net 30.

Failure to comply with the payment terms set forth in this Agreement will result in the forfeiture of any discounts provided.

EXHIBIT B

SONIP
Stanley Convergent Security Solutions, Inc.
MRA/Parts Service

FRANCHISEES UNDER SERVICE CONTRACT:

1. If you have a Service Contract, call (800) 654-6061 to request assistance.

2. The Stanley Dash Line will work with your personnel to determine what parts are required, if any, and will order such parts from the Parts Bank.

3. Parts will be delivered to your door within forty-eight (48) hours. You may, if you wish, authorize special services ranging from guaranteed delivery to next flight out. Each of these services will be billed to you as additional charges, unless specified by the Stanley Dash Line.

4. On the day after the delivery, you must return the defective part, which should be packaged in the ***same package*** in which the replacement part was received. ***It is your responsibility*** to arrange for a pick-up of the parts to be returned. You may choose the carrier for return of the defective parts. All defective parts must be returned to Orlando, Florida within 48 hours of receipt of the replacement parts. Shipments of returned defective parts must be second day air. Please make a note regarding the problem with the unit and place it on the defective part by using a tag or defective tape.

5. When using the Parts Bank, the Franchisee accepts the permanent replacement part, in lieu of receiving the original part back.

6. Parts damaged due to improper shipping or handling, abuse, misuse, lightning, excessive voltage, vandalism, water damage or improper use or application will be replaced and Franchisee shall be billed at full replacement value. Franchisee agrees to pay Stanley for the full replacement value for parts damages as provided within this section.

   REMINDER: If the part is not returned within 48 hours after receipt of the replacement part, you will be invoiced for the full purchase price of the part delivered and it will become part of your inventory.

7. Freight to your facility and return freight to Stanley's dock is the responsibility of the Franchisee and will be billed accordingly.

EXHIBIT J

LIST OF STATE ADMINISTRATORS

EXHIBIT J

LIST OF STATE ADMINISTRATORS

California:

Commissioner of Department of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
ask.dfpi@dfpi.ca.gov
~~(213) 576-7500~~
(866) 275-2677

Hawaii:

Commissioner of Securities
Business Registration Division
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203~~5~~
~~Post Office Box 40~~
Honolulu, Hawaii 96813~~0~~
(808) 586-2744

EXHIBIT K

GENERAL RELEASE OF ALL CLAIMS

GENERAL RELEASE OF ALL CLAIMS

This General Release of All Claims ("General Release") is made effective this____ day of _____, 20_. As a requirement of and in consideration for the willingness on the part of Sonitrol Security, Inc., ("Sub-Franchisor") a California corporation, to _____ the Renewing Franchise Agreement, dated_____for an "APR" generally described as_____("Renewing Franchise Agreement") as requested by the undersigned, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, individually and collectively, hereby unconditionally RELEASES and DISCHARGES Sonitrol Security, Inc. any person acting by, through, under or on behalf of Sonitrol Security, Inc. and its past and present shareholders, officers, directors, employees, successors, assigns, agents, parent and affiliates from any and all liabilities, claims, damages, demands, costs, indebtedness, expenses, debts, indemnities, compensation, suits, controversies, covenants, contracts, actions and causes of action of any kind whatsoever, whether developed or undeveloped, known or unknown, fixed or contingent, regarding or arising out of the Renewing Franchise Agreement, any prior or existing franchise agreement, or any other agreement or document executed by any of the undersigned and Sonitrol Security, Inc., the franchise relationship, or any other prior or existing business relationship between any of the undersigned and Sonitrol Security, Inc. which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against Sonitrol Security, Inc.(or any of the aforementioned related parties) at any time up to the date of this General Release, including specifically, without limitation, claims under the Sherman and Clayton Acts and the anti-trust laws or regulations of the United States, and claims arising from contract, written or oral communications, alleged misstatements of fact, indebtedness of any kind or nature, and acts of negligence whether active or passive. This General Release shall survive the assignment, expiration or termination of any of the franchise agreements or other agreements entered into by and between Sonitrol Security, Inc. and any of the undersigned. This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws. The undersigned acknowledges and agrees that certain of its obligations as provided in Section 18 and Section 19 of the Renewing Franchise Agreement, in addition to those other obligations of the undersigned which specifically or by their nature survive termination of the Renewing Franchise Agreement, shall continue after the transfer, expiration or termination of the Renewing Franchise Agreement.

WITNESS:

_____

_____

By:

Printed Name:

Title: _____

EXHIBIT L

MUTUAL RELEASE OF ALL CLAIMS

MUTUAL RELEASE OF ALL CLAIMS

This Mutual Release Of All Claims ("Mutual Release") is made this_____day of _____, 20___, by and between Sonitrol Security, Inc., a California corporation ("Sub-Franchisor"), and _____, a _____ corporation ("Franchisee").

WHEREAS, Sonitrol Security, Inc. and Franchisee entered into a Renewing Sonitrol Franchise Agreement dated_____, 20_ for an "APR" generally described as _____("Renewing Franchise Agreement"), and

WHEREAS, Sonitrol Security, Inc. and Franchisee desire to execute this Mutual Release pursuant to the terms of the Renewing Franchise Agreement, to release each other from all claims relating to the Renewing Franchise Agreement.

NOW, THEREFORE, in consideration of the above premises and the mutual agreements herein set forth, and for good and valuable consideration, acknowledged and received, the parties hereto agree as follows:

Sonitrol Security, Inc. and Franchisee irrevocably and unconditionally release and discharge each other and each of its respective owners, stockholders, predecessors, assigns, agents, directors, officers, employees, representatives, attorneys, subsidiaries, affiliates and all persons acting by, through, under, or in concert with any of them, from any and all liabilities, claims, damages, demands, costs, indebtedness, expenses, debts, indemnities, compensation, suits, controversies, covenants, contracts, actions and causes of action of any kind whatsoever, whether developed or undeveloped, known or unknown, fixed or contingent, regarding or arising out of the Renewing Franchise Agreement, any prior or existing franchise agreement, or any other agreement or document executed by Franchisee and Sonitrol Security, Inc, the franchise relationship, or any other prior or existing business relationship between Franchisee and Sonitrol Security, Inc. which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against each other at any time up to the date of this Mutual Release, including specifically, without limitation, claims under the Sherman and Clayton Acts and the anti-trust laws or regulations of the United States, and claims arising from contract, written or oral communications, alleged misstatements of fact, indebtedness of any kind or nature, and acts of negligence whether active or passive; provided however, this Mutual Release shall not release Franchisee from its payment obligations to Sonitrol Security, Inc. accruing under the Renewing Franchise Agreement, any prior or existing franchise agreement, or any other agreement or document executed by Franchisee and Sonitrol Security, Inc. including, without limitation, any software, monitoring, inventory or equipment agreements, and Sonitrol Security, Inc. shall retain all rights and remedies it has under applicable law, or the Renewing Franchise Agreement or other agreements or documents, to collect from Franchisee all amounts due to Sonitrol Security, Inc. This Mutual Release shall survive the assignment, expiration or termination of any of the franchise agreements or other agreements entered into by and between Sonitrol Security, Inc and Franchisee. This Mutual Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws. The Franchisee acknowledges and agrees that certain of its obligations as provided in Section 17 and

Section 18 of the Renewing Franchise Agreement, in addition to those other obligations of the Franchisee which specifically or by their nature survive termination of the Renewing Franchise Agreement, shall continue after the transfer, expiration or termination of the Renewing Franchise Agreement.

IN WITNESS WHEREOF, this Mutual Release of Franchise has been executed as of the day first above written.

SONITROL SECURITY, INC.

ATTEST:

By: _____

Title: _____

_____
Secretary

FRANCHISEE:

_____

SONITROL OF _____

ATTEST:

By: _____

Title: _____

_____
Secretary

EXHIBIT M

LIST OF SONITROL FRANCHISEES

The names, addresses and telephone numbers of all Franchisees under renewing franchise agreement with the Distributor that are located in California and Hawaii are as follows:

CALIFORNIA:

1. Sonitrol of Bakersfield
   5251 Office Park Drive – Suite 150
   Bakersfield, CA 93309
   Dealer: Kimberlite Corporation
   Contact: Ms. Joey Rao-Russell
   (661) 322-4337

2. Sonitrol of Fresno
   4220 Figarden Drive
   Fresno, CA 93722
   Dealer: Kimberlite Corporation
   Contact: Ms. Joey Rao-Russell
   (559) 264-5924

3. Sonitrol of Modesto
   250 Cherry Lane Manteca, CA 95337
   Dealer: Kimberlite Corporation
   Contact: Ms. Joey Rao-Russell
   (209) 527-8100

4. Sonitrol of Stockton
   250 Cherry Lane Manteca, CA 95337
   Dealer: Kimberlite Corporation
   Contact: Ms. Joey Rao-Russell
   (209) 948-2551

5. Sonitrol of Contra Costa County
   3090 Teagarden Street~~837 Arnold Drive – Suite 100~~
   San Leandro, CA 94577~~Martinez, California 94553~~
   Dealer: Kimberlite Corporation
   Contact: Ms. Joey Rao-Russell
   (925) 689-8360

6. Sonitrol of Napa and Solano Counties
   3090 Teagarden Street ~~837 Arnold Drive – Suite 100~~
   San Leandro, CA 94577~~Martinez, California 94553~~
   Dealer: Kimberlite Corporation
   Contact: Ms. Joey Rao-Russell
   (925) 689-8360

7. Sonitrol of Sacramento
1334 Blue Oaks Boulevard
Roseville, California 95678
Dealer: Sonitrol of Sacramento, LLC
Contact: Mr. Ron Files
(916) 724-1170

8. Sonitrol of Marin and Sonoma Counties
250~~150~~ Executive Park Boulevard – Suite ~~2600~~4500
San Francisco, CA 94134
Dealer: Kimberlite Corporation
Contact: Ms. Joey Rao-Russell
(415) 552-9700

9. Sonitrol of San Francisco
250~~150~~ Executive Park Boulevard – Suite ~~2600~~ 4500
San Francisco, CA 94134
Dealer: Kimberlite Corporation
Contact: Ms. Joey Rao-Russell
(415) 552-9700

10. Sonitrol of San Mateo County
587 Schallenberger Road
San Jose, CA 95131
Dealer: Pacific West Security
Contact: Mr. Paul Shumate
(408) 998-2002

11. Sonitrol of Santa Clara County
1587 Schallenberger Road
San Jose, CA 95131
Dealer: Pacific West Security
Contact: Mr. Paul Shumate
(408) 998-2002

12. Sonitrol of Berkeley-Richmond
3090 Teagarden Street
San Leandro, CA 94577
Dealer: Kimberlite Corporation
Contact: Ms. Joey Rao-Russell
(510) 638-7173

13. Sonitrol of Oakland
3090 Teagarden Street
San Leandro, CA 94577
Dealer: Kimberlite Corporation
Contact: Ms. Joey Rao-Russell
(510) 638-7173

14. Sonitrol of Southern Alameda County
3090 Teagarden Street
San Leandro, CA 94577
Dealer: Kimberlite Corporation
Contact: Ms. Joey Rao-Russell
(510) 537-1122

HAWAII:

15. Sonitrol of Hawaii
3375 Koapaka Street, Building F, Suite 215
Honolulu, HI 96819
Dealer: Vyanet Operating Group, Inc.
Contact: Mr. Byron Warner
(808) 847-5966

EXHIBIT N

FINANCIAL STATEMENTS

SONITROL SECURITY, INC.

FINANCIAL STATEMENTS

AUGUST 31, ~~2021~~ 2022 AND

~~2020~~2021

SONITROL SECURITY, INC.

FINANCIAL STATEMENTS

AUGUST 31, ~~2020~~2021 AND

~~2019~~2020

EXHIBIT O

RECEIPTS

RECEIPT
(Sonitrol's Copy)

This disclosure document summarizes certain provisions of the renewing franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Sonitrol Security, Inc. offers to renew your franchise, Sonitrol Security, Inc. must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, the franchisor or an affiliate in connection with the proposed franchise renewal.

If Sonitrol Security, Inc. does not deliver this disclosure document on time, or if it contains a false, or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State of Hawaii Department of Commerce and Consumer Affairs, Securities Enforcement Branch, Business Registration Division, Post Office Box 40, Honolulu, Hawaii 96810.

The franchisor is Sonitrol Security, Inc. having its principal business office at 1300 Galaxy Way, Suite 6, Concord, California 94520 and a telephone number (925) 687-1055.

Issuance Date: November 4, 2022~~1~~

The franchise seller for this offering is Sonitrol Security, Inc., Ruth Nicholas, President, 1300 Galaxy Way, #6, Concord, California 94520 (925) 687-1055. The registered agent for service of process is Ruth Nicholas at the same address.

I received a DISCLOSURE DOCUMENT dated_____, 20___ that included the following exhibits and Stanley Convergent Security Solutions, Inc.'s Disclosure Document.

A. Franchise Agreement
B. Guarantee Addendum
C. Agent for Service of Process
D. MySonitrol.net Agreement
E. Table of Contents for Manuals
F. Monitoring Agreement with Sonitrol
G. SONIP™ Equipment Purchase Agreement
H. SONIP™ Software License Agreement
I. SONIP™ Service Agreement
J. List of State Administrators
K. General Release of All Claims
L. Mutual Release of All Claims
M. List of Sonitrol Franchisees
N. Financial Statements
O. Receipt

(signature page follows)

Date: _____

_____

Signature of Prospective Franchisee, Individually or as an Officer, Partner or Member of:

_____

Name Printed: _____

Please sign and date this Receipt as of the date that you received the disclosure document. Please return the signed, dated Receipt to Sonitrol Security, Inc. 1300 Galaxy Way, #6, Concord, California 94520.

RECEIPT
(Your Copy)

This disclosure document summarizes certain provisions of the renewing franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Sonitrol Security, Inc. offers to renew your franchise, Sonitrol Security, Inc. must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, the franchisor or an affiliate in connection with the proposed franchise renewal.

If Sonitrol Security, Inc. does not deliver this disclosure document on time, or if it contains a false, or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State of Hawaii Department of Commerce and Consumer Affairs, Securities Enforcement Branch, Business Registration Division, Post Office Box 40, Honolulu, Hawaii 96810.

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Date: _____

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Franchisee, Individually or as an
Officer, Partner or Member of:

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Name Printed: _____

Please sign and date this Receipt as of the date that you received the disclosure document. Please return the signed, dated Receipt to Sonitrol Security, Inc. 1300 Galaxy Way, #6, Concord, California 94520