**FRANCHISE DISCLOSURE DOCUMENT**

Signal 88, LLC
a Delaware limited liability company
3880 S. 149th Street, Suite 102
Omaha, NE 68144
877-498-8494
rnyffeler@teamsignal.com
www.teamsignal.com

The franchise described in this disclosure document is for the establishment and operation of a security-services business that would include patrol and dedicated service under the service mark and trade name Signal. . Specifically, franchisees will engage in the provision of onsite and off-site surveillance, executive security services, and security consulting services for contracting clients.

The total investment necessary to begin operation of a Signal franchise ranges from $93,200 and $241,150. This includes between $85,000 to $170,000 which must be paid to us.

This disclosure document summarizes certain provisions of your 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 sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Reed L. Nyffeler at 3880 South 149th Street, Suite 102, Omaha, Nebraska 68144 and (877) 498-8494**.**

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.

**Date of Issuance: April 22, 2022**

 © 2022 SIGNAL 88, LLC

## 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 D. |
| **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 E 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 Signal 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 franchise 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 Signal 88 franchisee?** | Item 20 or Exhibit D 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. |

 © 2022 SIGNAL 88, LLC

## 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 that 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 A.

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. See the Table of Contents for the location of the State Specific Addenda.

 © 2022 SIGNAL 88, LLC

## Special Risk(s) 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 litigation in the state of 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 the state, county and judicial district in which the franchisor's principal place of business is then located than in your own state.

2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets perhaps including your house, at risk if your franchise fails.

3. **Minimum Performance.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

4. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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.

 © 2022 SIGNAL 88, LLC

**TABLE OF CONTENTS**


| NO. | | PAGE |
|---|---|---|
| ITEM 1 | THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES | 1 |
| ITEM 2 | BUSINESS EXPERIENCE | 3 |
| ITEM 3 | LITIGATION | 4 |
| ITEM 4 | BANKRUPTCY | 5 |
| ITEM 5 | INITIAL FEES | 5 |
| ITEM 6 | OTHER FEES | 6 |
| ITEM 7 | ESTIMATED INITIAL INVESTMENT | 8 |
| ITEM 8 | RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES | 11 |
| ITEM 9 | FRANCHISEE'S OBLIGATIONS | 13 |
| ITEM 10 | FINANCING | 15 |
| ITEM 11 | FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING | 19 |
| ITEM 12 | TERRITORY | 26 |
| ITEM 13 | TRADEMARKS | 28 |
| ITEM 14 | PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION | 30 |
| ITEM 15 | OBLIGATION OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS | 31 |
| ITEM 16 | RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL | 31 |
| ITEM 17 | RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION | 32 |
| ITEM 18 | PUBLIC FIGURES | 36 |
| ITEM 19 | FINANCIAL PERFORMANCE REPRESENTATIONS | 37 |
| ITEM 20 | OUTLETS AND FRANCHISEE INFORMATION | 42 |
| ITEM 21 | FINANCIAL STATEMENTS | 58 |
| ITEM 22 | CONTRACTS | 58 |
| ITEM 23 | RECEIPT | 58 |


 © 2022 SIGNAL 88, LLC

EXHIBITS

A. TABLE OF STATE AUTHORITIES
B. AGENTS FOR SERVICE OF PROCESS
C. STATE ADDENDA TO THE DISCLOSURE DOCUMENT
D. FRANCHISE AGREEMENT
E-1. FINANCING AGREEMENT (FRANCHISE FEES)
E-2. FINANCING AGREEMENT (OPERATIONS LINE OF CREDIT)
F. LIST OF FRANCHISEES AND COMPANY-OWNED BUSINESS UNITS
G. FINANCIAL STATEMENTS
H. FRANCHISEE QUESTIONNAIRE ACKNOWLEDGEMENT
I. RELEASE

 © 2022 SIGNAL 88, LLC

## ITEM 1

## THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure statement, the terms "we," "Company," "Signal" "Franchisor," and/or "our" shall refer to Signal 88, LLC, the Franchisor. The terms "we," "Company," "Signal," and/or "our" do not include the officers, directors or members of Signal 88, LLC. "You" and "Franchisee" mean the individual or individuals or the business organization that is awarded and/or operates the franchise, as well as any owners of such a business organization. All capitalized terms used but not defined in this disclosure document will have the meanings ascribed to them in the Franchise Agreement (the "Agreement").

### FRANCHISOR, PARENTS, PREDECESSORS

Signal 88, LLC, is a Delaware limited liability company, formed on December 11, 2014. We do business under our legal name and under the name "Signal." Our principal business address is 3880 S. 149th Street, Ste. 102, Omaha, Nebraska 68144. Our agents for service of process are listed in Exhibit B of this disclosure document.

Our immediate parent is Signal 88 Holdings, LLC, which is a Delaware limited liability company, having a principal business address of 3880 S. 149th Street, Ste. 102, Omaha, Nebraska 68128. Signal 88 Holdings, LLC, is owned by Signal 88 Franchise Group, Inc., a Delaware corporation, whose principal business address is 3880 S. 149th Street, Ste. 102, Omaha, Nebraska 68144.

Our immediate predecessor is Signal 88 Franchise Group, Inc., a Delaware corporation, whose address is stated above. The predecessor for Signal 88 Franchise Group, Inc., was Signal 88 Security Group, LLC, whose address was 3880 S. 149th Street, Ste. 107, Omaha, Nebraska 68144.

### OUR BUSINESS EXPERIENCE AND THE BUSINESS EXPERIENCE OF OUR PREDECESSORS AND AFFILIATES

Signal 88 Security Group, LLC, was formed on July 16, 2003 to operate a security-services business in Omaha, Nebraska, which it continued to do until June 2013. Signal 88 Security Group, LLC, did not at any time offer franchises of any kind.

Signal 88 Franchise Group, Inc., was formed on November 13, 2007, and from January 1, 2008 until December 31, 2014, it offered franchises of the concept developed by Signal 88 Security Group, LLC. Beginning in 2009 and continuing through December 31, 2014, Signal 88 Franchise Group, Inc., operated company-owned security businesses substantially similar to the one we franchise. In June 2013, Signal 88 Franchise Group, Inc., purchased the assets of Signal 88 Security Group, LLC, and began operating a company-owned security business in the Omaha, Nebraska area. Signal 88 Franchise Group, Inc., has not at any time offered franchises in other lines of business.

On January 1, 2015 the Signal 88 franchise system was transferred to Signal 88, LLC, in connection with an investment transaction with McCarthy Franchise Group Investors, LLC. The company-owned outlets were transferred to Signal 88, LLC, or its affiliates as part of the same transaction. As of February 2018, Signal 88, LLC, has sold all company-owned outlets to franchisees and no longer operates any businesses of the type being offered to you.

In June 2020, Signal 88 Franchise Group, Inc. redeemed the common stock of several owners and CEO, Reed Nyffeler owns 100% of the common stock related to Signal 88 Franchise Group, Inc.

 © 2022 SIGNAL 88, LLC

Neither we nor our affiliates offer franchises in other lines of business, nor do any of our affiliates provide products or services to our franchisees. Our business activities include offering and supporting Signal franchises. We have no other business activities.

## THE FRANCHISES TO BE OFFERED

We have developed a comprehensive system (the "System") for the opening and operation of a security-services business specializing in security patrols and surveillance, security consulting, executive protection, and training in personal safety, risk avoidance, and threat management for the workplace. Some of the distinguishing characteristics of the System include: (1) use of highly trained security personnel; (2) use of integrated patrol and guard management system software; (3) distinctive uniform designs and logos; (4) standards and specifications for equipment, supplies, and signs; (5) technical assistance and training; (6) sales and management assistance and training; and (7) specialized methods and techniques for cost controls, record-keeping and reporting, and personnel management, all of which we may periodically change, improve and develop.

We identify the System by certain trademarks, trade names, service marks, logos, emblems, and other indications of origin, including "Signal ," " "Signal Performance Institute," "Signal Edge," and other trade names, service marks and trademarks that we have already designated (and that we may later designate) for you to use under the System (the "Marks"). Signal 88, LLC is a Delaware Limited Liability company formed in December 11, 2014. We do business under our legal name and under the name of Signal. Until January 2022, we previously did business under the names "Signal 88," "Signal 88 Security," "Signal 88 Planning, Prevention, Protection," and "Signal 88 Security Re Engineered." Our principal business address is 3880 S. 149th, Suite 102, Omaha, Nebraska 68144. Our agents for service of process are listed in Exhibit B of this disclosure document.

You will be licensed to use the Marks and the System, as they may be periodically changed, improved, and further developed. Your Agreement and Franchise Performance Manual will specify the types of services you will offer.

We begin the franchise award process by having you sign the Agreement. The grant of a franchise is conditioned on the following: (1) your completing and signing the Franchisee Questionnaire Acknowledgment in Exhibit H; (2) your signing an Agreement and associated security documents; (3) your submitting financial statements and demonstrating your fitness to operate a franchised business to our satisfaction; (4) your required payment of a Franchise Fee; (5) your obtaining the necessary insurance and providing us proof of insurance; (6) your attendance and satisfactory completion of all phases of our initial training program; (7) your obtaining all required business licenses needed to operate the franchised business; and (8) your compliance with the terms of the Agreement.

Once you complete the initial obligations under the Agreement, we will authorize you to open and operate a security services business operated under the name "Signal" ("Franchised Business"). The Franchised Business will specialize in the sale and performance of security services, including security patrols and surveillance, security consulting, executive protection, and training in personal safety, risk avoidance, and threat management in the workplace. The term of your Agreement is for three (3) years and will begin on the date you sign an Agreement.

The security services market is developing. If you qualify to operate a Signal franchise, you will sell security services primarily to business customers in need of site surveillance and security consulting. You will also sell services to individuals and businesses who need executive protection services or safety training. You will compete with independent, regional, and national security firms offering similar services. Sales are somewhat seasonal with business increasing slightly during the summer months, during

which customers tend to request more security patrols. We and our affiliates also reserve the right to establish other franchises or Company-owned offices selling and performing the same or similar services both under the same or a different trade name or trademark outside your designated territory.

The services you perform in your Franchised Business will be subject to certain federal, state, and local laws and regulations, which may include state and local licensing laws or ordinances for security guards and security agencies. There may be other local laws and regulations which are not mentioned in this disclosure document. The Lanham Act, 15 U.S.C. § 1051, and the rules and regulations of the Federal Trade Commission may constrain the advertising or representation you can make about services and prohibit you from selling certain services in some cases. You must submit all advertising to us for approval before you use it.

You must permit us and our agents to enter your business premises at any reasonable time, with or without advance notice, to conduct inspections and to evaluate your compliance with, among other things, the Agreement, the Franchise Performance Manual, and any applicable laws and regulations. If these inspections reveal that you are not in compliance with all applicable requirements, you must, either on your own initiative or after you receive notice from us, take immediate action to correct any deficiency and bring the Franchised Business into compliance. If you fail or refuse to take all necessary corrective measures, we will have the right to do so and to charge you for all costs and expenses associated with these corrective measures. You must reimburse us fully for our costs and expenses on demand or as soon as applicable law allows. We also have the right to terminate your franchise in accordance with the contract and applicable law if you fail to comply with the applicable requirements.

Despite our oversight of your compliance with applicable law as described in the previous paragraph, it is still your responsibility to comply with all applicable laws and regulations of the federal, state, and local governments. You must also obtain all certifications, permits, and/or other licenses which are necessary for you to operate the Franchised Business. You must research and become familiar with the laws and regulations applicable to your business.

## ITEM 2

## BUSINESS EXPERIENCE

**Reed Nyffeler**
**CEO, Director, President, and Treasurer**

Mr. Nyffeler has held the above roles with Signal 88, LLC since January 1, 2015. Mr. Nyffeler has also served as President and Chief Executive Officer of Signal 88 Franchise Group, Inc., since November 2007. In all of these roles, Mr. Nyffeler has been based in Omaha, Nebraska.

**Brian Mossman:**
**Chief Operations Officer**

Mr. Mossman is the Chief Operations Officer for Signal 88, LLC, a position he has held since October 1, 2020. Mr. Mossman served in various business development roles and was the Vice President of Business Development from January 1, 2018 to September 30, 2020. Before joining Signal 88, LLC he was the District Manager with GameStop from July 2007 to July 2016. During the time in which he held each of the positions described above, Mr. Mossman was located in Omaha, Nebraska. Mr. Mossman has been engaged in the security-services business and has been involved in franchising since July 25, 2016.

 © 2022 SIGNAL 88, LLC

## ITEM 3

## LITIGATION

### PRIOR ACTIONS

**Signal 88, LLC v. Lyconic, LLC,** Case No. CI - 16 - 1709 (D.Ct. for Douglas County, Nebraska). On March 3, 2016, Signal 88, LLC brought this action against its software vendor, Lyconic, LLC, for declaration of the parties' rights under a Software Services Agreement. Lyconic filed a counterclaim, alleging that Signal 88, LLC owed Lyconic for use of its Masterguide software. The parties submitted their dispute to arbitration, and Signal 88, LLC's declaratory judgment was decided by the arbitrator, but Lyconic's counterclaim was not. The case was later dismissed administratively, but Lyconic obtained reinstatement and filed an amended counterclaim in 2017, alleging misappropriation of trade secrets, trespass to chattels, conversion, quantum meruit, and contract implied in law, stemming from Signal 88, LLC's alleged use of Lyconic's Masterguide software and Signal 88, LLC's alleged accessing of files on Lyconic's servers. The case was tried to the judge in September 2019, and the judge found in favor of Lyconic on its counterclaims in the amount of $25,000. The judge also entered a separate order purporting to confirm the arbitration award but in reality, modifying the award to create a new liability for Signal 88, LLC in the amount of $109,666.67, which Signal 88, LLC allegedly owed to Lyconic for post-termination services, even though Lyconic provided no post-termination services. Signal 88, LLC did not appeal the judgment on Lyconic's counterclaims but did appeal the order regarding the arbitration award. Signal 88, LLC won the appeal, and Lyconic has filed an appeal to the Nebraska Supreme Court. On February 4, 2022, the Nebraska Supreme Court held that the arbitrator's award was clear and unambiguous and that clarification was unnecessary. As such, the Nebraska Supreme Court held that the Court of Appeals erred in finding the award was ambiguous and in ordering a remand to the arbitrator for clarification.

**Colorado Security Consultants** et al. v. Signal 88, LLC, et al., Case No. 8:16cv439 (U.S. Dist. Ct. — Nebraska). Colorado Security Consultants, LLC, filed suit against Signal 88, LLC, and Signal 88 Franchise Group, Inc. on or around September 21, 2016 in the U.S. District Court for the District of Nebraska. The Plaintiff alleged the following causes of action: (1) breach of contract, (2) breach of implied covenant of good faith and fair dealing, (3) unjust enrichment, (4) promissory estoppel, (5) misclassification of independent contractors under FSLA, (6) misclassification of independent contractors under Nebraska Wage Payment and Collection Act, (7) violation of Nebraska Franchise Practices Act, and (8) declaratory judgment. Signal 88, LLC answered, denying all of the plaintiffs' claims, asserting counterclaims for (1) breach of contract, and (2) tortious interference with business and contractual relations. The parties settled in July 2017 for a $43,000 payment from Signal 88, LLC to the Plaintiffs and mutual releases.

### REGULATORY ACTIONS

**In the Matter of the Security Guard Agency License of Signal 88 Franchise Group, Inc.**, Cause No. 2018PISG0001 (Private Investigator and Security Guard Board for the State of Indiana). The Attorney General of Indiana brought an administrative proceeding on January 10, 2018 against our predecessor, Signal 88 Franchise Group, Inc., on the basis of an allegation that it allowed another person to use its security license and displayed an expired license to the public. Signal 88 Franchise Group, Inc., entered into an agreement with the State of Indiana, which was approved by the Indiana Private Investigator and Security Guard Licensing Board on March 26, 2018, whereby Signal 88 Franchise Group, Inc., surrendered its agency license, agreed to pay a fine of $2,500, and agreed not to apply for an agency license for five years.

Other than these actions, no litigation is required to be disclosed in this Item.

 © 2022 SIGNAL 88, LLC

## ITEM 4

## BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

## ITEM 5

## INITIAL FEES

### FRANCHISE FEE

Before you are awarded a Signal franchise, you must sign an Agreement with us and pay us an initial franchise fee ("Franchise Fee"). The Franchise Fee is fully earned and due and payable in a lump sum when the Agreement is signed. The minimum Franchise Fee is Eighty-Five Thousand Dollars ($85,000.00), but the actual Franchise Fee will be determined based on the following formula:

The greater of $85,000 or $0.85 per capita in the designated Territory.

### RURAL MARKET FEE

For franchises that are to be located within Metropolitan Statistical Areas ("MSAs") with fewer than 250,000 people (per the most recently available U.S. Census Bureau data), franchisees may purchase a territory that includes fewer than 100,000 people. However, no discounts or incentives will apply. The purchase price will be based on the greater of $42,500 or $0.85 per capita.

### DISCOUNT FOR ADDITIONAL FRANCHISE OR TERRITORY

Additional discounts may be offered to qualified existing franchisees that have been in the Signal system for six months or more and wish to purchase an additional Territory or an additional Franchise.

### OTHER INCENTIVE PROGRAMS

Military Veterans - Signal currently offers honorably discharged veterans a $0.05 per capita discount on the initial Franchise Fee.

Public Protectors - For current or former fire department/law enforcement with at least two years of service who meet our qualifications for purchasing a Franchise, Signal offers a $0.05 per capita discount on the initial Franchise Fee.

Cash Discount – Signal offers a $.05 per capita discount for full payment of the territory fee. The entire payment must be received at the time the Franchise Agreement is signed.

### REFUND OF THE FRANCHISE FEE

The Franchise Fee is deemed fully earned upon execution of the Agreement, in consideration of granting the option to franchise, and is not refundable. Our Agreement has various requirements for opening a Franchised Business, and you must meet all of the requirements in the Agreement before you may open a Franchised Business, including the initial training required by Franchisor to be completed within one-hundred and eighty (180) days of the execution of the Franchise Agreement. If you do not satisfactorily complete our initial training programs or fail to meet the other requirements in the Agreement

 © 2022 SIGNAL 88, LLC

(see Items 6, 9 and 11), that failure would be a default under the Agreement, which would allow us to terminate the Agreement. You will not be entitled to a refund of the Franchise Fee if you should fail to complete the initial training satisfactorily.

## ITEM 6

## OTHER FEES

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| Royalty Fee[1] | 4% of Gross Revenues during the previous month | Payable on the 15th of the month via electronic funds transfer ("EFT") program. | Gross revenues include all revenues from the sale of Services. Gross revenues do not include sales tax or use tax. |
| Franchise Support Fee[1] | 5% of Gross Revenues during the previous month | Same as Royalty Fee | This fee covers all support provided by Franchisor to Franchisee including billing, collections, payroll[5], job applications, marketing and design work, access to operational software applications, and other sales and administrative services. |
| Strategic Partner Fee[1] | 2% of Gross Monthly Revenues derived from contract obtained directly or indirectly by efforts of Franchisor or its affiliates, as determined exclusively by Franchisor | Same as Royalty Fee | In the event that Franchisor refers to Franchisee the performance of any Services under a customer contract, and Franchisee agrees to perform the referred Services under such contract, Franchisee shall perform the required Services in accordance with the terms of the customer contract.<br><br>This does not include the cost of any Franchisor personnel who perform any services associated with the customer contract. |

 © 2022 SIGNAL 88, LLC

| TYPE OF FEE | AMOUNT | DUE DATE | REMARKS |
|---|---|---|---|
| Additional Training and Expenses[1] | N/A | N/A | No charge for additional training |
| Transfer Fee[1] | The greater of $0.05 per capita in the Territory plus actual expenses, or 20% of sales price. | The transfer fee is due prior to consummation of the transfer. | This arises if you sell or transfer your franchise or some or all of your Territory. No charge for a one-time transfer to a corporation that you control. All transfers are subject to Signal 's approval. |
| Audit[1] | Actual Expenses of audit if audit reveals understatement of Gross Revenues by 5% or more, or any misrepresentation | Thirty days (30) after billing. | See Item 11. |
| Renewal Fee[1] | None if sales goals are met; otherwise $0.25 per capita in the Territory | Due thirty days prior to end of the then-current term | You will only need to pay this fee if you renew the Franchise Agreement. |
| Late Charge[1,2] | Interest at 25% APR or highest rate allowed by law on outstanding overdue amounts | Added to Account Statement | |
| Service Fee[1,3] (Failure to Cure Default) | $250 per day, plus expenses | Thirty days after billing | |
| Service Fee[1,4] (Incapacity or Death of Franchisee) | $200 per day, plus expenses | Thirty days after billing | |
| Failure to Attend Convention[1,5] | Then-current registration fee, plus all associated costs and expenses | Added to Account Statement | |

NOTES

1 All fees are imposed by, payable to, and collected by Signal 88, LLC. All fees are non-refundable. Fees may not be uniformly imposed among franchisees. All fees will be used to fund the operations of Signal 88, LLC.

2 If you fail to pay any fee to the Company when due, such amount will bear interest at the lesser of twenty-five percent (25%) per year or the highest contract rate of interest allowed by law.

 © 2022 SIGNAL 88, LLC

[3] In the event you are notified of a default under the Agreement and fail to cure such default within thirty (30) days after the receipt of such notice, you must pay a service fee of not less than Two Hundred Fifty Dollars ($250 US) per day plus expenses to the Company for services rendered by the Company as a result of the failure to cure such default.

[4] The Company may operate the Franchised Business in the event you are unable to operate the facility(s) due to illness, incapacity or death. You must pay a service fee of Two Hundred Dollars ($200 US) per day plus all expenses incurred.

[5] Failure to attend the convention may, in our sole discretion, result in a charge to your account equal to the registration fee for the convention that year with the full convention fee, including hotel, being charged to your Account Statement spread out over the several month period leading up to the convention.

[6] The payroll department will provide processing based on information provided by the Franchise Owner. The Company is not responsible for payroll inaccuracies due to incorrect or missing information, including but not limited to tax account numbers, employee information, or any pertinent payroll information as it relates to processing of payroll.

## ITEM 7

## ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT[1]

| Expenditure | Amount | Method of Payment | To Whom Payment Is To Be Made | When Due |
|---|---|---|---|---|
| Initial Franchisee Fee[2] | $85,000 (minimum) - $170,000 (or higher depending on territory size) | Lump sum or as financed as described in Item 10 | Franchisor | Signing of Agreement |
| Licenses[3] | $500 - $5,850 | As Incurred | Governing Agencies | Prior to Opening |
| Vehicle[4] | $2,250- $35,000 | As Incurred | Approved Suppliers | Prior to Opening |
| Equipment[5] | $0 - $3,000 | As Incurred | Approved Suppliers | Prior to Opening |
| Transportation of vehicle[6] | $300- $1,500 | As Incurred | Out of Pocket Expenses, etc. | Prior to Opening |
| Tax, Title, & License Fees[7] | $500 - $3,500 | As Incurred | Governing Agencies | Prior to Opening |
| Insurance[8] | $1,000- $3,000 | Monthly or Lump Sum | Insurance Carrier | Prior to Opening |
| Workers' Compensation Insurance[9] | $150 - $800 | Monthly | Insurance Carrier | As Incurred |

 © 2022 SIGNAL 88, LLC

| Expenditure | Amount | Method of Payment | To Whom Payment Is To Be Made | When Due |
|---|---|---|---|---|
| Wages[10] | $0-$10,000 | As Incurred | Employees | As Incurred |
| Local Advertising[11] | $500 | As Incurred | Advertisers | As Incurred |
| Additional Funds Operating Capital—first 90 days[12] | $3,000 - $8,000 | As Incurred | Out of Pocket Expenses, etc. | As Needed |
| **Estimated Total Range (with minimum territory size)** | **$93,200 - $241,150** | | | |

NOTES

1 GENERAL NOTES TO ITEM 7 – We may offer qualified franchisees a financing option for (a) the Initial Franchise Fee and (b) certain ordinary, reasonable, and necessary business expenses, however none of the estimated costs in this Item 7 are adjusted or reduced to account for any possible financing you may receive. See Item 10 for more information about financing.

2 FRANCHISE FEE – See Item 5 to determine actual amount of the Franchise Fee. The low amount reflects the required Initial Franchise Fee. The high amount is estimated based on the sale of a larger territory without any discount. We may, in certain circumstances and based on the qualifications and characteristics of a candidate, grant a territory that contains a population requiring payment of an Initial Franchise Fee greater than $170,000, however these territories are not our standard offering for new franchisees. See Item 10 for details regarding the financing Signal offers for Initial Franchise Fees. We have had no past practice, or have no present practice, or any intent to sell, assign or discount to a third party any note, contract or other obligation of the franchisee or sub-franchisor in whole or in part. The Franchise Fee is generally not refundable.

3 LICENSES – You will be required to obtain certain business licenses from specific governing agencies to operate your Franchised Business and in some states a surety bond from a surety company qualified to do business in that state. You must secure these licenses and bond prior to the opening of your Franchised Business. These fees are refundable only as provided by specific governing agencies and bonding company.

4 VEHICLE – We require you to lease or purchase an approved vehicle from our approved suppliers. If you were to finance your vehicle purchase, your initial vehicle investment for the first ninety days (not including tax, title, insurance, and fuel) would be approximately $2,250. If you were to purchase your vehicle with cash, your initial investment for the first ninety days (not including tax, title, insurance, and fuel) would be approximately $35,000 including the vehicle wrap, light bar, and two-way camera.

5 EQUIPMENT- Your approved vehicle must be properly equipped with an approved vehicle wrap, light bar, and two-way camera. These items must be purchased from an approved vendor prior to opening and are included as part of the estimated Vehicle expense in the chart above. The vehicle must include a smart phone option with mobile internet connectivity in order to service the customers to our standards. You may also wish to purchase computers, computer hardware, office equipment, two-way camera, and other equipment or supplies. You may purchase such items from an approved

supplier, provided that items such as letterhead and other similar items that will be visible to customers must be properly branded in accordance with the requirements in the Franchise Performance Manual. Amounts paid for equipment purchased from approved suppliers are refundable only as allowed by the specific supplier.

[6] TRANSPORTATION OF VEHICLE – Once your approved vehicle has been equipped with the proper equipment, it is your responsibility to have the vehicle transported to your territory by any means you deem fit.

[7] TAX, TITLE, & LICENSE - Your approved vehicle will need to be taxed, titled, and licensed in the state in which your territory is located.

[8] GENERAL LIABILITY AND AUTOMOBILE INSURANCE – You are required by Signal and in most cases by customers to have adequate general liability, umbrella and automobile insurance coverage. The cost of this insurance will vary based on total payroll in the case of general liability coverage, and the number of vehicles in the case of automobile insurance. Premiums may be paid in a lump sum annually, quarterly and sometimes monthly and are refundable only as provided by the specific insurer. We may offer, and you may be required, to participate in insurance policy programs or bundles. We may, but are not required, to permit you to opt out of such requirement on a case-by-case basis.

[9] WORKERS' COMPENSATION INSURANCE – You are required by Signal and in most cases by customers to have adequate workers' compensation insurance coverage. The cost of this insurance will vary based on applicable state law. Premiums will generally be between 1.5% and 8% of monthly payroll and will generally be paid monthly. The amount listed in the table above is based on this percentage range as applied to the estimated wage expense for the first three months of operation listed in the table above. Premiums paid for insurance are refundable only as provided by the specific insurer.

[10] WAGES – This figure will vary depending on the number of employees hired and various local factors where your Franchised Business is located. Historically, the typical franchise has not hired its first employee until after the third month of operation.

[11] LOCAL ADVERTISING – This figure estimates the amount that you will pay for local advertising to promote the opening of your franchise. Fees for local advertising are refundable only as provided by the specific media outlet.

[12] ADDITIONAL FUNDS – This estimates the amount that you will need to cover additional expenses including fuel, uniform costs and other miscellaneous day-to-day operating expenses. In formulating the amount required for additional funds, Signal relied on its eleven years' experience in selling and supporting security-services franchises in various markets around the United States, the knowledge it has gained about the costs (including fuel and labor costs and reasonable amounts for personal draws) of opening a security-services business in such various markets.

## ITEM 8

## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

REQUIRED PURCHASES AND LEASES

If you purchase or lease any vehicles, signs, forms, or other items used in your Franchised Business, the Agreement obligates you to purchase or lease those items from us, our affiliates, or our approved suppliers, with whom we negotiate purchasing arrangements for your benefit. The estimated proportion of required purchases (i.e., those made from us or our affiliates or from approved suppliers or suppliers who must meet our specifications) and leases in relation to all purchases and leases you will make in establishing the business is approximately 37%, and the proportion of required purchases and leases in relation to all purchases and leases you will make in operating the business is approximately 60%. The following is a list of the items that, if purchased, we require you to purchase either from us or approved suppliers in order to establish and/or operate your franchise. Except as disclosed below, no officer of Signal 88, LLC has an ownership interest in any of the approved suppliers. Signal 88, LLC will derive some revenue or other material consideration from required purchases or leases by franchisees. Signal 88, LLC's total revenues in the year ending December 31, 2021 were $165,114,406; its revenues in 2021 from required franchisee purchases or leases of products and services were $304,358, which constitute approximately 0.18% of Signal 88, LLC's total revenues.

1. Vehicles. We require you to purchase a minimum of one vehicle. Any vehicle purchases you make are subject to the requirements of the Company as to make, model, color, decals, and other specifications, as established by the Company from time to time. We derive revenue from vehicles purchased or leased by Franchisees. In particular, we receive a payment from our vehicle supplier for each vehicle purchased relating to equipment installed on the vehicle. This payment constitutes about 3-5% of the total vehicle cost.

2. Equipment. We require you to purchase a mobile smart phone with internet connectivity and associated equipment that meet the specifications and configurations established by the Company and have the capability of running our integrated patrol and guard management system software and networking with the Company's System. We receive revenue from equipment sold directly to Franchisees, but our approved suppliers generally do not pay us a rebate on franchisee purchases and leases of equipment.

3. Signs, Uniforms, Marketing Materials, Vehicle Equipment and Other Supplies. If you purchase any signs, uniforms, forms, marketing materials, vehicle equipment or other items bearing the Marks, you must do so from us or our approved suppliers, in accordance with the specifications we establish. We derive revenue from some items bearing the Marks to help with research and development of items bearing the Marks.

4. Integrated Patrol and Guard Management System Software. You are required to use our integrated patrol and guard management system software and other software we designate in the operation of the Franchised Business. You will pay for your use of such software by means of the monthly Franchise Support Fee.

5. Business Insurance. We may offer certain business insurance coverage programs. In such an event, we may require you to participate in such programs unless we allow you to opt out. If you are allowed to opt out, we reserve the right to change that. If you do opt out, you must purchase and maintain, at your expense, adequate insurance coverage which meets the specifications outlined in your Agreement from an approved supplier. We estimate that the cost of business insurance to be between $6,000 and $18,000 per year, depending on total payroll and number of vehicles. The insurance policy or policies must

name us as an additional insured and must contain waivers of subrogation that are in our favor and are reasonably approved by us. Your insurance policy or policies must be written by an insurance company that has been approved by us, in writing, and must include our then-current minimum requirements, which are currently: (i) commercial general liability insurance, (CGL) (including bodily injury, property damage, products, completed operations', independent contractors', and advertising liability coverage) on an occurrence basis which provides minimum single limit protection of no less than one million dollars ($1,000,000) per occurrence, three million dollars ($3,000,000) aggregate (if armed security contracts are in place, you shall also have this policy endorsed with security guards professional liability coverage); (ii) Workers' Compensation Insurance in accordance with the legal requirements of the state where you operate your Franchised Business(es); (iii) Employer's Practices liability Insurance, (EPLI), on an occurrence basis which provides protection of no less than five hundred thousand dollars ($500,000) per occurrence, five hundred thousand dollars ($500,000) per employee, and five hundred thousand dollars ($500,000) policy limit, to cover all of Franchisee's employees; (iv) Automobile Liability Insurance to cover all owned, non-owned, and hired vehicles in the amount of at least one million dollars ($1,000,000) combined single limit; and (v) Umbrella Liability (excess) Insurance on an occurrence basis that "Follows Form" on the General Liability Policy and Auto Liability Policy of no less than five million dollars ($5,000,000). Some customers may require coverages not included here and amounts greater than those shown here. Your obligation to obtain and maintain these insurance policies will not be affected by any insurance which we may obtain for Signal 88, LLC, or its affiliates. Additionally, policy exclusions must be communicated directly to Signal before binding.

After you obtain the required insurance, and on each policy renewal date, you must promptly give us proof of such insurance and provide us with proof of payment and copies of all policies and policy amendments. Any policy exclusions must be clearly delineated. No exclusions are allowed that would be considered a vital part of operating a security business, at the sole discretion of Signal. You must also provide us with proof of coverage no less than once per year. The evidence of insurance must include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days' prior written notice to us.

If, for any reason, you fail to procure or maintain the insurance required, we will have the right and authority (but not the obligation) immediately to procure insurance and to charge you with the full cost of that insurance and reasonable expenses in acquiring the policy or policies. You must pay this amount immediately after we request it. Failure to procure and maintain the required insurance in a timely manner is a default under your Agreement.

We have the right to increase or otherwise modify the minimum insurance requirements. We will provide you with prior written notice of the modification, and you must comply with any modification within the time specified in the notice. We will receive no rebates or payments relating to insurance coverage.

## APPROVAL OF ALTERNATE SUPPLIERS

You must purchase or lease all equipment, inventory, fixtures, signs, and other products and materials required for the operation of the Franchised Business from suppliers (including distributors, manufacturers, and other sources) who demonstrate to our continuing reasonable satisfaction, the ability to meet our standards and specifications for such items, who possess adequate quality control and capacity to meet your needs promptly and reliably, and who have been approved in writing by us and not disapproved thereafter. There exist no purchasing or distribution cooperatives. We negotiate purchase arrangements with some suppliers, including price terms, for the benefit of franchisees, particularly for uniforms, vehicle equipment, marketing materials, and background checks. We do not provide material benefits to a franchisee based on a franchisee's purchase of particular products or services or use of particular suppliers.

If you desire to purchase any items from an unapproved supplier, you must submit to us a written request for approval. Our approval may be dependent upon our representatives personally inspecting the supplier's facilities and receiving samples of the product in question. We will notify you of our decision within thirty (30) days after your request for approval of a supplier. We may impose charges for testing or inspecting the products and for evaluating the suitability of a potential supplier. Our criteria for approving suppliers will not be available to franchisees. We reserve the right to revoke our approval of the supplier at any time if the supplier fails to meet our standards and specifications. We will notify you in writing if we revoke our approval of any supplier.

ISSUANCE OF MODIFICATION OF SPECIFICATIONS

To ensure that you maintain the highest degree of quality and service, you must strictly conform to our current or later prescribed methods, standards, and specifications. Our methods, standards, and specifications may be found in the confidential Franchise Performance Manual, which we may modify from time to time, or other writings we issue. You must maintain a sufficient supply of, and use at all times, only those vehicles, computers, associated hardware and other equipment, furniture, signs, fixtures, supplies, forms, and other items that conform to our written standards and specifications, and you must refrain from using non-conforming items or selling non-conforming services without our prior written consent.

## ITEM 9

## FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the 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.**

| | OBLIGATION | SECTION IN FRANCHISE AGREEMENT | ITEM IN DISCLOSURE DOCUMENT |
|---|---|---|---|
| a. | Business Location selection and acquisition/lease | Agreement §§ 1, 6 | Item 12 |
| b. | Pre-opening purchase/leases | Agreement §§ 1, 6 | Item 6,7,8,9,10,11,12 |
| c. | Business Location development and other pre-opening requirements | Agreement §§ 6, 10 | Item 5 |
| d. | Initial and ongoing training | Agreement §§ 3, 6, 14 | Item 11 |
| e. | Opening | Agreement §§ 6, 10 | Item 1 |
| f. | Fees | Agreement §§ 3, 4, 5, 6 | Items 5, 6 |
| g. | Compliance with standards and policies / Franchise Operating Manual[1] | Agreement §§ 4, 6 | Item 8 & 14 |

 © 2022 SIGNAL 88, LLC

| | OBLIGATION | SECTION IN FRANCHISE AGREEMENT | ITEM IN DISCLOSURE DOCUMENT |
|---|---|---|---|
| h. | Trademarks and proprietary information | Agreement §§ 1, 2, 3, 6, 11, 12, 13, 16 | Items 13, 14 |
| i. | Restrictions on products/services offered | Agreement § 6 | Items 8, 16 |
| j. | Warranty and customer service requirements | Agreement §§ 6, 13 | Not Applicable |
| k. | Territorial development and sales quotas | Agreement § 6 | Not Applicable |
| l. | Ongoing product/service purchases | Agreement § 6 | Item 8 |
| m. | Maintenance, appearance and remodeling requirements | Agreement § 6 | Item 1 |
| n. | Insurance | Agreement § 10 | Item 7 |
| o. | Advertising | Agreement §§ 4, 5, 6, 11, 13 | Items 9 |
| p. | Indemnification | Agreement §§ 6, 7, 22, Exhibits B, F, I | Not Applicable |
| q. | Owner's participation/management/ staffing | Agreement §§ 3, 6, 26 | Item 1 |
| r. | Records and reports | Agreement §§ 6, 12 | Item 8 |
| s. | Inspections and audits | Agreement §§ 6, 12, Exhibits E, F | Items 8 |
| t. | Transfer | Agreement §§ 5, 6, 12, 14, Exhibit C-1, I | Item 17 |
| u. | Renewal | Agreement §§ 4, 5, 21, Exhibit C-1 | Item 17 |
| v. | Post-termination obligations | Agreement §§ 13, 16, 17, Exhibits G, H, I | Item 17 |
| w. | Non-competition covenants | Agreement § 17, Exhibit G | Item 17 |
| x. | Dispute resolution | Agreement § 19 | Item 17 |

 © 2022 SIGNAL 88, LLC

| | OBLIGATION | SECTION IN FRANCHISE AGREEMENT | ITEM IN DISCLOSURE DOCUMENT |
|---|---|---|---|
| y. | Other: Guaranty,[2] Security Agreement,[3] Confidentiality and Non-Competition Agreement; Telephone Assignment, Domain Name Assignment, Financing Agreement | Agreement Exhibits B, E, G, H, I, J | Item 15 |

## ITEM 10

## FINANCING

We may offer you financing for (a) your Initial Franchise Fees, and (b) your ordinary, reasonable, and necessary business expenses once you begin operating your Franchised Business. We may also, from time to time, and at your request, assist you in obtaining financing from a third-party for all or part of your investment; however, we will not guarantee all or any part of your note, lease or obligations and we will not receive any revenue from your placement of financing. Other than the financing described in this Item 10, we do not offer you any financing.

**SUMMARY OF FINANCING OFFERED**

| Item Financed | Source of Financing | Down Payment | Amount Financed | Term | Interest Rate | Monthly Payment |
|---|---|---|---|---|---|---|
| **Franchise Fees** (Signal Assist Loan) | Signal 88, LLC | 20% of Franchise Fees | 80% of Franchise | For all franchisees:<br><br>(a) 36 mos. for territory of 100k-200k population<br><br>(b) 36 mos. for territory of 200k-300k<br><br>(c) 36 mos. for territory of 300k-500k<br><br>In addition, for existing franchisees: | Currently, Prime Rate plus 475 basis points (currently 8.25% annually); default rate of 1.5% per month or highest legal rate | (a) Equal monthly installments based on amount of franchise fees and length of term, (b) equal monthly installments, plus a balloon payment, or (c) a single balloon payment |

 © 2022 SIGNAL 88, LLC

| SUMMARY OF FINANCING OFFERED | | | | | | |
|---|---|---|---|---|---|---|
| **Item Financed** | **Source of Financing** | **Down Payment** | **Amount Financed** | **Term** | **Interest Rate** | **Monthly Payment** |
| | | | | (a) 36 mos. for territory of 0-100k population | | |
| **Franchise Fees** (SignalAssist Plus Loan) | Signal 88, LLC | For New Franchisees--10% of Franchise Fees<br><br>For existing franchisees:<br><br>(a) $2,500 in territory of 0-100k population<br><br>(b) $5,000 in territory of 100k-200k population<br><br>(c) $7,500 in territory of 200k-300k population<br><br>(d) $10,000 in territory of 300k to 500k | Total Franchise Fee less Down Payment | For all franchisees:<br><br>(a) 36 mos. for territory of 100k-200k population<br><br>(b) 36mos. for territory of 200k-300k<br><br>(c) 36 mos. for territory of 300k-500k<br><br>In addition, for existing franchisees:<br><br>(a) 36 mos. for territory of 0-100k population | Currently, Prime Rate plus 475 basis points (currently 8.25% annually); default rate of 1.5% per month or highest legal rate | (a) Equal monthly installments based on amount of franchise fees and length of term, (b) equal monthly installments, plus a balloon payment, or (c) a single balloon payment |
| **Franchise Fees** (Revenue-Based Territory Purchase Loan) | Signal 88, LLC | $5,000 for new franchisees; none for existing franchisees | Total Franchise Fee less Down Payment | Varies based on revenue growth, three-year maximum term | Currently, 0% (Zero percent); default rate of 1.5% per month or highest legal rate | 10% of Gross Monthly Revenue |
| **Ordinary, reasonable and necessary expenses of the Franchised** | Signal 88, LLC | None | Up to 90% of uncollected Gross Revenues that are aged less | 60 days after the date of the advance | See Note 6 below. | None |

| SUMMARY OF FINANCING OFFERED | | | | | | |
|---|---|---|---|---|---|---|
| **Item Financed** | **Source of Financing** | **Down Payment** | **Amount Financed** | **Term** | **Interest Rate** | **Monthly Payment** |
| **Business** (Operations Line of Credit) | | | than 91 days | | | |

Terms Applicable to All Financing in Item 10:

**Prepayment Penalty.** None

**Security Required.** Security interest in substantially all assets; all obligations guaranteed by Franchisee's principals

**Liability on Default.** Accelerated obligation to pay entire amount of debt; default interest rate of 1.5% per month or highest legal rate; collection costs, including attorney's fees and court costs; termination of franchise; repossession of assets.

**Loss of Legal Right on Default.** Borrower waives protest, presentment for payment, demand for payment, notice of nonpayment, notice of dishonor, and protest of dishonor, consents to and waives notice of any extension, renewal, or modification of this note or any installment of principal; and waives his right to trial by jury.

General Notes:

1. We reserve the right to discontinue any or all of the financing programs described above without notice.

2. In certain qualifying markets, you may apply to us for a loan, known as a Signal Assist Loan, subject to the terms of the applicable agreements (see Exhibit E-1), for the purpose of financing your Franchise Fees. We may decline to award a loan for any lawful reason, including failure to meet our credit, liquidity, and other requirements at the time of the loan. This loan will be for eighty percent (80%) of your Franchise Fees. The term of the loan will be as indicated in the table above. For any loan extending beyond three years, the term of the Franchise Agreement will be adjusted to match the term of the loan. For new franchisees, SignalAssist Loans are available only for territories with populations over 100,000. Interest on the loan will accrue at a rate that 475 basis points above the Prime Rate published in the Midwest Edition of the Wall Street Journal.

3. In certain qualifying markets, you may apply to us for a loan, known as an SignalAssistPlus Loan, subject to the terms of the applicable agreements (see Exhibit E-1), for the purpose of financing your Franchise Fees. We may decline to award a loan for any lawful reason, including failure to meet our credit, liquidity, and other requirements at the time of the loan. This loan will be for up to ninety percent (90%) of the Franchise Fees for new franchisees, and up to approximately 96% of the Franchise Fees for existing Signal franchise owners. The term of the loan will be as indicated in the table above. For any loan extending beyond three years, the term of the Franchise Agreement will be adjusted to match the term of the loan. For new franchisees, SignalAssistPlus Loans are available only for territories with populations over 100,000. Interest on the loan will accrue at a

rate that 475 basis points above the Prime Rate published in the Midwest Edition of the Wall Street Journal.

In certain qualifying markets, new franchisees and existing franchisees in good standing may apply to us for a loan, known as a Revenue-Based Territory Purchase Loan, subject to the terms of the applicable agreements (see Exhibit E-1), for the purpose of financing your Franchise Fees. We may decline to award a loan for any lawful reason, including failure to meet our credit, liquidity, and other requirements at the time of the loan. This loan will be for one hundred percent (100%) of your Franchise Fees. This loan requires a $5,000 down payment for new franchisees and no down payment for existing franchisees. Monthly payments will be made at a rate of 10% of monthly Gross Revenue (in addition to regular monthly Royalties and Fees). Such payments will continue until the loan balance is paid in full or the Franchise Agreement is terminated or expires, whichever occurs first, provided that the full amount of the loan will be due upon the earlier of termination or expiration of the Franchise Agreement or three years after signing the financing agreement. New franchisees will be limited to a single territory, and existing franchisees to two territories. For existing franchisees, a Revenue-Based Loan is only available in markets where Signal does not have any outlets. Franchisees with Revenue-Based Loans will not be eligible to purchase additional territories for (a) six months after launching their Franchised Business, in the case of new franchisees, and (b) six months after signing a second Franchise Agreement, in the case of existing franchisees. Franchisees will be required to meet a revenue target of $24,000 per month by the twelfth month after launching, for new franchisees, or by the twelfth month after signing a second Franchise Agreement, for existing franchisees. Upon the franchisee's failure to meet its revenue target, Signal will allow the franchisee sixty days to cure. Absent a cure, the full amount of the loan shall be due at the end of the sixty-day period. Failure to cure or pay the full amount of the loan by the end of this period shall constitute a default and shall be grounds for termination of the Franchise Agreement.

4. You may also apply to us for a loan, known as an Operations Line of Credit, subject to the terms of the applicable agreements (see Exhibit E-2), for the purpose of funding your ordinary, reasonable, and necessary business expenses, provided that you meet our credit qualifications at the time of the initial loan and at the time of each advance, and further provided that we will not make an advance if the sum of the outstanding balance of your loan and the requested advance exceeds fifty percent of the uncollected Gross Revenue (as defined in the Agreement) that is aged less than ninety-one days. Advances under this loan shall be paid in full within sixty days after the date of the advance.

5. Interest on the loan described in Note 5 above will accrue at a rate that is initially set with reference to the Prime Rate published in the Midwest Edition of the Wall Street Journal. The advance rate is the amount of the loan as a percentage of the Franchisee's total uncollected Gross Revenues that are aged less than 91 days as of the last day of the month prior to the requested advance. We may adjust the applicable interest rate from time to time by reference to the current the Prime Rate, however we are under no obligation to adjust the interest rate set at the time of origination. As of the issuance date of this disclosure document, the current interest rates are as follows:

| **Advance Rate (as % of eligible uncollected Gross Revenues)** | Up to 50% | >50%≤60% | >60%≤70% | >70%≤80% | >80%≤90% |
|---|---|---|---|---|---|
| **Basis Points over Prime** | 275 | 375 | 475 | 725 | 1165 |

| | | | | | |
|---|---|---|---|---|---|
| **Current Rates** | 6.0% | 7.0% | 8.0% | 11.0% | 14.9% |

All interest rates disclosed herein reflect the interest rate as of the Issuance Date of this disclosure document and are subject to change.

6. We require that your obligations under the loans described above be secured by all your assets. Your obligations under these loans must also be guaranteed by your principals. The amounts due may be prepaid without penalty at any time. If you do not pay on time, we can call the loans and demand immediate payment of the full outstanding balance and obtain court costs and attorney's fees if a collection action is necessary. If you do not make your payments on time, you also will be in breach of your Agreement and may have your franchise terminated. (Franchise Agreement, Section 12.2(b).) Default interest will accrue at a rate of 1.5% per month or the highest rate allowed by law, whichever is less.

7. You waive your right to protest, presentment for payment, demand for payment, notice of nonpayment, notice of dishonor, and protest of dishonor; consent to and waive notice of any extension, renewal, or modification of this note or any installment of principal; and waive your right to trial by jury (Promissory Note.) We do not discount and sell notes to third parties. Other than the interest and fees you will pay to us as disclosed herein, neither we nor our affiliates will receive any consideration for placing financing with a lender. Neither we nor our affiliates will guarantee your obligations to any lender.

8. We have no past or present practice of selling, assigning, or discounting to a third party, wholly or partly, any note, contract, lease or other obligation of franchisees, nor any intent to sell, assign, or discount to a third party, wholly or partly, a note, contract, or other obligation franchisees owe us.

## ITEM 11

## FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

**Except as listed below, Signal 88, LLC is not required to provide you with any assistance.**

OBLIGATIONS WE MUST MEET PRIOR TO OPENING

Before you open your Franchised Business, we will:

(1) Designate your protected territory, if any (Agreement – Section 2);

(2) Grant you access to the System (Agreement – Section 2);
(3) Grant you a license for use of our trademarks and trade names (Agreement—Section 2);

(4) Grant you a license for use of our Promotional Materials and other indicia of the Franchised Business owned or licensed by us (Agreement—Sections 2, 5);

(5) Train you and/or no more than two designated managers in our franchise training program. (Agreement – Sections 3, 6, 14);

(6) Provide you electronic access to our confidential Franchise Performance Manual (Agreement – Section 1), containing mandatory and suggested specifications, standards and procedures, and approved suppliers which we may modify from time to time, thus altering your status and rights under the Agreement; and

(7) Cooperate in the registration of the Name as a trade name in your state, if required by your state (Agreement – Section 6).

## OBLIGATIONS WE MUST MEET WHILE YOU OPERATE YOUR FRANCHISE

During the operation of your Franchised Business, we will do the following:

(1) Make available to you standard specifications for fixtures, furnishings and signs necessary to operate a typical franchised business (Agreement – Section 1);

(2) Provide billing services to you and assist you in collection (Agreement – Section 5);

(3) Make available additional training programs and refresher courses that we decide are appropriate (Agreement – Sections 3, 6, 14);

(4) Review advertising that you have submitted to us (Agreement – Section 6); and

(5) Review all proposed leases, subleases, amendments, renewals, extensions or modifications to a lease or sublease for any leased premises, only if you are required by the Agreement to establish a physical office Business Location (Note: We have no obligation to assist you in locating a Business Location or negotiating the purchase or lease of the Business Location. Once your Territory is identified, you may choose any site within the Territory for your Business Location; our approval of such a location is not necessary.) (Agreement – Section 6).

In addition, our policy is that, although we are not required to do so, we will generally provide you continuing advisory support to assist you in operating the Franchised Business, including providing periodic advice and materials on new sales and marketing developments, operational techniques and problems, and bulletins regarding the System.

You generally shall establish prices for the Services you provide to customers in operation of the Franchised Business, provided that to the extent permitted by applicable law, we will have the right to establish minimum or maximum prices for any Services we have approved.

Except as stated in this Item 11, we are not required by the Agreement to provide aid or assistance to you in training, obtaining locations for conducting business, or in marketing our product or service.

## ADVERTISING

Although we are not required by the Agreement to conduct any advertising, for regional and national media coverage, we direct all advertising, promotional and marketing programs and make all decisions regarding concepts, materials and media. We may create and conduct digital and print advertising campaigns as well as radio and television campaigns, if we deem them appropriate. We create and distribute the materials you will use for advertising and marketing and reserve the right to employ advertising agencies and consultants.

You may advertise locally in your Territory, provided you obtain our prior approval in writing of any advertising or marketing materials and activities that you use, create, or conduct, whether print, digital

or otherwise. We may provide templates for various forms of advertising so that you do not need to develop your own. Any materials you produce on your own shall be at your own cost**.** We may approve or deny your request for approval for any or no reason, in our sole discretion. You must use only advertising or marketing material prepared by us, or materials which have been approved by us if we have not prepared them. We reserve the right to revoke our approval of any advertising at any time without prior notice.

The Agreement specifically requires that, at your own expense, you shall permanently display at your Business Location, if applicable, and on all vehicles you use in the operation of the Franchised Business, signs as we designate in the Franchise Performance Manual or otherwise approve in writing. The Agreement also requires that you maintain at all times during the term of the Agreement, advertisements, previously approved by us, in local telephone directories and online local listing directories.

You are required to pay a non-refundable Franchise Support Fee in an amount equal to five percent 5% of your monthly Gross Revenue. Other franchisees may be required to make a contribution equal to a different percentage of their monthly Gross Revenue. We do not currently have any affiliate-owned or franchisor-owned outlets; in the event that we open any in the future, they will contribute the Franchise Support Fee on the same basis as franchisees. A portion of the Franchise Support Fee is used to meet all costs of maintaining, administering, directing, preparing and reviewing advertising materials and programs, and all promotional materials and activities, including, but not limited to covering expenses for trade shows, travel for sales personnel, telephone charges for calls soliciting customer contracts, national membership fees, newsletters, national public-relations firm fees, the annual Company convention and other programs supporting franchise sales, but may also be used to meet any of our other business expenses. This fee is in addition to and exclusive of any sums that you may be required to spend on local advertising and promotion.

We have sole and absolute discretion to determine the amount and nature of expenditures from the Franchise Support Fees, including the type of media used for advertisements and the markets in which to make such expenditures, if any. The type of media used may include internet, magazine, newspaper, television, or direct-mailing advertisements. We maintain the exclusive right to decide whether and in what proportions such funds will be allocated to advertising, research, marketing, public relations, sales promotions or other areas, and to select materials, programs, media and agencies we deem appropriate. We may use the advertising materials and programs we develop locally, regionally, or nationally, in our discretion. We are not required to spend a certain amount on advertising in any particular area located near your Franchised Business, nor to make any expenditure for any franchisee in proportion to its Franchise Support Fee, nor to ensure that any franchisee benefits directly or pro rata from expenditures on advertising. We do not audit the use of the Franchise Support Fees. Upon reasonable written request, we will prepare an unaudited report of advertising operations and expenditures. You may obtain a copy of any such report by submitting a written request to our office. The advertising programs we develop will likely be developed by in-house personnel in conjunction with outside advertising agencies.

Neither the Franchise Support Fees nor any part thereof constitute an advertising fund and will not be accounted for separately from other funds of the Company. Consequently, any franchisor-owned outlets will not pay Franchise Support Fees. If Franchise Support Fees collected from franchisees are not spent during the fiscal year in which they accrue, we may use those amounts for any purpose we deem appropriate in the general operation of our business. The percentage of advertising funds, if any, the Company uses to solicit new franchise sales is no more than one percent (1%). The Company has no obligation to you to account for its administration of or expenditures of the Franchise Support Fees. No advertising fund existed during the most recently concluded fiscal year.

There is no advertising council of franchisees that advises us on advertising policy. You have no obligation to participate in any local or regional advertising cooperative or other advertising fund.

## REQUIRED PURCHASE AND USE OF COMPUTER SYSTEMS AND SOFTWARE

You will be required to purchase a mobile smart phone with mobile internet connectivity and associated equipment to be installed in your required vehicle. It must have the capability of running our integrated patrol and guard management system software and network with the Company's System. The cost of such a computer system is estimated to be $3,000. You will be responsible for ongoing maintenance, repairs, upgrades, and updates of such equipment, which we estimate to cost $100 per year. We may require you to upgrade your smart phone from time to time. There are no contractual limitations on the frequency or cost of this obligation. Other than as described in this paragraph, you are not required to purchase a computer system or software.

You are required to use HubSpot, Company's Customer Relationship Management system. There is no additional cost to use HubSpot.

You are strongly encouraged but not required to use the ALN online platform for Management Companies, Brokers, Lenders, Appraisers, Acquisitions, Developers, and Government Agencies. The current monthly charge for this service is $75 per month.

The Company will have independent access to your records regarding sales, operations and expenses stored on the required computer system and associated equipment. There is no contractual limit on our right to access these records.

## INTERNET

You must have and maintain adequate hardware and software in order to access the Internet at the bit speed we require from time to time. You are prohibited, however, from establishing any website or other presence on the Internet, except as provided in your Agreement.

The only domain names and Sites that you may use relating to the Franchised Business are those assigned or approved by us in writing. You must also obtain our prior written approval concerning: (a) the listing of any Marks on any third-party Site ("Marked Sites"); (b) any proposed links between Marked Sites and any other Site ("Linked Sites"); and (c) any proposed modifications to Marked Sites and Linked Sites. We reserve the right to withhold approval, to withdraw any prior approval, and to modify any requirements. You may not, without a valid license or other legal right, post on Marked Sites any material in which any third party has any direct or indirect ownership interest (including, but not limited to video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which any third party may claim an interest). You must incorporate on Marked Sites any information required by us in the manner we deem necessary to protect the Marks.

Except as we may approve in advance in writing or as provided for in the Franchise Performance Manual, you may not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on Facebook, Instagram, Twitter, Snapchat, Google, Microsoft, LinkedIn, YouTube or any other social media and/or networking site. If we grant such approval, you must: (i) establish and operate such Internet site in accordance with System standards and any other policies we designate, including but not limited to our Internet privacy policies; (ii) provide us with an administrator login or grant our account administrative access to the site; and (iii) utilize any templates that we provide to create and/or modify such site(s). We shall have the right to post content to and modify the websites or accounts according to our brand standards and advertising provisions. We shall have the right to modify the provisions of the Agreement relating to Internet websites as we deem necessary or appropriate in the best interest of the System.

## THE FRANCHISE PERFORMANCE MANUAL

Before buying a franchise, you may, upon request, be given the opportunity to review the Franchise Performance Manual in a form and manner we designate, subject to your execution of a confidentiality and non-disclosure agreement. Note that the Franchise Performance Manual is currently only viewable online on a web-based platform.

## BUSINESS LOCATION SELECTION

You will be responsible for securing any Business Location that you might consider necessary. We have no obligation to assist you, and you are solely responsible for obtaining any financing necessary to open a Business Location. The terms of financing will be such as your lender may require. You are not required to open a Business Location in connection with your execution of the Agreement. We do not have a binding obligation for the procurement of any Business Location, and our approval is not required for you to select and establish a Business Location. Your use of any particular Business Location will not entitle you to become affiliated with any existing enterprise. Your use of a Business Location may create an obligation for you to the owner or landlord of the Business Location, but we will not have any obligation to such an owner or landlord or any other third party.

In selecting a Business Location for a physical office, you must ensure that the lease includes certain clauses giving us the right to enter the premises to protect the Marks; a collateral assignment of the lease, a right to receive notice of and to cure any default under the lease; the right to act as prime lessee; a right, in the event that we exercise our rights under the collateral assignment, to acquire all fixtures, equipment and other leasehold improvements that were on the Business Location at fair market value; and a right to sublease or assign the lease. The lease must also be for a term that, with renewal options exercisable by the Franchisee, is not less than the Franchise Term of the Agreement. We strongly suggest and recommend that you explain and fully disclose to any prospective landlord that all lease commitments are subject to our prior approval.

Once the lease terms have been negotiated, we will review the final version of the negotiated lease terms for minimum compliance with our standards and specifications, and although the Agreement does not specify a time period for notifying you of our approval or disapproval, we will notify you within a reasonable time. If we approve the lease terms, you may request a lease that incorporates the required clauses described previously. When you have concluded your lease negotiations with the landlord, you may submit the written lease to us for final approval. Approval of the lease is dependent on whether the required lease clauses are present. If the required clauses are not present, we will inform you, and you must either re-negotiate with the landlord or select an alternative location.

All costs associated with purchase, lease, and/or construction of your office are your responsibility. We strongly encourage and recommend that you retain legal counsel to assist you in directly leasing/purchasing a Business Location. We also suggest that you submit the lease or your purchase agreement to your attorney for review before you sign the same. All costs associated with the lease negotiations, legal fees, accounting fees, lease review, and Business Location construction are your sole responsibility. If the landlord will not accept a lease based solely on your signature, you must procure an alternate Business Location; we will not guarantee the lease on your behalf. Furthermore, we cannot predict, represent, or warrant success, suitability, or income levels for any location.

## LENGTH OF TIME BETWEEN SIGNING OF AGREEMENT AND OPENING

You must begin operating the Franchised Business and servicing customer contracts (the "Opening") within one hundred eighty (180) days after the effective date of your Agreement (the "Opening

Period"). Typically, after you sign the Agreement, it will take approximately forty-five (45) days for your Franchised Business to be ready to begin operations. However, the time required to open a new business may vary depending upon factors beyond our control, such as licensing, delayed installation of equipment, and the timing of your completion of the required training program. If you, by your actions or words, evidence an intention to abandon the potential franchise, we have the option to terminate the franchise.

## TRAINING PROGRAM

You and the manager(s) of the Franchised Business must successfully complete our initial training program to our satisfaction before Opening in order to be eligible to open your Franchised Business. The Franchise Performance Manual contains the primary instruction material for training, in addition to other relevant materials which we will provide during training.

After execution of the Agreement, but before you may open your Franchised Business, we will provide you and no more than two other managers one (1) initial training course, the cost of which is included in the Franchise Fee. This training program consists of classes conducted at our specified location(s), over the telephone, online or at your location. Training classes are offered as needed. This training will cover basic aspects of establishing and operating a Franchised Business, including all phases of selling, marketing, performance, pricing, customer service issues, employee training and relations, accounting, cash management, budgeting, forms, purchasing, job functions and maintenance of quality standards.

The duration of this training will depend upon your experience, aptitude and progress. The initial training is anticipated to last for five (5) days or until we feel you are fully competent to operate an independent Franchised Business. We may terminate the Agreement if we feel that you are not competent to operate an independent Franchised Business. The following is an outline of the training you will receive:

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-The-Job/Field Training | Location |
|---|---|---|---|
| Business Model | 5 | N/A | Classroom |
| Operations: Technology | 3 | 16 | Classroom<br>Field Training<br>Online Modules |
| Operations: Standards & Compliance | 1.5 hours | N/A | Classroom<br>Online Modules |
| Operations: Management Training | 2 hours | 6 Hours | Classroom<br>Field Training<br>Online Modules |
| Operations: Patrol and Dedicated Training | 3 | 16 | Classroom<br>Field Training<br>Online Modules |

| Subject | Hours of Classroom Training | Hours of On-The-Job/Field Training | Location |
|---|---|---|---|
| Marketing Training | 1.5 hours | N/A | Classroom<br>Online Modules |
| Sales Training | 9 hours | 27 | Field Training<br>Online Modules<br>Classroom |
| Administration Training | 2.5 hours | N/A | Classroom<br>Online Modules |
| **Total Hours** | **27.5 hours** | **65 hours** | **92.5 Hours** |

The "Classroom" training referred to in table above is in-person training with subject matter experts at the Franchisor's office in Omaha, Nebraska and/or at other locations or means (such as online training) as Franchisor may deem appropriate. "Field training" ("FTX") refers to job shadowing or on-the-job training. Field training will also take place in the form of a Sale Launch in the franchise owner's market. "Online Modules" consist of e-learning modules hosted on Signal Performance Institute Finally, "webinar/screen share" training is one-on-one training with a subject-matter expert about a single topic.

The cost of the initial training, known as New Franchise Owner Training, or NFOT, is included in the Franchise Fee. The NFOT consists of four (4) days of in-person classroom training sessions in Omaha, Nebraska and field training. As of the Issuance Date of this Disclosure Document, the Franchise Fee includes air travel costs, for NFOT and FTX, for up to two (2) people and one hotel room, both to be arranged by us. However, we reserve the right to modify this policy in the future. In that case, you shall be responsible for all travel, entertainment, lodging, living expenses and compensation you incur for yourself and any of your employees while attending NFOT and FTX.

The NFOT will be conducted under the supervision of Signal Performance Institute staff in coordination with highly qualified Subject Matter Experts in the areas of operations, administration, sales, and accounting. Our training team will include various individuals with a minimum of one (1) year of experience in franchising, sales and business operations. Typically our trainers have between two and ten years of general business experience and our supervising instructor has between two and twenty years' experience including sales, operations, and administration.

Any training we provide to any of your employees will be limited to training or guiding the employees regarding the delivery of approved Services to clients in a manner that reflects the customer and client service standards of the System. You are and will remain the sole employer of your employees during all training programs, and you are responsible for all employment decisions and actions related to your employees. You must ensure that your employees receive adequate training.

ONGOING TRAINING

We may also offer additional mandatory, field, operational, refresher, advanced or other training programs or seminars from time to time, addressing common problems you experience or addressing new services or techniques to be utilized by the Franchised Business. We may establish reasonable fees for

attendance at such events. Such seminars and training programs may discuss sales techniques, personnel training, bookkeeping and accounting, performance standards, advertising programs and merchandising procedures. As with the initial training course, you are responsible for all travel, lodging living expenses and compensation for you and your managers incurred while attending any training program. If additional training is done in your Territory, we reserve the right to charge you for our travel expenses. Periodic and ongoing virtual training and consultation will be provided via phone, email, and/or web conference, which requires regular attendance. You will also be provided web access to various resource materials.

## ITEM 12

## TERRITORY

DESCRIPTION OF THE TERRITORY

1. Determination of Territory

In the Agreement, we grant you the right to operate a Signal business in a defined territory or territories (referred to herein as your "Territory" or "Territories"). A Territory is generally defined as an area having a population of approximately 100,000 people, depending on the geography and local demographics of the area. Except as provided in this Item 12, you will receive one or more exclusive Territories, which will be defined by ZIP codes and will be stated in Exhibit "B" to the Franchise Agreement. We reserve the right to reduce or alter your Territory or Territories upon renewal of the franchise. If you are granted a Territory or Territories, we will not locate another franchised or company-owned Signal business within your Territory.

Despite our grant of a protected Territory, we reserve the right to promote and solicit, and to enter into arrangements with contractors to promote and solicit, contracts for accounts that may involve furnishing Services within your Territory. You shall have a right of first refusal to perform any Services relating to such accounts within the Territory. However, should you fail to accept any request to perform such Services within a time period specified by us, fail to meet the requirements of a customer contract, or fail to perform the referred Services under a customer contract in accordance with its terms and to the satisfaction of the customer, we may perform or enter into arrangements with contractors to perform such Services and may locate employees, other franchisees or contractors within your Territory for these purposes, without any further obligation to you relating to such accounts. You may not use the Marks, the System, the Promotional Materials or any other indicia of the Franchised Business owned or licensed by us, and you may not perform any Services in any other jurisdiction or geographical area other than the Territory, without first requesting permission in writing and obtaining written permission from us to do so. In the event we grant you the privilege to perform Services in a jurisdiction or geographic area other than your Territory, we may revoke such privilege at any time for any reason, in our sole discretion, and without any compensation to you.

2. Right of First Refusal

You do not have a right of first refusal or any other right to acquire additional franchises or franchise territories.

3. Continuation of Territory

Our willingness to continue your Territory (as described above) under the Agreement depends on whether you achieve certain sales volumes of $150,000 in the Territory in the first year after the opening, $225,000 in the Territory the second year, and $300,000 in the Territory the third year. Should you at any time fail to meet these volumes, we will have the right to alter or eliminate your Territory in accordance with the terms of the Agreement.

## RESTRICTIONS UPON SOLICITATION OR ACCEPTANCE OF ORDERS

We do not place restrictions upon any orders or contracts you solicit inside your Territory, as long as the solicitation meets the criteria outlined in Section 6 of your Agreement and does not otherwise violate the Agreement. Moreover, while you may request permission to solicit contracts from customers outside your Territory (so long as the services are not to be performed in another franchisee's territory), such contracts will not be protected. If we were to sell a territory that includes the area where such contracts are to be performed, the servicing of the contracts would be transferred to the franchisee buying that area with no compensation to you.

In addition, we reserve the right to solicit or accept orders and contracts for services from customers with locations inside your Territory, including by means of the Internet and other alternative means of solicitation, provided that you will be afforded the first opportunity to provide Services as to any customer locations within your Territory. If you should fail to provide Services to such customers, or are unable or refuse to meet the requirements of the customer, we may use alternative means for providing them with Services, including by having other franchisees or contractors do so. We do not have to pay you any compensation for soliciting or accepting orders from inside your Territory.

## RELOCATION OF YOUR FRANCHISED BUSINESS OFFICE LOCATION

Your right to relocate your Franchised Business office is restricted. You may operate your Franchised Business only at a location within your Territory that meets the requirements established by the Company. You may relocate your office, provided that the location to which you move meets all of the requirements established by the Company for a franchisee's physical office. Any relocation will be at your sole expense.

## ACQUISITION OF ADDITIONAL FRANCHISES

You have no right to acquire additional franchises or expand the territory of your existing franchise. However, if you are an existing franchisee in good standing with us and our affiliates, you may apply for additional franchises or expansion territory (additional zip codes), and we may award or not award you such in our sole discretion. If you are awarded an additional franchise or expansion territory, you must sign the franchise agreement or expansion agreement, as applicable, then being offered to prospective franchisees, which may include a general release, as well as terms that are materially different from those in the Agreement.

## COMPANY-OWNED BUSINESSES USING OUR TRADEMARKS

Our trademarks include any names, registered trademarks, logos and other commercial symbols used to identify Signal.

We retain the rights, among others, at our discretion and without granting you any additional rights: (i) to use, and to license others to use, the System and Marks to operate a Signal franchise or any other

business at any location outside the Territory; (ii) to sell, directly or indirectly, any services under any other Marks to businesses or individual consumers located within or outside the Territory, provided that you will be afforded the first opportunity to provide services for customer locations within your Territory.

Neither we nor our affiliates currently plan to establish other franchises or company-owned businesses that sell or distribute similar services under a different trade name or trademark, but we nevertheless reserve the right to do so at any time in the future. We therefore cannot at this time identify the type of similar goods or services, the different trademark, whether outlets will be franchisor-owned or operated, whether franchisor or its franchisees who use the different trademark will solicit or accept orders within the franchisee's territory, the timetable for the plan, how the franchisor will resolve conflicts between the franchisor and franchisees and between the franchisees of each system regarding territory, customers, and franchisor support, or the principal business address of the franchisor's similar operating business.

## ITEM 13

## TRADEMARKS

The Company grants you the right to operate a security services business under the name and mark "SIGNAL." You may also use the other current or future Marks we own or license to operate your Franchised Business.

We own the Mark "SIGNAL 88 SECURITY®" and have filed an application with the USPPO for the mark "SIGNAL" and grant you the right to operate a security services business under that Mark. The following schedule lists only the principal Marks that you are licensed to use to operate your Franchised Business. We have filed all required affidavits and renewals for the Marks.

| Trademark | Registration Number | Registration Date | Register |
|---|---|---|---|
| | 3,137,643<br>4,304,874 | 9/5/2006<br>3/19/2013 | Principal<br>Principal |
| SIGNAL 88 SECURITY | 3,137,644<br>4,304,875 | 9/5/2006<br>3/19/2013 | Principal<br>Principal |
| SECURITY RE-ENGINEERED | 4,305,085 | 3/19/2013 | Principal |
| | 5,634,652 | 12/18/2018 | Principal |
| 88 Edge | 5,656,139 | 1/15/2019 | Principal |

We have also filed to register the following marks on the Principal Register of the USPTO:

| Trademark | Serial Number | Filing Date | Register |
|---|---|---|---|
| SIGNAL | 90/581,568 | March 16, 2021 | Principal |

 © 2022 SIGNAL 88, LLC

| | | | |
|---|---|---|---|
| | 90/897,577 | August 23, 2021 | Principal |

We do not have a federal registration for the two pending marks above. Therefore, these trademarks do not have as many legal benefits and rights as a federally registered trademark. If your right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There exist no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court regarding the Marks. There also are no pending infringement, opposition, or cancellation proceedings regarding the Marks. There also is no pending material federal or state court litigation regarding our use or ownership rights in the Marks. No effective agreements significantly limit our rights to use or license the Marks in a manner material to us.

You acknowledge and agree by executing the Agreement that we are not required to defend or prosecute any action involving the Marks. The Agreement requires that you sign all documents which we or our counsel request for the purpose of obtaining protection for the Marks or maintaining their continued validity and enforceability. We have the right to control, should we decide to do so in our sole discretion, any proceedings or litigation involving the Marks, and you agree that the rights and remedies in Section 11.6 of the Agreement constitute your exclusive remedy for any claim alleging that any third party has infringed the Marks, or the Marks infringe on any third party's intellectual property rights.

By executing the Agreement, you agree to notify us promptly of any actual or threatened infringement or dilution of the Marks or any actual or threatened claim that any of the Marks infringe upon or dilute any third-party trademark or service mark.

## PROTECTIONS OF RIGHTS

We are not obligated by the Agreement, or otherwise, to protect any rights we have granted you in the Marks, or to protect you against claims of infringement or unfair competition which are based on your use of Marks. However, in the Agreement, we represent that we may, in our sole discretion, prosecute or defend any action involving the Marks. If we, in our sole discretion, determine that you have used the Marks in accordance with the Agreement, we will pay the cost of defending the action, including the cost of any judgment or settlement.

If we, in our sole discretion, determine that you have not used the Marks in accordance with the Agreement, you will be required to pay for the defense or to reimburse us for costs we incur in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

## SUPERIOR PRIOR RIGHTS AND/OR INFRINGING USES

We do not know of any superior prior rights or infringing uses that could materially affect your use of the Marks in the state where your Franchised Business will be located or elsewhere in the United States.

You are not entitled to any compensation of any kind in the event that we require you to modify or discontinue using the Marks.

The Agreement provides that we will consider any use of the Marks that is not authorized by the terms of that agreement to be an infringement. You are prohibited from using the Marks as part of your corporate or other legal name or in any way that is inconsistent with our System.

## ITEM 14

## PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

### PATENTS AND COPYRIGHTS

We do not own any rights in, or licenses to, any patents or registered copyrights that are material to the franchise. We assert ownership in any copyrightable material contained in the Promotional Materials and the Franchise Performance Manual. We also do not have any pending patent applications that are material to the franchise. There exist no current material determinations of the USPTO, the Board of Patent Appeals and Interferences, the United States Copyright Office, or a court regarding a patent or copyright, in part because there are no patents, pending patent applications, or registered copyrights material to the franchise. We are not aware of any patent or copyright infringement that could materially affect you. No agreement limits the use of any patent, patent application, or copyright, in part because there are no patents, pending patent applications, or registered copyrights material to the franchise. We are not obligated by the Agreement, or otherwise, to protect any rights in any patent, patent application, or copyright, to defend you against claims arising from your use of any patented items, if such items existed, or copyrighted items, to take affirmative action when notified of infringement.

### CONFIDENTIAL INFORMATION

The Company possesses certain proprietary information (referred to in this Disclosure Document as "Confidential Information"), which includes, but is not limited to, our Manuals (as defined below), sources of supply, software, sales techniques, standards, processes, customer lists and other customer information, methods, techniques, operating procedures and other information, which is valuable and considered by the Company as proprietary in nature and a trade secret. You must not, during the term of the Agreement or after the expiration of the Agreement, communicate, divulge, or use for your benefit or the benefit of any other person, persons, partnerships, associations, or corporation any Confidential Information, trade secret, knowledge, or know-how concerning the methods of operation of the Franchised Business which we may communicate to you or of which you may be apprised due to your operation of the Franchised Business under the terms of the Agreement. You may divulge this Confidential Information only to your employees who must have access to it in order to operate the Franchised Business. Any information, knowledge, know-how or techniques including, drawings, materials, equipment, specifications, and other data we designate as confidential, and any information, knowledge or know-how which you derive by analysis of these items, are deemed confidential for purposes of the Agreement, except information which you can demonstrate came to your attention before our disclosure or which was publicly known by publication or communication by others, at or after the time of our disclosure. The Confidentiality and Non-Competition Agreement is in Exhibit I to the Franchise Agreement.

You must sign and you must require your manager(s) and all personnel who have access to our Confidential Information to sign covenants, on our approved form (see Agreement, Exhibit I), providing that they will maintain the confidentiality of information they receive in connection with their employment by you at the Franchised Business. Our form will also specifically identify us and deem us a third-party beneficiary of these covenants with independent rights to enforce them.

CONFIDENTIAL MANUALS

You must conduct your business according to the Franchise Performance Manual, and any other manuals, other written directives, or modifications to such documents that we may issue to you (collectively, the "Manuals"). You will receive access to the digital Franchise Performance Manual via electronic access required under the Agreement. The Manuals constitute a compilation of current operating policies and procedures, which you must follow to operate your Franchised Business and which you must treat as trade secrets and Confidential Information. You must not at any time copy, duplicate, record or reproduce these materials or make them available to any unauthorized person. We reserve the right to charge a replacement fee for any replacement Manuals you request.

The Manuals will at all times remain our property. The Agreement requires you to assign to us any Improvements in and to the Manuals, and any intellectual property rights associated with such Improvements. We may revise the contents of the Manuals from time to time, and you must comply with each new or changed standard and ensure that your Manuals are kept current.

## ITEM 15

## OBLIGATION OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

We prefer owner-operated franchises and encourage you to participate personally in the direct operation of the Franchised Business. We require you and/or your designated manager to devote your full-time energy and best efforts to managing the Franchised Business. We do not require you to have an on-premises supervisor. However, we highly recommend on-site supervision for all franchisees who maintain a physical office site.

We do not control whom you may hire as a manager. However, the training-program provisions of the Agreement require that you notify us if you change managers, and state that we retain the right to require any manager to attend and successfully complete our training programs at any time during the term of the Agreement under the same terms as described in Item 11. The manager must sign a written agreement to maintain confidentiality of the trade secrets described in Item 14 and to conform with the covenants not to compete described in Item 17. If a corporation or partnership owns the franchise, the manager need not have an ownership interest in the franchise.

Each individual who owns an interest in the franchisee (as well as their spouse) must sign the Personal Guaranty in the Exhibit D of the Agreement assuming and agreeing to discharge all obligations of the "Franchisee" under the Agreement.

You must attend the training programs described in Item 11 of this disclosure document, unless we specify otherwise in writing.

## ITEM 16

## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Your business is confined by the Agreement, which requires the operation of a Signal business. You may sell only services we approve. You may not sell armed security services, unless we expressly approve such services in writing and you fulfill any conditions we may impose upon such services. We retain the right to change the types of authorized services you may offer at any time. There are no limits on this right. You are not required to sell all services we authorize, provided that you nevertheless meet

the sales requirements in the Agreement. See Items 8, 9 and 12 for more information. Please note, however, that while you are authorized and encouraged to sell approved security services to customers, only Signal may enter into customer contracts; you may not do so. Under the Agreement, any customer contract you enter will be deemed to be assigned to Signal. Any other business ventures you enter may not be performed under the Signal brand, nor use any of the Support Services as defined in Item 6. Except as stated in Item 12, you must not operate a telemarketing, Internet, direct mail, or other similar practice which would permit you to solicit contracts or perform services outside your Territory.

## ITEM 17

## RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

### THE FRANCHISE RELATIONSHIP

| PROVISION | SECTION IN FRANCHISE OR OTHER AGREEMENT | SUMMARY |
|---|---|---|
| a. Term of the franchise | Section 4 | The Franchise Term will commence the day you sign the Agreement and will continue in effect for three (3) years unless (a) terminated earlier in accordance with Section 12, or (b) we grant you financing repayment terms longer than three (3) years, in which case your Franchise Term will be extended until the date the final payment thereunder is due. |
| b. Renewal or extensions of the term | Section 4 | Renewal of the Agreement is for successive terms of three (3) years each, contingent on your satisfaction of the Renewal Conditions described in Section 4.2 of the Agreement. |
| c. Requirements for you to renew or extend | Section 4 | Give us written notice of intent to renew; obtain our approval; sign new agreement or renewal addendum, as we shall elect in our sole discretion; meet the sales goals and performance standards we establish; pay renewal fee; complete renewal application; sign release; renewal of lease; agree to make necessary capital expenditures; must not be in Breach or Default of your obligations under your existing franchise agreement or |

 © 2022 SIGNAL 88, LLC

| PROVISION | SECTION IN FRANCHISE OR OTHER AGREEMENT | SUMMARY |
|---|---|---|
| | | any other agreement or obligation with Signal ; and execute a general release of Signal for your past dealings with Signal , except to the extent that such release may be superseded by law. The renewal addendum or new agreement may contain terms and conditions that are materially different than those in your original agreement. |
| d. Termination by you | Section 12 | You may terminate for default, but only upon sixty days' written notice with opportunity to cure. |
| e. Termination by the Company without cause | Not Applicable | None |
| f. Termination by the Company with cause | Section 12 | We have the right to terminate your Agreement with cause. |
| g. "Cause" defined – defaults which can be cured | Section 12 | Unauthorized use of Name or Marks; failure to satisfy opening conditions; failure to satisfy minimum sales quota; failure to allow inspection of books and records; refusal to sell and perform services; failure to comply with the Franchise Performance Manual; or any other breach of your Agreement. You have thirty (30) days to cure these defaults before we may terminate the Agreement. We may, however, enforce other remedies at any time in the event of such defaults. |
| h. "Cause" defined – defaults which cannot be cured | Section 12 | You file for bankruptcy, or make an assignment for the benefit of creditors, or are adjudicated bankrupt or insolvent; unauthorized transfer; you fail to meet the Franchise Conditions and we do not extend the time to do so; you fail to timely pay fees due to us; you are convicted of a crime or falsify records; the Franchised |

| PROVISION | SECTION IN FRANCHISE OR OTHER AGREEMENT | SUMMARY |
|---|---|---|
| | | Business becomes an imminent danger to public health & safety; the Franchised Business is or becomes illegal to operate; you fail to comply with applicable laws; you fail to perform according to required standards; sale of unauthorized services; you fail to procure required insurance; violation of anti-terrorism provision; abandonment of Franchised Business, upon your death or you become incapacitated, Franchisor may allow the Franchise Agreement to be passed to a member of your family or other beneficiary subject to the approval by the Franchisor |
| i. Your obligations on termination/non-renewal | Section 13 | Cease operation, cease use of System, cease use of trademarks and trade names, pay all sums due, refrain from competing, allow us to re-enter the premises, return our property, assign and transfer security and business licenses to us, notify the telephone company, listing agencies and directory publishers, including internet domain name and internet service providers and web search engines of the termination or expiration of your right to use the Marks, Trade Name, any telephone number, any directory listings, internet domain names, website names, electronic mail addresses and search engine metatags and authorize and assign their transfer to us |
| j. Assignment of contract by the Company | Section 14 | No restriction |
| k. "Transfer" by you – definition | Section 14 | Includes transfer of any interest in the Agreement and transfer of |

 © 2022 SIGNAL 88, LLC

| PROVISION | SECTION IN FRANCHISE OR OTHER AGREEMENT | SUMMARY |
|---|---|---|
| | | controlling interest in franchisee. |
| l. The Company's approval of transfer by franchisee | Section 14 | We must approve any transfers but will not unreasonably withhold approval. |
| m. Conditions for the Company's approval of transfer | Section 14 | Give notice, new franchisee must qualify, you are not in default, pay transfer fee, sign release, except where superseded by state law, we receive a copy of the purchase agreement, transferee obtains all permits and licenses, the lessors or other parties have consented, the transfer is made in compliance with applicable laws, and we may withhold or condition our consent to any transfer as we deem appropriate. |
| n. The Company's right of first refusal to acquire your business | Section 14 | We have a right of first refusal to match any offer for your business |
| o. The Company's option to purchase your business | Not applicable | None |
| p. Your death or disability | Section 14 | Transfer must occur within 6 months after death |
| q. Non-competition covenants during the term of the franchise | Sections 6, 17; Exhibit G | You must not be involved in a competing business, solicit business from customers of your former Franchised Business or contact any of our suppliers or vendors for any competitive business purpose, nor solicit any employees of us, our affiliates or System franchisees to cease their employment with us, our affiliates or System franchisees (subject to state law). |
| r. Non-competition covenants after the franchise is terminated or expires | Section 17, Exhibit G | No competing business within 75 miles for 2 years after expiration or termination of the Agreement and you must not solicit business from customers of your former Franchised Business or contact any of our suppliers or vendors for any competitive business purpose, nor solicit any employees of us, |

| PROVISION | SECTION IN FRANCHISE OR OTHER AGREEMENT | SUMMARY |
|---|---|---|
| | | our affiliates or System franchisees to cease their employment with us, our affiliates or System franchisees (subject to state law). |
| s. Modification of the agreement | Section 25 | No modification unless agreed to by both parties in writing, except that the Franchise Performance Manual is subject to periodic change by Franchisor. |
| t. Integration/merger clause | Section 24 | Only the terms of the Agreement and Manuals are binding or enforceable, provided that nothing in the Agreement shall disclaim the representations made in this Franchise Disclosure Document |
| u. Dispute resolution by arbitration or mediation | Section 19 | At our option, claims or disputes between you and us must first be brought to our President or CEO for internal dispute resolution, and then, if this fails, at our option claims or disputes will be submitted to non-binding mediation in Douglas County, Nebraska (subject to state law). |
| v. Choice of forum | Section 19 | All claims not subject to mediation must be brought before the state or federal court nearest to Douglas County, Nebraska (subject to state law). |
| w. Choice of law | Section 19 | The Agreement is governed by the laws of the state of Nebraska (subject to state law). |

## ITEM 18

## PUBLIC FIGURES

We have neither given nor promised compensation or other benefit to any public figure which resulted from the use of a public figure in the name or symbol of the franchised business or from the endorsement or recommendation of the franchised business by a public figure to prospective franchisees or in advertisements. You are not prohibited by the Agreement from using the name of a public figure or celebrity in your promotional efforts or advertising, but all advertising requires our prior approval. No public figure is involved in the actual management or control of the Company and no public figure has an ownership interest in the Company.

## ITEM 19

## FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC'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.

Background

This Item sets forth certain historical gross revenue and gross profit information for our franchised business units (each, a "Franchised Business Unit") that have been open and operating and earning gross revenue during the previous fiscal years indicated below. In Item 20, we define "outlet" as a territory having a population of approximately 100,000. A given franchisee may have more than one outlet for purposes of Item 20. For that reason, we use the term "Franchised Business Unit" in Item 19 to describe the overall operation of each franchisee. The term "Company-Owned Business Unit", to the extent used in this Item, describes each discrete company-owned operation. Before January 1, 2015, company-owned business units were owned by Signal 88 Franchise Group, Inc. As of January 1, 2015, the remaining company owned business units were transferred to Signal 88, LLC or its affiliates.

The following table shows the number of Franchised Business Units and Company-Owned Business Units open and operating during the years indicated, as well as the number of Franchised Business Units not open and operating during those years.

| Year | No. of Open and Operating Business Units | No. of Open and Operating Franchised Business Units | No. of Open and Operating Company-Owned Business Units | No. of Franchised Business Units Not Open and Operating | No. of Franchised Business Territories Not Open and Operating |
|---|---|---|---|---|---|
| 2008 | 2 | 2 | 0 | 0 | 0 |
| 2009 | 19 | 18 | 1 | 10 | 12 |
| 2010 | 47 | 46 | 1 | 13 | 16 |
| 2011 | 65 | 63 | 2 | 8 | 16 |
| 2012 | 78 | 74 | 4 | 8 | 11 |
| 2013 | 96 | 90 | 6 | 7 | 20 |
| 2014 | 107 | 101 | 6 | 15 | 23 |
| 2015 | 120 | 114 | 6 | 15 | 24 |
| 2016 | 129 | 125 | 4 | 13 | 30 |
| 2017 | 126 | 125 | 1 | 8 | 13 |
| 2018 | 125 | 122 | 3 | 10 | 14 |
| 2019 | 130 | 130 | 0 | 29 | 43 |
| 2020 | 152 | 152 | 0 | 27 | 52 |
| 2021 | 181 | 181 | 0 | 32 | 72 |

 © 2022 SIGNAL 88, LLC

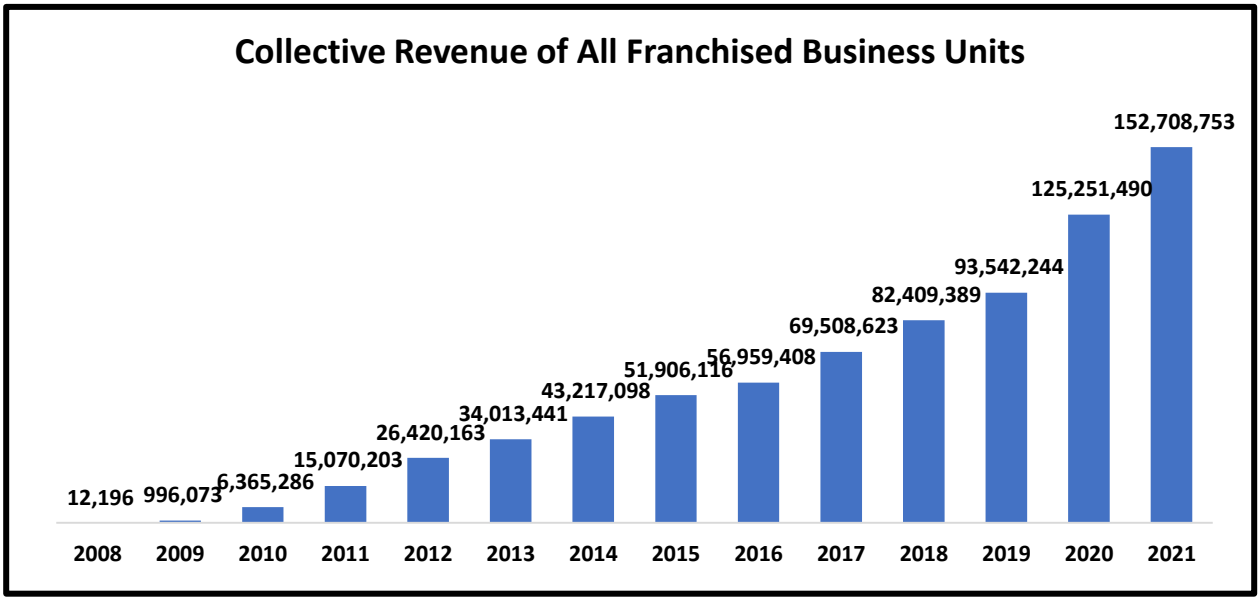
Section 1 of this Item presents information about the collective gross revenue of all of the Franchised Business Units open, operating and earning gross revenue in a given year from 2008 through 2021. Section 2 of this Item presents information about the average gross revenue and average gross profit of Franchised Business Units, by quartile.

Written substantiation of the financial-performance representation above will be made available to you upon reasonable request.

We believe that the following financial data has been compiled using generally accepted accounting principles, but we have not audited the data and no assurance can be offered that the data does not contain inaccuracies that an audit might disclose.

**1. Collective Revenue of Franchised Business Units**

The chart below presents a summary of the collective Annual Gross Revenue for all Franchised Business Units from 2008 through 2021.




Notes to Chart 1:

1. Gross Revenue is defined as the total revenue resulting from the sale by Franchisee or Franchisee's principals of any products or the performance by Franchisee or Franchisee's principals of any services related to or developed in connection with the Franchised Business Units or the security industry, whether approved by Signal or not, including but not limited to the Services, security consulting, officer training, private investigation, GPS tracking services, vehicle or premises monitoring, and parking-enforcement services for customers, all whether from sales for cash, credit, in-kind transfers, or bartering exchanges, and irrespective of the collection thereof, but exclusive of all bank fees on credit sales, sales taxes, use taxes, gross receipts taxes, and other similar taxes added to the sales price and collected from the customer.

2. Chart 1 above is based on the information in Table 1.1, below. Although the representations above are not primarily intended to convey averages, Signal acknowledges that averages may

 © 2022 SIGNAL 88, LLC

be derived from the information above and therefore discloses additional information concerning average revenues in the table below in order to comply with FTC regulations.

**Some Franchised Business Units have earned this amount. Your individual results may differ. There is no assurance that you'll sell as much.**

**2. 2021 Gross Revenue and Gross Profit Quartiles**

***Average Gross Profit Per Quartile***

Table 2.2 below represents a summary of the Average Gross Profit of Franchised Business Units grouped by Quartile of Gross Revenues for 2021, including only Franchised Business Units that had been open and operating with revenues for at least twelve months by the end of 2021.

| Gross Profit | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Quartile | Average Gross Profit of Franchised Bus. Units in Quartile | | Number of Franchised Bus. Units in Quartile/ Number Whose Data Were Used | Number of Franchised Bus. Units That Attained At Least the Stated Avg. Gross Profit | Percent of Franchised Business Units That Attained At Least the Stated Avg. Gross Profit | Total Territories | Average Territories per Unit | Low Gross Profit Attained in Quartile | High Gross Profit Attained in Quartile | Median Gross Profit Attained in Quartile |
| 1 | $2,775,641 | 38% | 27/27 | 14 | 52% | 316 | 11.70 | 17% | 58% | 38% |
| 2 | $1,231,793 | 40% | 27/27 | 15 | 56% | 130 | 4.82 | 21% | 54% | 41% |
| 3 | $735,635 | 40% | 27/27 | 13 | 48% | 84 | 3.11 | 9% | 59% | 39% |
| 4 | $320,208 | 49% | 28/28 | 14 | 50% | 65 | 2.31 | 27% | 67% | 50% |
| ALL | $1,257,144 | 39% | 109/109 | 64 | 59% | 595 | 5.46 | 9% | 67% | 42% |

* Average Gross Revenue per Territory for each quartile is calculated by taking the total Gross Revenue of the Franchised Business Units in the quartile and dividing it by the number of territories owned by the franchisees which make up the quartile.

**Some Franchised Business Units have earned this amount. Your individual results may differ. There is no assurance that you'll sell as much.**

***Revenue Per Franchised Business Unit***

Table 2.3 below shows the Gross Revenues of each Franchised Business Unit that had been open and operating with revenues for at least twelve months by the end of 2021.

| Table 2.3 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Unit** | **$ Gross Revenues** | **Outlets** | **Months in Business** | **Unit** | **$ Gross Revenues** | **Outlets** | **Months in Business** | **Unit** | **$ Gross Revenues** | **Outlets** | **Months in Business** |
| **1** | $5,154,585 | 9 | 75 | **38** | $1,260,094 | 2 | 28 | **75** | $636,036 | 6 | 38 |
| **2** | $4,496,848 | 6 | 99 | **39** | $1,259,525 | 5 | 147 | **76** | $618,325 | 7 | 12 |
| **3** | $3,715,920 | 8 | 49 | **40** | $1,229,552 | 6 | 41 | **77** | $601,452 | 4 | 76 |
| **4** | $3,635,375 | 35 | 33 | **41** | $1,213,375 | 2 | 32 | **78** | $598,719 | 2 | 40 |
| **5** | $3,509,446 | 14 | 48 | **42** | $1,192,989 | 4 | 32 | **79** | $592,545 | 2 | 78 |

 © 2022 SIGNAL 88, LLC

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **6** | $3,507,263 | 68 | 117 | **43** | $1,176,591 | 8 | 52 | **80** | $545,818 | 4 | 49 |
| **7** | $3,408,442 | 10 | 36 | **44** | $1,154,412 | 4 | 49 | **81** | $543,737 | 2 | 45 |
| **8** | $3,381,889 | 3 | 131 | **45** | $1,150,493 | 9 | 21 | **82** | $507,598 | 1 | 30 |
| **9** | $3,295,947 | 4 | 65 | **46** | $1,145,921 | 2 | 22 | **83** | $504,470 | 1 | 21 |
| **10** | $3,105,816 | 11 | 126 | **47** | $1,145,048 | 3 | 58 | **84** | $488,160 | 4 | 117 |
| **11** | $2,994,396 | 22 | 78 | **48** | $1,116,456 | 5 | 86 | **85** | $486,081 | 4 | 42 |
| **12** | $2,806,268 | 11 | 26 | **49** | $1,104,038 | 3 | 100 | **86** | $470,808 | 3 | 21 |
| **13** | $2,778,635 | 11 | 135 | **50** | $1,096,967 | 3 | 17 | **87** | $448,009 | 3 | 13 |
| **14** | $2,744,117 | 7 | 18 | **51** | $1,077,562 | 11 | 19 | **88** | $436,403 | 1 | 13 |
| **15** | $2,502,592 | 11 | 103 | **52** | $1,064,415 | 5 | 72 | **89** | $414,568 | 1 | 131 |
| **16** | $2,487,389 | 2 | 68 | **53** | $1,030,914 | 7 | 15 | **90** | $391,808 | 4 | 17 |
| **17** | $2,482,276 | 2 | 30 | **54** | $982,471 | 2 | 67 | **91** | $389,031 | 2 | 21 |
| **18** | $2,381,684 | 13 | 20 | **55** | $976,258 | 8 | 68 | **92** | $364,255 | 2 | 18 |
| **19** | $2,348,850 | 4 | 150 | **56** | $912,086 | 2 | 22 | **93** | $352,325 | 3 | 38 |
| **20** | $1,959,987 | 2 | 146 | **57** | $868,496 | 5 | 41 | **94** | $344,493 | 2 | 66 |
| **21** | $1,887,708 | 4 | 69 | **58** | $859,999 | 8 | 12 | **95** | $344,307 | 3 | 65 |
| **22** | $1,871,726 | 10 | 25 | **59** | $849,702 | 5 | 90 | **96** | $334,000 | 6 | 26 |
| **23** | $1,754,969 | 7 | 91 | **60** | $845,215 | 4 | 85 | **97** | $329,346 | 1 | 130 |
| **24** | $1,740,345 | 3 | 75 | **61** | $834,001 | 5 | 60 | **98** | $276,260 | 2 | 130 |
| **25** | $1,710,709 | 12 | 26 | **62** | $817,992 | 2 | 34 | **99** | $256,459 | 1 | 15 |
| **26** | $1,672,705 | 8 | 67 | **63** | $815,154 | 2 | 92 | **100** | $231,607 | 2 | 20 |
| **27** | $1,606,430 | 17 | 77 | **64** | $811,500 | 2 | 52 | **101** | $205,520 | 2 | 31 |
| **28** | $1,574,408 | 2 | 142 | **65** | $808,871 | 1 | 24 | **102** | $203,805 | 3 | 19 |
| **29** | $1,562,149 | 7 | 125 | **66** | $779,003 | 2 | 45 | **103** | $196,706 | 1 | 14 |
| **30** | $1,528,575 | 0 | 64 | **67** | $734,761 | 1 | 78 | **104** | $190,751 | 1 | 31 |
| **31** | $1,399,376 | 3 | 57 | **68** | $726,983 | 1 | 111 | **105** | $186,238 | 2 | 76 |
| **32** | $1,343,952 | 1 | 45 | **69** | $719,023 | 1 | 65 | **106** | $156,192 | 2 | 30 |
| **33** | $1,338,887 | 2 | 146 | **70** | $695,779 | 3 | 140 | **107** | $155,305 | 2 | 26 |
| **34** | $1,293,221 | 8 | 60 | **71** | $685,851 | 2 | 53 | **108** | $154,213 | 3 | 23 |
| **35** | $1,276,192 | 5 | 34 | **72** | $671,956 | 1 | 39 | **109** | $147,113 | 1 | 29 |
| **36** | $1,272,015 | 19 | 138 | **73** | $660,072 | 1 | 91 | | | | |
| **37** | $1,268,822 | 3 | 47 | **74** | $652,821 | 2 | 115 | | | | |

**Some Franchised Business Units have earned this amount. Your individual results may differ. There is no assurance that you'll sell as much.**

Notes to Tables 1.1, 2.1, 2.2, and 2.3:

1. Gross Revenue is defined in the same way as in Note 1 to Chart 1.

2. Gross Profit is calculated by taking Gross Revenue and subtracting all officer compensation and payroll expenses (see Note 3) and expressing the difference in terms of a percentage of Gross Revenue. This excludes overhead costs such as vehicles, uniforms, insurance, etc.

3. Payroll expense includes wages, other compensation, and related costs, including payroll taxes, for all individuals working at the Franchised Business Units. The Payroll figures do not cover all employee-related costs which you may incur in the operation of a franchised business unit, such as payroll-processing fees (if you choose not to use our payroll

services), health insurance or workers' compensation insurance premiums, expenses for uniforms, employee benefits, or meal, travel, and other expenses for employees. Also, the more established Franchised Business Units have operated for several years and have developed labor efficiencies that are reflected in lower payroll costs that newer units should not expect to achieve as they begin operating. Compensation rates vary from market to market, and you alone will determine the terms and conditions of employment for your franchise.

4. We have direct access to information regarding the Gross Revenue of all Franchised Business Units. For purposes of Table 2.1 and Table 2.2, we included all one hundred and nine (109) Franchised Business Units that had been open and operating with revenue for at least twelve months by the end of 2021, but we excluded those Franchised Business Units that had not been open and operating with revenues for that amount of time.

5. We perform payroll services for some of our franchisees and thus have access to their payroll-expense information (a necessary component for determining gross profit). For purposes of Tables 2.1 and 2.2, we included all one hundred and nine (109) Franchised Business Units for which we had access to payroll-expense information and that had been open and operating with revenue for at least twelve months by the end of 2021. We excluded Business Units we that had not been open and operating with revenues for that amount of time or for which we did not have access to payroll-expense information.

**General Notes**

1. In 2021, there were seventeen (17) franchisees with a single territory and one hundred sixty-four (164) franchisees with more than one territory. Signal has allowed franchisees to operate in areas outside of their territory (until such time as the franchisee or another franchisee purchases such areas and thus obtains protected rights to those areas). Because of that, there is not necessarily a direct correlation between the number of territories a franchisee has and the franchisee's gross revenues. Moreover, single-territory franchises and multi-territory franchises have not experienced materially different expenses, such as economies of scale, for those expenses that are included in calculating gross profit (i.e., payroll, royalties and fees). Signal does not, however, have access to franchisees' overhead expenses, which would be included in calculating net profit and net profit margin, so it cannot state whether there might be economies of scale in terms of those expenses.

2. In addition, you will have expenses for royalties, sales and marketing contributions and other periodic fees (see Item 6 of this disclosure document), interest on debt service, insurance, legal and accounting charges and depreciation-amortization. There may be other costs and expenses not identified.

3. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in this disclosure document may be one source of information. We encourage you to consult with your own accounting, business, and legal advisors to assist you in identifying the expenses you likely will incur in connection with your franchised business, to prepare your budget, and to assess the likely or potential financial performance of your franchised business.

4. Other than the preceding financial performance representations, we do not make any financial performance representations. 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 Franchised Business Unit, however, we may provide you with the actual records of that Franchised Business Unit. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Reed L. Nyffeler at 3880 South 149th Street, Suite 102, Omaha,

Nebraska 68144 and (877) 498-8494, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20

## OUTLETS AND FRANCHISEE INFORMATION

| Table No. 1<br>SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2019 TO 2021 | | | | |
|---|---|---|---|---|
| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
| Franchised | 2019 | 397 | 517 | +120 |
| | 2020 | 517 | 580 | +63 |
| | 2021 | 580 | 849 | +369 |
| Company-Owned | 2019 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 |
| **Total** | **2019** | **397** | **517** | **+120** |
| | **2020** | **517** | **580** | **+63** |
| | **2021** | **580** | **849** | **+369** |

| Table No. 2<br>TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR) FOR YEARS 2019 TO 2021 | | |
|---|---|---|
| **State** | **Year** | **Number of Transfers** |
| Alabama | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Alaska | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Arizona | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Arkansas | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 2 |
| California | 2019 | 6 |
| | 2020 | 0 |
| | 2021 | 9 |
| Colorado | 2019 | 0 |

 © 2022 SIGNAL 88, LLC

| | | |
|---|---|---|
| | 2020 | 0 |
| | 2021 | 2 |
| Connecticut | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Delaware | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Florida | 2019 | 0 |
| | 2020 | 10 |
| | 2021 | 9 |
| Georgia | 2019 | 0 |
| | 2020 | 14 |
| | 2021 | 1 |
| Hawaii | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Idaho | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Illinois | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Indiana | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 1 |
| Iowa | 2019 | 1 |
| | 2020 | 0 |
| | 2021 | 2 |
| Kansas | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Kentucky | 2019 | 0 |
| | 2020 | 1 |
| | 2021 | 0 |
| Louisiana | 2019 | 0 |

 © 2022 SIGNAL 88, LLC

| | | |
|---|---|---|
| | 2020 | 0 |
| | 2021 | 1 |
| Maine | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Maryland | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Massachusetts | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Michigan | 2019 | 0 |
| | 2020 | 5 |
| | 2021 | 0 |
| Minnesota | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Mississippi | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Missouri | 2019 | 0 |
| | 2020 | 2 |
| | 2021 | 2 |
| Montana | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Nebraska | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 3 |
| Nevada | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 5 |
| New Hampshire | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| New Jersey | 2019 | 0 |
| | 2020 | 0 |

 © 2022 SIGNAL 88, LLC

| | | |
|---|---|---|
| | 2021 | 0 |
| New Mexico | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 2 |
| New York | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| North Carolina | 2019 | 8 |
| | 2020 | 0 |
| | 2021 | 5 |
| North Dakota | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Ohio | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 2 |
| Oklahoma | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 4 |
| Oregon | 2019 | 3 |
| | 2020 | 0 |
| | 2021 | 1 |
| Pennsylvania | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Rhode Island | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| South Carolina | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| South Dakota | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Tennessee | 2019 | 1 |
| | 2020 | 0 |
| | 2021 | 0 |

 © 2022 SIGNAL 88, LLC

| | | |
|---|---|---|
| Texas | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Utah | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Vermont | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Virginia | 2019 | 0 |
| | 2020 | 1 |
| | 2021 | 3 |
| Washington | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| West Virginia | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Wisconsin | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 2 |
| Wyoming | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| **Total** | 2019 | 19 |
| | 2020 | 35 |
| | 2021 | 56 |

 © 2022 SIGNAL 88, LLC

Table No. 3

STATUS OF FRANCHISED OUTLETS FOR YEARS 2019 TO 2021

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations - Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Alabama | 2019 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| | 2020 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2021 | 6 | 6 | 0 | 0 | 0 | 0 | 12 |
| Alaska | 2019 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Arizona | 2019 | 15 | 3 | 0 | 0 | 0 | 0 | 17 |
| | 2020 | 17 | 0 | 4 | 0 | 0 | 0 | 14 |
| | 2021 | 14 | 7 | 0 | 0 | 0 | 0 | 21 |
| Arkansas | 2019 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| California | 2019 | 35 | 13 | 0 | 0 | 0 | 0 | 49 |
| | 2020 | 49 | 13 | 1 | 0 | 0 | 0 | 60 |
| | 2021 | 60 | 67 | 0 | 0 | 0 | 0 | 127 |
| Colorado | 2019 | 20 | 1 | 0 | 0 | 0 | 0 | 21 |
| | 2020 | 21 | 5 | 0 | 0 | 0 | 0 | 27 |
| | 2021 | 27 | 1 | 0 | 0 | 0 | 0 | 28 |
| Connecticut | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| Delaware | 2019 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Florida | 2019 | 45 | 22 | 1 | 0 | 0 | 0 | 65 |
| | 2020 | 65 | 2 | 0 | 0 | 0 | 0 | 67 |
| | 2021 | 67 | 27 | 2 | 0 | 0 | 0 | 92 |
| Georgia | 2019 | 15 | 3 | 0 | 0 | 0 | 0 | 18 |

 © 2022 SIGNAL 88, LLC

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 18 | 10 | 0 | 0 | 0 | 0 | 28 |
| | 2021 | 28 | 12 | 0 | 0 | 0 | 0 | 40 |
| Hawaii | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Idaho | 2019 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2020 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2021 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| Illinois | 2019 | 7 | 5 | 2 | 0 | 0 | 0 | 10 |
| | 2020 | 10 | 1 | 1 | 0 | 0 | 0 | 9 |
| | 2021 | 9 | 8 | 0 | 0 | 0 | 0 | 17 |
| Indiana | 2019 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 2 | 0 | 0 | 0 | 0 | 5 |
| | 2021 | 5 | 2 | 0 | 0 | 0 | 0 | 7 |
| Iowa | 2019 | 5 | 1 | 2 | 0 | 0 | 0 | 5 |
| | 2020 | 5 | 0 | 1 | 0 | 0 | 0 | 4 |
| | 2021 | 4 | 5 | 0 | 0 | 0 | 0 | 9 |
| Kansas | 2019 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| | 2020 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| | 2021 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| Kentucky | 2019 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 2 | 0 | 0 | 0 | 0 | 5 |
| | 2021 | 5 | 2 | 0 | 0 | 0 | 0 | 7 |
| Louisiana | 2019 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | 2020 | 4 | 3 | 0 | 0 | 0 | 0 | 7 |
| | 2021 | 7 | 8 | 0 | 0 | 0 | 0 | 15 |
| Maine | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Maryland | 2019 | 10 | 4 | 0 | 0 | 0 | 0 | 14 |
| | 2020 | 14 | 3 | 0 | 0 | 0 | 0 | 17 |
| | 2021 | 17 | 9 | 0 | 0 | 0 | 0 | 26 |
| Massachusetts | 2019 | 0 | 35 | 0 | 0 | 0 | 0 | 35 |
| | 2020 | 35 | 0 | 0 | 0 | 0 | 0 | 35 |
| | 2021 | 35 | 5 | 0 | 0 | 0 | 0 | 40 |
| Michigan | 2019 | 10 | 0 | 0 | 0 | 0 | 0 | 10 |

 © 2022 SIGNAL 88, LLC

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 10 | 3 | 0 | 0 | 0 | 0 | 13 |
| | 2021 | 13 | 5 | 4 | 0 | 0 | 0 | 14 |
| Minnesota | 2019 | 5 | 0 | 5 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| Mississippi | 2019 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 1 | 1 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Missouri | 2019 | 6 | 2 | 0 | 0 | 0 | 0 | 8 |
| | 2020 | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| | 2021 | 8 | 7 | 0 | 0 | 0 | 0 | 15 |
| Montana | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 4 | 0 | 0 | 0 | 0 | 4 |
| Nebraska | 2019 | 14 | 0 | 0 | 0 | 0 | 0 | 14 |
| | 2020 | 14 | 0 | 0 | 0 | 0 | 0 | 14 |
| | 2021 | 14 | 0 | 0 | 0 | 0 | 0 | 14 |
| Nevada | 2019 | 7 | 0 | 1 | 0 | 0 | 0 | 5 |
| | 2020 | 5 | 2 | 0 | 0 | 0 | 0 | 7 |
| | 2021 | 7 | 3 | 0 | 0 | 0 | 0 | 10 |
| New Hampshire | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| New Jersey | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| New Mexico | 2019 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 3 | 0 | 0 | 0 | 0 | 5 |
| New York | 2019 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 0 | 3 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 5 | 0 | 0 | 0 | 0 | 5 |
| North Carolina | 2019 | 11 | 5 | 0 | 0 | 0 | 0 | 17 |
| | 2020 | 17 | 0 | 0 | 0 | 0 | 0 | 17 |
| | 2021 | 17 | 5 | 0 | 0 | 0 | 0 | 22 |
| North Dakota | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ohio | 2019 | 4 | 4 | 0 | 0 | 0 | 0 | 8 |
| | 2020 | 8 | 1 | 0 | 0 | 0 | 0 | 9 |
| | 2021 | 9 | 8 | 0 | 0 | 0 | 0 | 17 |
| Oklahoma | 2019 | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| | 2020 | 9 | 0 | 0 | 0 | 0 | 0 | 9 |
| | 2021 | 9 | 1 | 0 | 0 | 0 | 0 | 10 |
| Oregon | 2019 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2020 | 4 | 8 | 0 | 0 | 0 | 0 | 12 |
| | 2021 | 12 | 0 | 0 | 0 | 0 | 0 | 12 |
| Pennsylvania | 2019 | 5 | 8 | 0 | 0 | 0 | 0 | 13 |
| | 2020 | 13 | 8 | 0 | 0 | 0 | 0 | 21 |
| | 2021 | 21 | 11 | 0 | 0 | 0 | 0 | 32 |
| Rhode Island | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| South Carolina | 2019 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2020 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2021 | 4 | 4 | 0 | 0 | 0 | 0 | 8 |
| South Dakota | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Tennessee | 2019 | 4 | 9 | 0 | 0 | 0 | 0 | 12 |
| | 2020 | 12 | 2 | 0 | 0 | 0 | 0 | 14 |
| | 2021 | 14 | 9 | 0 | 0 | 0 | 0 | 23 |
| Texas | 2019 | 121 | 3 | 0 | 0 | 0 | 0 | 123 |
| | 2020 | 123 | 7 | 7 | 0 | 0 | 0 | 124 |
| | 2021 | 124 | 18 | 0 | 0 | 0 | 0 | 142 |
| Utah | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vermont | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Virginia | 2019 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 7 | 2 | 0 | 0 | 0 | 0 | 9 |
| | 2021 | 9 | 10 | 0 | 0 | 0 | 0 | 19 |
| Washington | 2019 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 2 | 0 | 0 | 0 | 0 | 4 |
| | 2021 | 4 | 11 | 0 | 0 | 0 | 0 | 15 |
| West Virginia | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wisconsin | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| Wyoming | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| **Total** | **2019** | **397** | **131** | **11** | **0** | **0** | **0** | **517** |
| | **2020** | **517** | **81** | **18** | **0** | **0** | **0** | **580** |
| | **2021** | **580** | **276** | **7** | **0** | **0** | **0** | **849** |

Table No. 4

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2019 TO 2021

| 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 |
|---|---|---|---|---|---|---|---|
| Alabama | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Alaska | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Arizona | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |

 © 2022 SIGNAL 88, LLC

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Arkansas | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| California | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Colorado | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Connecticut | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Delaware | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Florida | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Georgia | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hawaii | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Idaho | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Illinois | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Indiana | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Iowa | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kansas | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kentucky | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Louisiana | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Maine | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Maryland | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Massachusetts | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Michigan | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Minnesota | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mississippi | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Missouri | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Montana | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nebraska | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nevada | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |

 © 2022 SIGNAL 88, LLC

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Hampshire | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Jersey | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Mexico | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| New York | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| North Carolina | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| North Dakota | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ohio | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Oklahoma | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Oregon | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pennsylvania | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rhode Island | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| South Carolina | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |

 © 2022 SIGNAL 88, LLC

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| South Dakota | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tennessee | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Texas | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Utah | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vermont | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Virginia | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Washington | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| West Virginia | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wisconsin | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wyoming | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |

| Table No. 5<br>PROJECTED OPENINGS AS OF DECEMBER 31, 2021 | | | |
|---|---|---|---|
| **State** | **Franchise Agreements Signed But Outlet Not Opened** | **Projected New Franchised Outlet In The Next Fiscal Year** | **Projected New Company-Owned Outlet In the Next Fiscal Year** |
| Alabama | 0 | 0 | 0 |
| Alaska | 0 | 0 | 0 |
| Arizona | 2 | 12 | 0 |
| Arkansas | 1 | 3 | 0 |
| California | 26 | 33 | 0 |
| Colorado | 0 | 1 | 0 |
| Connecticut | 3 | 3 | 0 |
| Delaware | 0 | 1 | 0 |
| Florida | 4 | 12 | 0 |
| Georgia | 1 | 0 | 0 |
| Hawaii | 0 | 0 | 0 |
| Idaho | 0 | 0 | 0 |
| Illinois | 1 | 0 | 0 |
| Indiana | 0 | 0 | 0 |
| Iowa | 0 | 0 | 0 |
| Kansas | 0 | 0 | 0 |
| Kentucky | 0 | 2 | 0 |
| Louisiana | 4 | 4 | 0 |
| Maine | 0 | 0 | 0 |
| Maryland | 0 | 0 | 0 |
| Massachusetts | 5 | 8 | 0 |
| Michigan | 0 | 0 | 0 |
| Minnesota | 0 | 0 | 0 |
| Mississippi | 0 | 0 | 0 |
| Missouri | 0 | 1 | 0 |
| Montana | 0 | 0 | 0 |
| Nebraska | 0 | 0 | 0 |
| Nevada | 2 | 2 | 0 |
| New Hampshire | 3 | 3 | 0 |
| New Jersey | 3 | 0 | 0 |
| New Mexico | 0 | 0 | 0 |
| New York | 5 | 10 | 0 |
| North Carolina | 2 | 7 | 0 |
| North Dakota | 0 | 0 | 0 |
| Ohio | 0 | 1 | 0 |
| Oklahoma | 0 | 1 | 0 |
| Oregon | 0 | 1 | 0 |
| Pennsylvania | 0 | 0 | 0 |

 © 2022 SIGNAL 88, LLC

| | | | |
|---|---|---|---|
| Rhode Island | 3 | 3 | 0 |
| South Carolina | 1 | 1 | 0 |
| South Dakota | 1 | 1 | 0 |
| Tennessee | 0 | 2 | 0 |
| Texas | 4 | 25 | 0 |
| Utah | 0 | 2 | 0 |
| Vermont | 0 | 0 | 0 |
| Virginia | 0 | 0 | 0 |
| Washington | 0 | 5 | 0 |
| West Virginia | 0 | 0 | 0 |
| Wisconsin | 0 | 0 | 0 |
| Wyoming | 1 | 1 | 0 |
| **Total** | **73** | **145** | **0** |

Note:

* For purposes of Item 20, we define "outlets" as the territories being served by Signal and its franchisees. One outlet is a territory having a population of 100,000 people. Accordingly, the numbers shown in the tables above reflect the number of territories being served and not the number of franchisees or company-owned business units, given that some franchisees and company-owned business units cover more than one territory.

Franchisee Contact Information

Attached to this disclosure document as Exhibit F is a list which identifies the names, addresses and telephone numbers of all Signal businesses owned and operated by the Company and its Franchisees, as of December 31, 2021.

Exhibit F also lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Agreement during our most recently completed fiscal year or who has not communicated with us within ten weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Signal. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations associated with the franchise system being offered.

## ITEM 21

## FINANCIAL STATEMENTS

The audited financial statements for Signal 88, LLC, for the years ending December 31, 2019 through December 31, 2021 are attached hereto as Exhibit G. Our fiscal year end is December 31st.

## ITEM 22

## CONTRACTS

The following agreements are attached to this disclosure document in the pages immediately following:

| | |
|---|---|
| Exhibit D | Franchise Agreement, including:<br>-Guaranty (Exhibit B to Franchise Agreement)<br>-Security Agreement (Exhibit E to Franchise Agreement)<br>-Subcontract Agreement (Exhibit F to Franchise Agreement)<br>-Confidentiality and Non-Competition Agreement (Exhibit G to Franchise Agreement)<br>-Assignment of Telephone Number and Service (Exhibit H to Franchise Agreement)<br>-Assignment of Domain Name and E-Mail Address (Exhibit I to Franchise Agreement)<br>-SBA Addendum (Exhibit J to Franchise Agreement)<br>-State Addenda (Exhibit K to Franchise Agreement) |
| Exhibit E-1 | Financing Agreement (Franchise Fees) |
| Exhibit E-2 | Financing Agreement (Operations Line of Credit) |
| Exhibit H | Franchisee Questionnaire Acknowledgment |
| Exhibit I | Release |

## ITEM 23

## RECEIPT

At the end of this disclosure document is a two-page receipt, which you should fill out, detach, and return to us, acknowledging your receipt of this disclosure document. Immediately before that receipt is a duplicate receipt that you should keep. If the receipt or any other pages or exhibits are missing from your copy of this disclosure document, please contact us at the following address or telephone numbers:

Signal 88, LLC
3880 S. 149th St., Suite 102
Omaha, Nebraska 68144
(877) 498-8494

 © 2022 SIGNAL 88, LLC

**EXHIBIT A**

**(to Franchise Disclosure Document)**

**LIST OF STATE ADMINISTRATORS**

California Department of Financial Protection and Innovation
TOLL FREE 1-(866) 275-2677

LA Office
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

Sacramento Office
1515 K Street, Suite 200
Sacramento, CA 95814-4052
(866) 275-2677

San Diego Office
1350 Front Street, Room 2034
San Diego, CA 92101-3697
(619) 525-4233

San Francisco Office
One Sansome St., #600
San Francisco, CA 94104
(415) 972-8559

Florida Department of Agricultural
and Consumer Services
Division of Consumer Services
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800
(904) 922-2770

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-11
Indianapolis, IN 46204
(317) 232-6681

Kentucky Office of the Attorney General
Consumer Protection Division
P.O. Box 2000
Frankford, KY 40602
(502) 573-2200

Maryland Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202
(410) 576-6360

Michigan Department of the Attorney General
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933
(517) 373-7117

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198
(651) 539-1600

Nebraska Department of Banking and Finance
1200 North Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509-5006
(402) 471-3445

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236


© 2020 SIGNAL 88, LLC

North Dakota Securities Department
State Capital, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-2910

Oregon Department of Consumer
and Business Services
Division of Finance and Corporate
Securities labor and Industries
350 Winter Street, NE, Room 410
Salem, OR 97310-3881
(503) 378-4140

Director, Department of Business Regulations
Rhode Island Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903-4232

South Dakota Division of Insurance
Securities Regulation
124 S. Euclid Suite 104
Pierre, SD 57501
(605) 773-3563

Statutory Document Section
Texas Secretary of State
P.O. Box 12887
Austin, TX 78711
(512) 475-1769

State of Utah
Division of Consumer Protection
P.O. Box 45804
Salt Lake City, Utah 84145-0804
(801) 530-6601

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

State of Washington
Director, Department of Financial Institutions
Securities Division
150 Israel Road, SW
Olympia, WA 98501
(360) 902-8760

Wisconsin Commissioner of Securities
345 W Washington Ave., 4th Floor
Madison, WI 53703
(608) 266-8550

**EXHIBIT B**

**(to Franchise Disclosure Document)**

**AGENTS FOR SERVICE OF PROCESS**

| JURISDICTION / COMPANY | AGENT/OFFICE |
|---|---|
| ALASKA<br>Signal 88, LLC | Corporation Service Company, Inc.<br>641 South Lawrence Street<br>Montgomery, AL 36104 |
| ARIZONA<br>Signal 88, LLC | Corporation Service Company<br>8825 N 23rd Avenue, Suite 100<br>Phoenix, AZ 85021 |
| CALIFORNIA<br>Signal 88, LLC | Corporation Service Company, d/b/a CSC-Lawyers Incorporating Service<br>2710 Gateway Oaks Drive, Suite 150N<br>Sacramento, CA 95833-3505 |
| COLORADO<br>Signal 88, LLC | Corporation Service Company<br>1900 W. Littleton Boulevard<br>Littleton, CO 80120 |
| CONNECTICUT<br>Signal 88, LLC | Corporation Service Company<br>MC-CSC1<br>100 Pearl Street, 17th Floor<br>Hartford, CT 06103 |
| DELAWARE<br>Signal 88, LLC | Corporation Service Company<br>251 Little Falls Drive<br>Wilmington, DE 19808 |
| FLORIDA<br>Signal 88, LLC | Corporation Service Company<br>1201 Hays Street<br>Tallahassee, FL 32301 |
| GEORGIA<br>Signal 88, LLC | Corporation Service Company<br>40 Technology Parkway South, #300<br>Norcross, GA 30092 |
| HAWAII<br>Signal 88, LLC | Commissioner of Securities of the State of Hawaii<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813 |

 © 2022 SIGNAL 88, LLC

| | |
|---|---|
| | CSC Services of Hawaii, Inc.<br>1003 Bishop Street, Suite 1600 Pauahi Tower,<br>Honolulu, HI 96813 |
| IDAHO<br><br>Signal 88, LLC | Corporation Service Company<br>12550 West Explorer Drive, Suite 100<br>Boise, ID 83713 |
| ILLINOIS<br><br>Signal 88, LLC | Illinois Corporation Service Company<br>801 Adlai Stevenson Drive<br>Springfield, IL 62703<br><br>Illinois Attorney General<br>Illinois Franchise Bureau<br>500 South Second Street<br>Springfield, IL 62706 |
| INDIANA<br><br>Signal 88, LLC | Corporation Service Company<br>135 North Pennsylvania Street, Suite 1610<br>Indianapolis, IN 46204 |
| IOWA<br><br>Signal 88, LLC | Corporation Service Company<br>505 5th Avenue, Suite 729<br>Des Moines, IA 50309 |
| KANSAS<br><br>Signal 88, LLC | Corporation Service Company<br>2900 Southwest Wanamaker Drive, Suite 204<br>Topeka, KS 66614 |
| KENTUCKY<br><br>Signal 88, LLC | Corporation Service Company<br>421 West Main Street<br>Frankfort, KY 40601 |
| LOUISIANA<br><br>Signal 88, LLC | Corporation Service Company<br>501 Louisiana Avenue<br>Baton Rouge, LA 70802-5921 |
| MAINE<br><br>Signal 88, LLC | Corporation Service Company<br>45 Memorial Circle<br>Augusta, ME 04330 |
| MARYLAND<br><br>Signal 88, LLC | CSC-Lawyers Incorporating Service Company<br>7 St. Paul Street, Suite 820<br>Baltimore, MD 21202 |

 © 2022 SIGNAL 88, LLC

| | |
|---|---|
| | Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, Maryland 21202-2020 |
| MASSACHUSETTS<br><br>Signal 88, LLC | Corporation Service Company<br>84 State Street<br>Boston, MA 02109 |
| MICHIGAN<br><br>Signal 88, LLC | CSC-Lawyers Incorporating Service (Company)<br>2900 West Road, Suite 500<br>East Lansing, MI 48823 |
| MINNESOTA<br><br>Signal 88, LLC | Corporation Service Company<br>2345 Rice Street, Suite 230<br>Roseville, MN 55113<br><br>Minnesota Commissioner of Commerce<br>Minnesota Department of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, MN 55101 |
| MISSISSIPPI<br><br>Signal 88, LLC | Corporation Service Company<br>7716 Old Canton Road, Suite C<br>Madison, MS 39110 |
| MISSOURI<br><br>Signal 88, LLC | CSC-Lawyers Incorporating Service Company<br>221 Bolivar Street<br>Jefferson City, MO 65101 |
| MONTANA | Corporation Service Company<br>26 West 6th Avenue, P.O. Box 1691<br>Helena, MT 59624-1691 |
| NEBRASKA<br><br>Signal 88, LLC<br><br>Signal 88 Franchise Group, Inc. | CSC-Lawyers Incorporating Service Company<br>233 South 13th Street, Suite 1900<br>Lincoln, NE 68508<br><br>CSC-Lawyers Incorporating Service Company<br>233 South 13th Street, Suite 1900<br>Lincoln, NE 68508 |
| NEVADA<br><br>Signal 88, LLC | CSC Services of Nevada, Inc.<br>112 North Curry Street<br>Carson City, NV 89703 |

 © 2022 SIGNAL 88, LLC

| | |
|---|---|
| NEW HAMPSHIRE<br><br>Signal 88, LLC | Corporation Service Company<br>10 Ferry Street, Suite 313<br>Concord, NH 03301 |
| NEW JERSEY<br><br>Signal 88, LLC | Corporation Service Company<br>Princeton South Corporate Ctr., Suite 160<br>100 Charles Ewing Blvd,<br>Ewing, NJ 08628 |
| NEW MEXICO | Corporation Service Company<br>MC-CSC1<br>726 E. Michigan, Dr., Ste 101<br>Hobbs, NM 88240 |
| NEW YORK<br><br>Signal 88, LLC | Corporation Service Company<br>80 State Street<br>Albany, NY 12207-2543<br><br>New York Department of State<br>One Commerce Plaza<br>99 Washington Avenue, 6th Floor<br>Albany, NY 12231<br>(518) 473-2492 |
| NORTH CAROLINA<br><br>Signal 88, LLC | Corporation Service Company<br>2626 Glenwood Avenue, Suite 550<br>Raleigh, NC 27608 |
| NORTH DAKOTA<br><br>Signal 88, LLC | Corporation Service Company<br>1709 North 19th Street, Suite 3<br>Bismarck, ND 58501-2121<br><br>North Dakota Securities Commissioner<br>600 East Boulevard Ave.<br>State Capitol Fifth Floor Dept. 414<br>Bismarck, North Dakota 58505-0510 |
| OHIO<br><br>Signal 88, LLC | Corporation Service Company<br>50 West Broad Street, Suite 1330<br>Columbus, OH 43215 |
| OKLAHOMA<br><br>Signal 88, LLC | Corporation Service Company<br>10300 Greenbriar Place<br>Oklahoma City, OK 73159-7653 |


© 2022 SIGNAL 88, LLC

| | |
|---|---|
| OREGON<br><br>Signal 88, LLC | Corporation Service Company<br>1127 Broadway Street NE, Suite 310<br>Salem, OR 97301 |
| PENNSYLVANIA<br><br>Signal 88, LLC | Corporation Service Company<br>2595 Interstate Drive, Suite 103<br>Harrisburg, PA 17110 |
| RHODE ISLAND<br><br>Signal 88, LLC | Corporation Service Company<br>222 Jefferson Boulevard, Suite 200<br>Warwick, RI 02888 |
| SOUTH CAROLINA<br><br>Signal 88, LLC | Corporation Service Company<br>508 Meeting Street<br>West Columbia, SC 29169 |
| SOUTH DAKOTA<br><br>Signal 88, LLC | Corporation Service Company<br>503 South Pierre Street<br>Pierre, SD 57501 |
| TENNESEE<br><br>Signal 88, LLC | Corporation Service Company<br>2908 Poston Avenue<br>Nashville, TN 37203 |
| TEXAS<br><br>Signal 88, LLC | Corporation Service Company d/b/a/ CSC-Lawyers Incorporating Service Company<br>211 East 7th Street, Suite 620<br>Austin, TX 78701-3218 |
| UTAH<br><br>Signal 88, LLC | Corporation Service Company<br>15 West South Temple, Suite 1701<br>Salt Lake City, UT 84101 |
| VERMONT<br><br>Signal 88, LLC | Corporation Service Company<br>100 North Main Street, Suite 2<br>Barre, VT 05641 |
| VIRGINIA<br><br>Signal 88, LLC | Corporation Service Company<br>100 Shockoe Slip, 2nd Floor<br>Richmond, VA 23219 |


© 2022 SIGNAL 88, LLC

| | |
|---|---|
| WASHINGTON<br><br>Signal 88, LLC | Corporation Service Company<br>300 Deschutes Way SW, Suite 208<br>Tumwater, WA 98501<br><br>Department of Financial Institutions<br>Securities Administrator<br>150 Israel Road SW<br>Olympia, WA 98501 |
| WEST VIRGINIA<br><br>Signal 88, LLC | Corporation Service Company<br>209 West Washington Street<br>Charleston, WV 25302 |
| WISCONSIN<br><br>Signal 88, LLC | Corporation Service Company<br>8040 Excelsior Drive, Suite 400<br>Madison, WI 53717 |
| WYOMING<br><br>Signal 88, LLC | Corporation Service Company<br>1821 Logan Avenue<br>Cheyenne, WY 82001 |


© 2022 SIGNAL 88, LLC

**EXHIBIT C**

**(to Franchise Disclosure Document)**

**STATE ADDENDA TO THE UNIFORM FRANCHISE DISCLOSURE DOCUMENT**

 © 2022 SIGNAL 88, LLC

**ADDENDUM TO THE SIGNAL**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF CALIFORNIA**

The following additional disclosures pertain only to franchisees who are residents of or who locate their franchises in California.

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.

STATE COVER PAGE: IF THE FRANCHISEE IS APPROVED FOR A LOAN OF ITS INITIAL FRANCHISE FEES FROM THE FRANCHISOR AND ENTERS INTO SUCH LOAN AGREEMENT, THE FRANCHISEE MAY LOSE ITS TERRITORY RIGHTS AND IS SUBJECT TO HAVING ITS FRANCHISE TERMINATED IF THE FRANCHISEE DEFAULTS ON THE LOAN REPAYMENT TERMS.

FRANCHISEES MUST ALSO SIGN A PERSONAL GUARANTY, MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT IF YOU ARE MARRIED. THE GUARANTEE WILL PLACE YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.

WE DO NOT HAVE A FEDERAL REGISTRATION FOR ONE OF OUR PRINCIPAL MARKS. THEREFORE, SUCH TRADEMARK DOES NOT HAVE AS MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY REGISTERED TRADEMARK. IF OUR RIGHT TO USE THE TRADEMARK IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES.

YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM OUTLETS THAT WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL.

ITEM 1: The services you perform in your Franchised Business will be subject to certain federal, state, and local laws and regulations, which may include Cal. Bus. & Prof. Code 7850, et seq. and corresponding regulations. Pursuant to California law, you will need a Private Patrol Operator's License to operate the Franchised Business. To obtain this license, you will need to have 2000 hours experience as a patrolman, guard, watchman, or similar position and will need to file an application and other prescribed forms with the California Bureau of Security and Investigative Services ("BSIS"), pay a filing fee of $500 to the BSIS, pass a written examination given by the BSIS, and pass a criminal history review by the Department of Justice and the FBI. Also, any security guards you employ each must have a security guard registration.

ITEM 3: Neither the franchisor, nor any person or franchise broker listed 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 such persons from membership in such association or exchange.

ITEM 17: California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

 © 2022 SIGNAL 88, LLC

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, et. seq.)

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.

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.

The franchise agreement requires application of the laws of the State of Nebraska. This provision may not be enforceable under California law.

ADVERTISING: Our URL address is http://www.teamsignal.com.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.

 © 2022 SIGNAL 88, LLC

**ADDENDUM TO THE SIGNAL**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF HAWAII**

The following additional disclosures pertain only to franchisees who are residents of or who locate their franchises in Hawaii.

The services you perform in your Franchised Business will be subject to certain federal, state, and local laws and regulations, which may include H.R.S. § 463.1 et seq., and H.A.R. Chapter 67.

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSITITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agents in the state authorized to receive service of process:

CSC Services of Hawaii, Inc.
1003 Bishop Street, Suite 1600
Pauahi Tower, Honolulu, HI 96813

Commissioner of Securities of the State of Hawaii
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813

 © 2022 SIGNAL 88, LLC

**ADDENDUM TO THE SIGNAL**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF ILLINOIS**

The following additional disclosures pertain only to franchisees who are residents of or who locate their franchises in Illinois.

The risk factors on the State Cover Page are amended to read as follows:

1. ILLINOIS LAW GOVERNS THE AGREEMENT(S) BETWEEN THE PARTIES TO THIS FRANCHISE.

2. ANY PROVISION IN A FRANCHISE AGREEMENT THAT DESIGNATES JURISDICTION OR VENUE OUTSIDE THE STATE OF ILLINOIS IS VOID. HOWEVER, A FRANCHISE AGREEMENT MAY PROVIDE FOR ARBITRATION IN A VENUE OUTSIDE OF ILLINOIS.

3. ANY CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH THE ILLINOIS FRANCHISE DISCLOSURE ACT, OR ANY OTHER LAW OF ILLINOIS, IS VOID.


© 2022 SIGNAL 88, LLC

**ADDENDUM TO THE SIGNAL**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF INDIANA**

The following additional disclosures pertain only to franchisees who are residents of or who locate their franchises in Indiana.

Item 12 is amended to include the following disclosures, notwithstanding anything to the contrary in the FDD:

> Should you fail to accept any request to perform such Services within a time period specified by us, fail to meet the requirements of a customer contract, or fail to perform the referred Services under a customer contract in accordance with its terms, we may direct the affected customer to cancel its contract with you and to make arrangements with other franchisees or contractors to have such Services performed (whether inside or outside of your Territory), without Franchisor or any such franchisee, contractor, or customer bearing any further obligation or liability to Franchisee.
>
> You will enter into customer contracts, rather than Signal.

Item 16 is amended to include the following disclosure, notwithstanding anything to the contrary in the FDD:

> You will enter into customer contracts, rather than Signal.

 © 2022 SIGNAL 88, LLC

**ADDENDUM TO THE SIGNAL**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF MARYLAND**

The following additional disclosures pertain only to franchisees who are residents of or who locate their franchises in Maryland.

The following Risk Factor is added to the Special Risks page:

> The franchisor will have the right to establish minimum or maximum prices for any Services they have approved.

Item 1 is amended to include the following disclosure:

> The services you perform in your Franchised Business will be subject to certain federal, state, and local laws and regulations, which may include Md. Bus. Occ. & Prof. Code § 19-101 et seq., and corresponding regulations.

Item 5 is amended to include the following disclosure:

> Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

Item 7, notes 3, 4, 5, and 6 are amended to include the following disclosure:

> We believe the prevailing market price of the properly equipped vehicle you must purchase to be between approximately $27,050 and $36,050. Such vehicles may be available from outlets in Maryland, but we have made arrangements with suppliers in Nebraska to facilitate their availability.

Item 11 is amended as follows:

> Notwithstanding anything to the contrary in Item 11, Maryland regulation allows a franchisee to request and obtain an accounting of advertising expenditures. A franchisee may obtain a copy of such accounting by submitting a written request therefor from our office.

As required by Maryland law, we authorize the Maryland Securities Commissioner to examine our financial records relating to the sale of franchises.

As required by Maryland law, we consent to being sued in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 17(c): Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17(w): Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

 © 2022 SIGNAL 88, LLC

Item 17: The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 et seq.)


© 2022 SIGNAL 88, LLC

**ADDENDUM TO THE SIGNAL**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF MICHIGAN**

The following notice pertains only to franchisees who are residents of or who locate their franchises in Michigan.

**NOTICE PURSUANT TO MICHIGAN LAW**

**The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:**

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from

 © 2022 SIGNAL 88, LLC

exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

1. The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

2. The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

3. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

4. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligation to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

**The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Law Building, Lansing, Michigan 48913, telephone (517) 373.7717.

 © 2022 SIGNAL 88, LLC

**ADDENDUM TO THE SIGNAL**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF MINNESOTA**

The following additional disclosures pertain only to franchisees who are residents of or who locate their franchises in Minnesota:

1. The FTC Cover Page is amended to include the following disclosures:

   THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

   THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

2. Item 1 is amended to include the following disclosures:

   The services you perform in your Franchised Business will be subject to certain federal, state, and local laws and regulations, which may include Minnesota Statutes 326.32-326.339, and Administrative Rules 7506.0100 –7506.2900.

3. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

 © 2022 SIGNAL 88, LLC

5. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

6. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

7. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

8. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

   Also, a court will determine if a bond is required.

9. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.


© 2022 SIGNAL 88, LLC

**ADDENDUM TO THE SIGNAL**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF NEW YORK**

The following additional disclosures pertain only to franchisees who are residents of or who locate their franchises in New York.

1. The following information is added to the cover page of the Franchise Disclosure Document:

   **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NYS DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

   Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

   a. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

   b. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

   c. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

 © 2022 SIGNAL 88, LLC

d. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

   Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

   The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

   However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

   You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor":

 © 2022 SIGNAL 88, LLC

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

   The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.


© 2022 SIGNAL 88, LLC

**ADDENDUM TO THE SIGNAL**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF NORTH DAKOTA**

The following disclosures apply to franchises offered in North Dakota:

Item 17(c)—Franchisees in North Dakota will not be required to sign a general release upon renewal.

Item 17(r)—The post-term restrictive covenant referred to in Item 17(r) may be subject to NDCC Section 9-08-06.

Item 17(u), (v)—Mediation is not required to be conducted in Omaha, Nebraska, and Franchisee is not required to consent to the jurisdiction of courts in Nebraska.

Item 17(w)—North Dakota law will apply to the Franchise Agreement.


© 2022 SIGNAL 88, LLC

**ADDENDUM TO THE SIGNAL**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF RHODE ISLAND**

The following additional disclosures pertain only to franchisees who are residents of or who locate their franchises in Rhode Island:

1. Item 1 is amended to include the following disclosure:

   The services you perform in your Franchised Business will be subject to certain federal, state, and local laws and regulations, which may include Rhode Island General Laws § 5-5.1-1 et seq.


© 2022 SIGNAL 88, LLC

**ADDENDUM TO THE SIGNAL**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF SOUTH DAKOTA**

The following additional disclosures pertain only to franchisees who are residents of or who locate their franchises in South Dakota:

*Reserved*


© 2022 SIGNAL 88, LLC

**ADDENDUM TO THE SIGNAL**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF VIRGINIA**

The following additional disclosures pertain only to franchisees who are residents of or who locate their franchises in Virginia:

1. Item 1 is amended to include the following disclosure:

   The services you perform in your Franchised Business will be subject to certain federal, state, and local laws and regulations, which may include Va. Code §§ 9.1-138 et seq., and 6 VAC 20-171-10 et seq.

2. If you wish to renew your franchise, you will, in addition to other requirements and conditions stated in the Franchise Agreement, be required to sign a release substantially in the form of the sample release appearing below:

**RELEASE**
**(Sample)**

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby releases and forever discharges Signal 88, LLC, its officers, agents, employees, attorneys, representatives and assigns, from any and all claims, demands, damages, actions, causes of action or suits of any kind or nature whatsoever, that the undersigned may now have or that may subsequently accrue, arising out of or in any way relating to the Franchise Agreement dated _____ ____, 20____ and/or the business relationship between the undersigned and Signal 88, LLC, its officers, agents, employees, attorneys, representatives successors and/or assigns. The undersigned hereby declares that the terms of this release have been completely read and are fully understood and voluntarily accepted for the express purpose of precluding forever any claims arising out of the aforesaid Franchise Agreement and business relationship.

IN WITNESS WHEREOF, this Release is executed and is to be effective on this ___ day of _____, 20____.

_____,
FRANCHISEE,

Signature: _____

Printed Name: _____

Position: _____


© 2022 SIGNAL 88, LLC

**ADDENDUM TO THE SIGNAL**
**FRANCHISE DISCLOSURE DOCUMENT**
**FOR THE STATE OF WASHINGTON**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

_____ _____
FRANCHISOR FRANCHISEE

 © 2022 SIGNAL 88, LLC

**EXHIBIT D**

**(to Franchise Disclosure Document)**

**FRANCHISE AGREEMENT**


© 2022 SIGNAL 88, LLC

**FRANCHISE AGREEMENT**

**between**

**SIGNAL 88, LLC**

3880 South 149th Street – Suite 102
Omaha, NE 68144
Telephone: (877) 498-8494
Facsimile: (402) 502-2078

**and**

**_____**
**[NAME OF FRANCHISEE]**

**EFFECTIVE DATE OF FRANCHISE AGREEMENT**

**_____, 20_____**

# FRANCHISE AGREEMENT

This FRANCHISE AGREEMENT ("Agreement") is dated the ___ day of _____, 20___ (the "Effective Date"), and is between Signal 88, LLC, a Delaware limited liability company with its principal office located at 3880 South 149th Street, Suite 102, Omaha, Nebraska 68144 ("Franchisor") and _____, with an address of _____ ("Franchisee").

## RECITALS

Franchisor is the owner of a business model for marketing and selling security services, executive protection services, and security consulting services.

Franchisor also owns the service mark and trade name Signal™, as well as other marks and logos, which are used for identifying equipment and personnel in connection with the operation of the business model the Franchisor owns.

Franchisor has developed and acquired a unique and proprietary marketing, management, and operations plan to market and sell its services.

Franchisor has the right to license, and Franchisee desires to license from Franchisor, use of such names, marks, and plans for the purpose of operating a business that provides security services, executive protection services, and security consulting services to businesses, organizations, and individuals.

Franchisee acknowledges and agrees that the franchise and license grant in this Agreement is contingent upon Franchisee satisfactorily completing the Franchise Conditions and receiving a Franchise Approval from Franchisor.

## AGREEMENT

The parties therefore agree as follows:

1. Definitions**.**

1.1 Business Location refers to the premises the Franchisor has approved for the location of any physical office the Franchisee may maintain, pursuant to Section 6.13 of this Agreement.

1.2 Disclosing Party refers to a party that discloses Confidential Information (as later defined in this Agreement) in connection with or pursuant to this Agreement.

1.3 Franchise Conditions refers to the conditions set forth in Section 3 of this Agreement.

1.4 Franchise Performance Manual refers to the online support and processes manual owned by Franchisor, to which Franchisee is granted access, as well as any directives issued by the Franchisor from time to time, which contain guides, rules, and requirements for operation of the Franchised Business, whether in electronic, printed, or other form, but excludes any employee handbook Franchisee may adopt, even if recommended by Franchisor.

1.5 Franchised Business refers to the security services business operated under the Marks and the System to market and sell the Services.

1.6 Gross Revenue is defined as the total revenue resulting from the sale by Franchisee or its principals of any products or the performance by Franchisee or its principals of any services related to or developed in connection with the Franchised Business or the security industry, whether approved by Signal or not, including but not limited to the Services, security consulting, officer training, private investigation, GPS tracking services, vehicle or premises monitoring, and parking-enforcement services for customers, all whether from sales for cash, credit, in-kind transfers, or bartering exchanges, and irrespective of the collection thereof, but exclusive of all bank fees on credit sales, sales taxes, use taxes, gross receipts taxes, and other similar taxes added to the sales price and collected from the customer.

1.7 Name refers to the service mark and trade name, Signal.

1.8 Marks refer to Franchisor's then-current Name, trade names, service marks, trademarks, logos and trade dress, which will include any new service marks, logos or trade dress that Franchisor may designate from time to time.

1.9 Promotional Materials collectively refers to all labels, packaging, advertising, web site materials, and other marketing materials created by Franchisor for use in operation and promotion of the Franchised Business.

1.10 Receiving Party refers to a party that receives Confidential Information (as later defined in this Agreement) in connection with or pursuant to this Agreement.

1.11 Services refers to the list of services approved by Franchisor to be sold and performed by the Franchised Business that are set forth in the Franchise Performance Manual or that Franchisor may designate from time to time.

1.12 Site means domain names, the World Wide Web, the Internet, computer network or distribution systems, or other electronic communications sites.

1.13 Software refers to integrated patrol and guard management system software and any other proprietary or other software Franchisor may license from third parties or develop itself for use in connection with the System.

1.14 System refers to the advertising, customer service, equipment, purchasing, management, marketing, operations, sales, Software, and training plans owned or licensed by Franchisor and used in operation of the Franchised Business, as Franchisor may modify from time to time.

1.15 Territory refers to the geographical territory or territories set forth on Exhibit A attached to this Agreement.

1.16 Trade Secrets refers to information or data about Franchisor or any of its products, services, procedures, technical or non-technical data, formulae, methods, techniques, drawings, processes, financial data, financial plans, product and promotional plans, lists of actual or potential advertisers, lists of customers or suppliers, that (a) derives economic value, actual or potential, from not being generally known to, or generally ascertainable by, proper means by others persons who can obtain economic value from their disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. Franchise Grant**.**

2.1 Subject to Franchisee's fulfillment of the Franchise Conditions and compliance with the terms and conditions of this Agreement, Franchisor grants to Franchisee the right, franchise, and license to use the Marks, the System, the Promotional Materials and other indicia of the Franchised Business owned or licensed by Franchisor, solely to operate the Franchised Business in the Territory for the purpose of marketing and selling the Services.

2.2 Franchisee acknowledges and agrees that the license and franchise grant in Section 2.1 of this Agreement is expressly limited to the Territory and that Franchisee may not use the Marks, the System, the Promotional Materials or any other indicia of the Franchised Business owned or licensed by Franchisor and may not perform any Services in any other jurisdiction or geographical area other than the Territory, without first requesting permission in writing and obtaining written permission from Franchisor to do so, which permission may be withheld in the sole discretion of Franchisor. Franchisee further acknowledges and agrees that nothing contained in this Agreement will prevent Franchisor from using and licensing third parties to use the Marks, the System, or the Promotional Materials in any jurisdiction or geographical area other than the Territory. Notwithstanding anything to the contrary herein, in the event Franchisor grants Franchisee the privilege to use the Marks, the System, and/or the Promotional Materials or any indicia of the Franchised Business owned or licensed by Franchisor or to perform Services in a jurisdiction or geographic area other than the Territory, Franchisee acknowledges that Franchisor may revoke such privilege at any time for any reason, in its sole discretion, and without any compensation to Franchisee.

2.3 Notwithstanding anything to the contrary in this Agreement, Franchisor shall have the exclusive right to enter into contracts with customers for the performance of Services, and Franchisee shall be prohibited from doing so. If, in spite of the prohibition contained in this Section 2.3, the Franchisee for any reason enters into any customer contracts, all of Franchisee's right, title, and interest in such contracts shall be deemed assigned to Franchisor immediately upon the execution of such contracts. Franchisee agrees that, notwithstanding anything to the contrary herein, all customer contracts calling for the performance of Services, the accounts receivable generated under such contracts, and the proceeds of such accounts receivable, shall be solely and exclusively the property of Franchisor, and Franchisee shall have no interest therein. Franchisee shall not perform any Services for any customer without the customer first having signed a contract for such Services with Franchisor. Franchisee shall execute the Subcontract contained in Exhibit F contemporaneously herewith, and the terms of the Subcontract and this Agreement shall govern the Franchisee's performance of Services. Franchisee shall not perform any Services for customers unless and until the Subcontract is signed.

2.4 Franchisee is authorized to sign customer contracts as agent on Franchisor's behalf, provided that Franchisee's authority shall be limited to signing Franchisor's approved customer-contract form or such other form or modification as Signal may approve in writing.

2.5 Notwithstanding anything to the contrary in this Agreement, Franchisor reserves the right to promote and solicit, and to enter into arrangements with contractors to promote and solicit, contracts for accounts that may involve furnishing Services within the Territory. Franchisee shall have a right of first refusal to perform any Services under any customer contract to the extent that such Services are to be performed within the Territory. However, should Franchisee fail to accept any request to perform such Services within a time period specified by Franchisor, fail to meet the requirements of the customer contract, or fail to perform the referred Services under the customer contract in accordance with its terms or to the satisfaction of the customer, as determined by Franchisor in its sole discretion, Franchisor may perform or enter into arrangements with other franchisees or contractors to perform such Services and may

locate employees or contractors within the Territory for these purposes, without any further obligation to Franchisee relating to such accounts.

2.6 Franchisor reserves all other rights that are not expressly granted to Franchisee pursuant to this Agreement.

3. Conditions to Franchise**.**

3.1 THE PARTIES AGREE THAT THE GRANT TO FRANCHISEE OF THE FRANCHISE AND LICENSE SET FORTH IN SECTION 2.1 IS CONDITIONED ON FRANCHISEE'S COMPLETION, TO THE SATISFACTION OF THE FRANCHISOR, OF THE FOLLOWING FRANCHISE CONDITIONS:

(a) Franchisee will sign and return to Franchisor the original executed Agreement, including Exhibits B (Guaranty), E (Security Agreement), F (Subcontract), G (Confidentiality Agreement), H (Assignment of Telephone Number and Service, and I (Assignment of Domain Name and E-Mail Addresses), and will retain a copy of the fully executed Agreement for Franchisee's records.

(b) Franchisee will pay to Franchisor the Franchise Fee (as later set forth in this Agreement) by certified check, cashier's check, or electronic fund transfer upon execution of this Agreement.

(c) Franchisee must demonstrate, to the satisfaction of Franchisor, in its sole discretion, Franchisee's fitness to operate the Franchised Business.

(d) Financial Qualifications.

(i) Franchisee will submit to Franchisor true and accurate financial statements of Franchisee and, if applicable, its owners, prepared in accordance with generally accepted accounting principles, in such form as Franchisor may require, within thirty days after the Effective Date of this Agreement.

(ii) Franchisee must demonstrate, to the satisfaction of Franchisor, in its sole discretion, that Franchisee is sufficiently capitalized to operate the Franchised Business.

(iii) Franchisee grants to and create in favor of Franchisor a security interest under the Uniform Commercial Code in and to all Franchisee's personal property, including all Franchisee's rights to any payments, all accounts, accounts receivable, chattel paper, consumer goods, inventory, equipment, vehicles, instruments, documents, deposit accounts, bonds, money, letters of credit, general intangibles, payment intangibles, supporting obligations, machinery, office and computer equipment, licenses, permits, customer lists, sales records, purchase records, software, fixtures, trademarks and the goodwill of the business associated therewith, copyrights, patents and all other forms of intellectual property, contract rights, investments, securities, and all products and proceeds from such personal property, whether cash, non-cash or

insurance proceeds, all whether now owned or hereafter acquired (the "Collateral"), by executing a security agreement in the form attached as Exhibit E.

(iv) Franchisee authorizes the filing of any financing statements and continuation statements as Franchisor may reasonably require in a form satisfactory to Franchisor. Franchisee will pay the costs to file such statements with the proper authorities and/or governmental office**.**

(v) Franchisee irrevocably appoints Franchisor as its agent and attorney-in-fact to execute any such financing statements in Franchisee's name. Franchisee will execute such additional or supplemental documents and agreements to perfect Franchisor's security interest in the Collateral as Franchisor may reasonably request.

(vi) Franchisee shall return to Franchisor the personal guaranty attached as Exhibit B to this Agreement, executed by Franchisee's spouse, if Franchisee is an individual, or all owners of a beneficial interest in Franchisee, if Franchisee is a legal entity. Franchisor may, in its sole discretion, require said guaranty to be secured by any or all of the assets of any or all of the persons signing the guaranty.

(e) Franchisee or (i) if Franchisee is a legal entity, such owners of a beneficial interest in such entity as Franchisor may request, or (ii) if Franchisee is more than one individual, then each individual, will, along with one or two designated managers of Franchisee, attend and complete an initial training program conducted by Franchisor. The Franchisor reserves the right to charge the Franchisee the costs of travel, lodging, and meals to attend and complete such a program.

3.2 Franchisee will have sixty (60) days from the Effective Date ("Condition Period") to complete the Franchise Conditions and send a written request to Franchisor for a determination whether the Franchise Conditions have been completed to the Franchisor's satisfaction. Franchisee agrees that it will provide such other documentation and proof that such Franchise Conditions have been completed as Franchisor may reasonably request.

3.3 If Franchisee is unable to complete the Franchise Conditions within the Condition Period due to circumstances beyond the Franchisee's control, Franchisee may request in writing that Franchisor extend the Condition Period. Such request must be sent at least ten (10) business days prior to the expiration of the Condition Period. Franchisor may, in its sole discretion, extend the Condition Period for a time period to be determined by Franchisor.

3.4 Within thirty (30) days after receipt of Franchisee's request pursuant to Section 3.2, Franchisor will notify Franchisee in writing whether the Franchise Conditions have been satisfactorily completed. If Franchisor determines that the Franchise Conditions have been met, Franchisor will send to Franchisee a written Approval. If Franchisor determines that such Franchise Conditions have not been met, (a) Franchisor will send to Franchisee a written Rejection, in which case Franchisor may terminate this Agreement in accordance with Section 12; or (b) Franchisor may, in its sole discretion, allow Franchisee

additional time to complete the Franchise Conditions to the Franchisor's satisfaction. Franchisee agrees that Franchisor, in its sole discretion, will determine whether such Franchise Conditions have been satisfactorily completed.

3.5 If Franchisor allows Franchisee additional time to complete the Franchise Conditions, then before the expiration of such extension period, Franchisee will send a written request to Franchisor to determine whether the Franchise Conditions have been satisfactorily completed. Upon receipt of Franchisee's request, Franchisor will follow the steps in Section 3.4.

4. Term**.**

4.1 Franchise Term. The franchise term of this Agreement will commence upon the execution of this Agreement and will continue in effect until the expiration date set forth in Exhibit A unless terminated earlier in accordance with Section 12 of this Agreement ("Franchise Term").

4.2 Renewal. Franchisor may decline a renewal of this Agreement in accordance with applicable law. Subject to the foregoing, Franchisee may apply to renew this Agreement and extend the Franchise Term or any Renewal Term(s) for successive three-year periods ("Renewal Term"), subject to Franchisee satisfying each of the following conditions before any Renewal Term takes effect ("Renewal Conditions"). FRANCHISEE'S FAILURE TO SATISFY ALL OF THE RENEWAL CONDITIONS WILL RESULT IN NON-RENEWAL OF THE FRANCHISE.

(a) Franchisee must deliver to Franchisor written notice of Franchisee's intent to renew not less than one hundred eighty (180) days and not more than two hundred forty days (240) days prior to the end of the then-current term.

(b) At least thirty days before the expiration of the Franchise Term or any Renewal Term, Franchisee must execute a renewal addendum or a new franchise agreement, as Franchisor shall elect. Any new franchise agreement may, in Franchisor's discretion, contain materially different terms from those contained in this Agreement. In lieu of a Franchise Fee, however, Franchisee will pay a Renewal Fee as set forth in Section 5.2 of this Agreement, or, if Franchisor so elects, such other amount as may be indicated in the franchise agreement Franchisor offers at the time of any renewal.

(c) Franchisee must pay the Renewal Fee or other amount required under Section 4.2 of this Agreement not less than thirty (30) days prior to the expiration of the then-current term.

(d) Franchisee must have met, to the satisfaction of the Franchisor, the sales goals and performance standards established by the Franchisor for the Franchised Business.

(e) Franchisee must not, on the date of the notice of intent to renew or at any time thereafter, be in Breach or Default under Franchisee's existing franchise agreement or any other agreement or obligation Franchisee may have with Franchisor, including, but not limited to, all obligations to pay Franchise Royalties, Franchise Support Fees, Strategic Partner Fees (all as defined in Section 5 below), interest and late charges, and obligations to comply with the performance standards and requirements set forth in this Agreement.

(f) Franchisee must agree to make such capital expenditures as Franchisor may deem necessary to provide the full range of Services of the Franchised Business, and such other expenditures as Franchisor may reasonably require from time to time to renovate and modernize the Franchised Business's equipment, vehicles, uniforms, supplies, furniture, fixtures, and the Business Location, so as to reflect the then-current image of the Franchised Business, as established by Franchisor.

(g) Franchisee and its directors, officers, owners, shareholders, and members must execute a general release of Franchisor for their past dealings with Franchisor, except to the extent such release may be superseded by law.

4.3 Expired Agreement. If Franchisee does not initiate and comply with the renewal procedures outlined in Section 4.2 prior to the expiration of this Agreement and fails to sign a new franchise agreement, but continues to accept the benefits of this Agreement after its expiration, then, Franchisor may, at its sole option, treat this Agreement as either (a) expired as of the date of expiration, with Franchisee then operating a Franchise without the right to do so and in violation of Franchisor's rights or (b) continued on a month-to-month basis (the "Interim Period") until Franchisor or Franchisee provides the other party with written notice of such party's intention to terminate the Interim Period, in which case the Interim Period will terminate upon the expiration of thirty (30) days (or such longer period as may be required by law) after the notice to terminate the Interim Period is given. If Franchisor opts to continue the Agreement on a month-to-month basis, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed upon Franchisee on the expiration of this Agreement shall be deemed to take effect upon the termination of the Interim Period. Notice given by either party to terminate the Interim Period will not limit Franchisor's option to exercise its rights under Section 12.

5. Fees and Royalties**.**

5.1 Franchise Fee. In exchange for Franchisor's license and franchise grant set forth in Section 2.1 of this Agreement, Franchisee will pay to Franchisor a non-refundable fee as provided in Exhibit C-1 ("Franchise Fee"), which shall be due and deemed fully earned upon the execution of this Agreement.

5.2 Renewal Fee. In exchange for the Franchisor's license and franchise grant for a Renewal Term, Franchisee will pay to Franchisor a non-refundable Renewal Fee as provided in Exhibit C-1 ("Renewal Fee") at least thirty (30) days prior to the end of the then-current term.

5.3 Franchise Royalties. During the Franchise Term and any Renewal Terms of this Agreement, Franchisor shall be entitled each month to a franchise royalty in an amount determined in accordance with Exhibit C-1 ("Franchise Royalties"), provided that during any Renewal Terms, the Franchise Royalties shall be determined at the rate indicated in the renewal addendum or franchise agreement Franchisor offers at the time of renewal, as Franchisor shall elect.

5.4 Franchise Support Fee. During the Franchise Term and any Renewal Term and in consideration of the support that Franchisor will provide to Franchisee, Franchisor shall be entitled each month to a franchise support fee in an amount determined in accordance with Exhibit C-1 ("Franchise Support Fee"), provided that during any Renewal Term, the Franchise Support Fee shall be determined at the rate indicated in the renewal addendum or franchise agreement Franchisor offers at the time of renewal, as Franchisor shall elect.

5.5 Transfer Fee. Except in the case of a sale, transfer, or assignment to a legal entity formed pursuant to Section 14.8 of this Agreement, Franchisee or the transferee will pay to Franchisor the transfer fee set forth on Exhibit C-1 ("Transfer Fee") prior to the effective date of any sale, transfer, assignment, lease or sublease by Franchisee of any or all of its interest in this Agreement or any interest in Franchisee, provided that during any Renewal Terms, Franchisee will be obligated to pay the Transfer Fee indicated in the renewal addendum or franchise agreement Franchisor offers at the time of renewal, as Franchisor shall elect.

5.6 Strategic Partner Fees. In the event that Franchisor refers to Franchisee the performance of any Services under a customer contract solicited and directly or indirectly obtained through the efforts of Franchisor, and Franchisee agrees to perform the referred Services under such contract, Franchisee shall perform the required Services in accordance with the terms of the customer contract, and Franchisor shall be entitled to a Strategic Partner Fee in an amount determined in accordance with Exhibit C-1 ("Strategic Partner Fee"). This Strategic Partner Fee will not include the cost of any Franchisor personnel who perform any services associated with the customer contract, which shall be billed separately. If Franchisee fails to accept Franchisor's referral of the performance of Services under a customer contract, to meet the requirements or to perform the referred Services under the customer contract in accordance with its terms or to the satisfaction of the customer, as determined by Franchisor in its sole discretion, Franchisor may, in addition to any other remedies it may have, perform such Services itself or refer such Services to any other franchisee or other contractor (whether or not the Services provided thereunder are to be performed in the Territory) and shall owe no further obligation to Franchisee concerning such customer contract. The Strategic Partner Fee shall not apply to customer contracts solicited and obtained solely through the efforts of Franchisee.

5.7 Service Fees. In the event that Franchisor notifies Franchisee of a default under the Franchise Agreement and Franchisee fails to cure the default within thirty (30) days after such notice, Franchisor shall be entitled to service fees in an amount determined in accordance with Exhibit C-1 for services rendered by Franchisor or its authorized agent as a result of the default. In the event that Franchisee is unable to operate the Franchised Business due to illness, incapacity, or death, Franchisor may operate the Franchised Business and shall be entitled to service fees in an amount determined in accordance with Exhibit C-1 for services the Franchisor may provide.

5.8 Payment of Fees.

(a) Any fees and other amounts owed by Franchisee to Franchisor shall be paid via an electronic funds transfer program (the "EFT Program"). Before opening the Franchised Business, Franchisee shall provide Franchisor with Franchisee's bank name, address and account number, a voided check from such bank account, and shall sign and give to Franchisor and Franchisee's bank all documents, including the form included as Exhibit C-2 to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw and deposit funds from and to such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including changes in account numbers. Franchisor reserves the right to require Franchisee to pay any fees due under this Agreement by such other means as Franchisor may specify from time to time.

(b) Franchise Royalties, Franchise Support Fees, Strategic Partner Fees, and Service Fees and any other amounts owed by Franchisee to Franchisor shall be due on the fifteenth (15th) day of each month. Franchisee shall be

responsible for paying such amounts regardless of whether or not the Gross Revenue upon which they are based is ultimately collected.

(c) Franchisee shall have primary responsibility for collecting all amounts customers owe as a result of the Franchisee's performance of Services. Subject to the immediately preceding sentence and subsection (b), above, Franchisor shall bill customers for all Services provided by Franchisee, directing that customers make payments to Franchisor; and upon receiving payments from customers, Franchisor shall, within thirty (30) days after the receipt of such payments, remit to Franchisee the portion of such payments that is attributable to Services performed by Franchisee, less any amounts due from Franchisee to Franchisor for any reason and any amounts due to other franchisees or independent contractors (if applicable) of which Franchisor is aware.

(d) Any amounts not paid by Franchisee when due hereunder shall bear interest at a rate per annum equal to the lesser of twenty-five percent (25%) or the maximum rate allowed by law.

6. Franchisee Obligations**.**

6.1 Best Efforts. Franchisee acknowledges that its success and profitability resulting from performing Services for customers depends substantially upon the efforts and management of Franchisee. Therefore, Franchisee agrees to promote actively the sale of Services and to devote its best efforts and adequate time to cultivating, developing, and expanding the Franchised Business and performing Services for its customers in the Territory. Neither Franchisee nor any shareholder or owner of Franchisee shall enter into any conflicting business enterprise or other activity that would be detrimental to or interfere with the business conducted hereunder, whether or not in the Territory. Franchisee must either devote its full-time effort to manage the Franchised Business or cause to be managed the operation of the Franchised Business. Franchisee must, irrespective of any delegation of responsibility, reserve and exercise ultimate authority and responsibility with respect to the management and operation of the Franchised Business.

6.2 Opening. Franchisee must begin operation of the Franchised Business and servicing customer contracts ("the Opening") within one hundred eighty (180) days after the Effective Date ("Opening Period").

6.3 Extension of Opening Period. If, due to circumstances beyond Franchisee's control, Franchisee is unable to begin operations and service of customer contracts by the expiration of the Opening Period, Franchisee may request in writing that Franchisor extend the Opening Period. Such a request (which must comply with the requirements of Section 20 of this Agreement) must be sent at least thirty (30) days before the expiration of the Opening Period. For purposes of this Agreement, "circumstances beyond Franchisee's control" include only a *force majeure* as defined in Section 12.3 of this Agreement. If Franchisee is unable to open the Franchised Business by the expiration of the extended Opening Period, Franchisee may request in writing that Franchisor grant a further extension. The final determination as to any extension will be in Franchisor's sole discretion.

6.4 Opening Conditions. Prior to the Opening, Franchisee must satisfy each of the following conditions ("Opening Conditions"):

(a) Franchisee must obtain all required business licenses needed to operate the Franchised Business from the proper authorities and/or governmental offices, including but not limited to any security licenses that may be

required under applicable law, and must provide a copy of such licenses to Franchisor within thirty (30) days after obtaining them;

(b) Franchisee must execute all documents required to be executed by the terms of this Agreement;

(c) Franchisee must present to Franchisor copies of the Certificate of Insurance, insurance policy endorsements, and other evidence of compliance with the coverage requirements set forth in Section 10 of this Agreement, as Franchisor may require;

(d) Franchisee (or (i) if Franchisee is a legal entity, such owners of a beneficial interest in such entity as Franchisor may request, or (ii) if Franchisee is more than one individual, then each individual), the manager of the Franchised Business must attend and complete all required training programs described in the Franchise Performance Manual and/or required by the Franchisor, from time to time, provided that the Franchisor may charge the Franchisee for costs of travel, lodging, meals and other incidental expenses relating to such training, and provided further that Franchisor may charge a reasonable fee for additional training beyond the initial training and, for any training taking place at Franchisee's location, may require Franchisee to pay Franchisor's costs of travel, lodging, meals and other incidental expenses relating thereto. Franchisee shall pay charges for training prior to the commencement of the training and shall pay Franchisor's travel expenses upon demand after they have been incurred.

6.5 Equipment, Supplies, Prices for Services.

(a) Franchisee shall purchase or lease a vehicle of the make, model and specifications set forth in the Franchise Performance Manual.

(b) Franchisee shall purchase or lease all vehicles, equipment, forms (including customer contract forms), marketing materials, signage, software, other supplies used in the operation of the Franchised Business, and any other items bearing the Marks, only from Franchisor, Franchisor's affiliates, or any approved suppliers as may be set forth in the Franchise Performance Manual or designated by Franchisor from time to time. Franchisor reserves the right to approve, disapprove, or revoke approval of any supplier at any time, in its sole discretion, and without notice to Franchisee.

(c) Notwithstanding Section 6.5(b) above, Franchisee may purchase computers, computer hardware, office equipment, and supplies from Franchisor or any supplier, provided that any items that will be visible to customers must be properly branded in accordance with the requirements of the Franchise Performance Manual.

(d) Franchisor reserves the right to require full payment in cash in advance for any equipment, supplies, signage, vehicles, marketing materials, software, and other supplies ordered from Franchisor.

(e) At all times during the operation of the Franchised Business, Franchisee will sell and perform only such Services as Franchisor has approved, as set forth in the Franchise Performance Manual. Franchisee may not at any

time provide armed security services, unless Franchisor expressly approves the performance of such armed Services in writing and Franchisee meets all legal requirements and any conditions Franchisor may establish before performing any such armed Services.

(f) Franchisee generally shall establish prices for the Services it provides, provided that to the extent permitted by applicable law, Franchisor will have the right to establish maximum prices for any Services Franchisor has approved, as set forth in the Franchise Performance Manual. Franchisee acknowledges that Franchisor and/or any of its other franchisees or licensees may sell Services at discounted prices or other prices above or below those established by Franchisee.

6.6 Advertising.

(a) Franchisee shall, at its own expense, permanently display on Franchisee's Business Location and on all vehicles used by Franchisee in the operation of the Franchised Business signs of such nature, form, color, number, location, configuration and size, and containing such legends, as Franchisor may from time to time designate in the Franchise Performance Manual or otherwise approve in writing.

(b) Franchisee shall establish and maintain at all times during the term of this Agreement advertisements, previously approved by Franchisor, in local print and online telephone directories covering the Territory. Franchisee shall annually provide Franchisor with proof of Franchisee's subscription for the next editions of the respective directories no later than thirty days prior to the directories' respective deadlines for receiving advertisements.

(c) At all times during the operation of the Franchised Business, Franchisee must use, display, publish, broadcast, or otherwise disseminate such Promotional Materials as required by the Franchise Performance Manual or by Franchisor.

(d) Franchisor does not warrant or represent that any or all of the Promotional Materials will achieve any particular result.

(e) Franchisee must not use, display, publish, broadcast, or otherwise disseminate in any manner any advertising or marketing materials other than the Promotional Materials unless Franchisor has first approved in writing that Franchisee may use, display, publish, broadcast, or otherwise disseminate such advertising or marketing materials. Franchisor may approve or disapprove any such materials and may revoke its approval at any time in its sole discretion without prior notice.

(f) Franchisee covenants that all advertising and marketing materials created by Franchisee and approved by Franchisor to be used, displayed, published, broadcasted, or otherwise disseminated as set forth in subsection 6.6(e) of this Agreement will be completely factual, and will conform to the highest standards of ethical advertising. Franchisee will maintain sole responsibility for complying with all applicable laws and regulations for any advertising and marketing materials it creates. Under no circumstances will Franchisor be deemed liable for the violation of any laws or regulations by virtue of its approval of any of Franchisee's

advertising or marketing materials, and Franchisee shall indemnify, defend, and hold harmless Franchisor for any and all claims relating thereto.

(g) Franchisor may market at its discretion the services offered by Signal franchises, including within the Territory, but is not required to spend a certain amount on advertising in any particular area located near your Franchised Business or within the Territory, nor to make any expenditures for any franchisee in proportion to its advertising contribution, nor to ensure that any franchisee benefits directly or pro rata from advertising expenditures. Franchisee shall therefore be solely responsible for marketing within the Territory.

6.7 Minimum Sales Quota. During the Franchise Term and any Renewal Terms, annual Gross Revenues must be at least the amounts respectively set forth on Exhibit D or, in the case of a Renewal Term, such amounts as may be set forth in the renewal addendum or the franchise agreement Franchisor offers at the time of renewal.

6.8 Books, Records, Accounting, Inspection, Audits.

(a) Franchisee shall keep accurate books, records, and accounts of all operations and transactions relating to the Franchised Business using an accounting system approved by Franchisor. Franchisee may contract with an approved vendor (including Franchisor) for any of the services required to keep and preserve accurate books, records, and accounts of all operations and transactions relating to the Franchised Business using an accounting system approved by Franchisor. Additional fees may apply if Franchisor provides the services. Franchisee will preserve such books, records, and accounts for a period of at least five (5) years from the date of their preparation. All such books and records shall be open to the inspection and copying of Franchisor or its authorized representatives at all times during normal business hours, without prior notice to Franchisee.

(b) Franchisee shall submit to Franchisor, within sixty (60) days after the end of each fiscal year, a complete income statement and balance sheet for such fiscal year.

(c) Upon request by Franchisor, Franchisee will also provide to Franchisor, within ten days after such request, a copy of the tax returns and tax schedules of Franchisee for the Franchised Business or of any beneficial owner of Franchisee, which cover any fiscal year prior to the year in which the request is made.

(d) Upon request by Franchisor, Franchisee will also submit to Franchisor such other forms, bank statements, employment tax returns, or proof of payment of any tax. Franchisee shall sign all such statements, returns, and reports, attesting that they are true and correct.

(e) Franchisor may, at its option, after reasonable notice to Franchisee, undertake an audit of all books and records kept by Franchisee in connection with the business conducted by Franchisee. Franchisee shall, at its cost, provide Franchisor with photocopies of all records requested by Franchisor or its auditors.

(f) Franchisor and its duly authorized agents (including Franchisor's accountants and attorneys) are authorized to inspect and review all financial statements, tax returns, and other books and records provided to Franchisor pursuant to this or any other agreement between the parties. **Franchise Financial statements and tax returns are required to be submitted annually within the first quarter of the current year for the prior calendar year. Franchisor may require other books and records to be submitted as needed.**

(g) In the event that any inspection of records, review of financial and tax information of Franchisee, or audit of books and records reveals that the Gross Revenues reported by Franchisee to Franchisor are less than the Gross Revenues ascertained by such inspection and review, then Franchisee must immediately pay to Franchisor the amount by which Franchisee underpaid Franchisor, together with interest required to be paid in Section 5.11(d) of this Agreement on the amount by which Franchisee underpaid Franchisor. If any inspection, review or audit reveals that Franchisee's reported Gross Revenues have been understated by five percent (5%) or more, Franchisee shall also pay and reimburse Franchisor for all costs of the inspection, review, or audit, including without limitation all travel, lodging, dining, and wage costs and reasonable accounting and legal fees.

6.9 Inspection of Premises. Franchisee must permit Franchisor or its duly authorized agent or attorney, with or without prior notice to Franchisee, to enter upon Franchisee's premises for the purpose of conducting inspections and evaluating Franchisee's compliance with the requirements of this Agreement, the Franchise Performance Manual, and any other agreement between Franchisor and Franchisee. In the event that any inspection reveals that Franchisee is not in compliance with the requirements set forth above, Franchisee will take immediate steps to correct such deficiency. If Franchisee fails to correct such deficiencies, Franchisee shall be in default, and Franchisor will have the right to enter upon the Franchisee's premises without being deemed liable for trespass or any other tort and to correct such deficiencies or cause them to be corrected at the expense of the Franchisee, which expense the Franchisee will pay on demand. In the event that Franchisee fails to comply substantially with the requirements set forth above, Franchisee will be in Default as provided in Section 12 of this Agreement.

6.10 Customer Complaints and Inquiries. Franchisee must respond promptly to customer complaints and inquiries in accordance with (1) the requirements set forth in the Franchise Performance Manual, as amended by Franchisor from time to time, and (2) any directive issued by Franchisor. Franchisee shall take such other steps as may be required to ensure good customer relations.

6.11 Compliance with Franchise Performance Manual and Applicable Laws. The Franchise Performance Manual will contain both mandatory and suggested specifications, standards and operating procedures that Franchisor develops for operating the Franchised Business. Franchisee must operate the Franchised Business in strict conformity with the mandatory specifications, standards and operating procedures set forth in the Franchise Performance Manual, as amended by Franchisor from time to time, and with all applicable laws. Franchisee acknowledges and understands that any required specifications, standards and operating procedures exist to protect Franchisor's interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those day-to-day operational matters that are reserved to Franchisee.

6.12 Standards of Performance and Conduct. Franchisee must perform the Services competently, in a professional manner, and in accordance with the Franchise Performance Manual.

Franchisee will be governed by, and agrees to abide by, the highest standards of honesty, integrity, professionalism, fair dealing, and ethical conduct in all business dealings with members of the public and Franchisor. Franchisee will not discredit, dishonor, reflect adversely upon, or injure in any manner the reputation of Franchisor, Franchisee, or any other franchisee of the Franchisor. Franchisee shall also notify Franchisor within ten (10) business days whenever it experiences a change in managers.

6.13 Physical Office. If Franchisee should open a Business Location, Franchisee shall thereafter maintain such Business Location within the Territory so long as this Agreement or another franchise agreement with Franchisor shall remain in effect.

(a) Franchisee shall obtain Franchisor's approval of any construction or remodeling plans prior to commencement of construction. Franchisee must maintain any required Business Location in a clean, wholesome, attractive, and safe condition, at Franchisee's sole expense, in accordance with the specifications set forth in the Franchise Performance Manual.

(b) Franchisee must purchase, install, operate and maintain, at Franchisee's sole expense, such fixtures, furnishings, signs, improvements, and other equipment set forth in the Franchise Performance Manual, including such upgrades as Franchisor may designate from time to time. Franchisee will not, without Franchisor's prior written consent, install or operate any fixtures, furnishings, signs, improvements, or other equipment in the Franchised Business that has not been previously approved by Franchisor.

(c) Franchisee may relocate its operations to a new Business Location, provided that the new Business Location is located within the Territory and meets all of the requirements set forth in this Agreement and the Franchise Performance Manual. Franchisee shall bear all costs associated with any relocation, including any costs incurred by the Franchisor and a reasonable fee for any services provided by Franchisor related to the relocation.

6.14 Leases. Franchisor reserves the right to require Franchisee to submit to Franchisor, for Franchisor's written approval, all proposed leases, subleases, amendments, renewals, extensions or modifications to a lease or sub-lease for any leased premises ("Lease Proposals"). Upon Franchisor's written approval of such Lease Proposals, Franchisee will send to Franchisor a copy of the fully executed lease, sublease, amendment, renewal, extension or modification in order that Franchisor may have on file a copy of the current lease or sublease with all applicable amendments and renewals. Each lease shall be for a term that, with a renewal option exercisable by Franchisee, is not less than the total time period in the Franchise Term, and must grant to Franchisor:

(a) the right to enter the Business Location to make any modification necessary to protect the Marks and a "Collateral Assignment of Lease" executed by Franchisee and the lessor of the Business Location, providing Franchisor notice of Franchisee's default of the lease, a right to cure such default and the right to assume the lease, as well as the right to sublease or assign the lease to another Franchised Business franchise owner (and if Franchisor exercises its right under the Collateral Assignment of Lease, Franchisee will have the option to acquire all fixtures, equipment and other lease hold improvements that was on the Business Location at fair market value); and

(b) the right to act as prime lessee under the lease and to sublease such Business Location to Franchisee.

6.15 Trade Names. Franchisee must operate the Franchised Business under the Name, without the addition of any prefix or suffix, unless otherwise approved by Franchisor in writing. Franchisee agrees to cooperate in the registration of the Name, or filing of statements of its use of such name with the proper authorities and/or governmental offices, upon the request of Franchisor. Franchisee agrees to execute all papers reasonably requested by Franchisor to effect the registration, maintenance, and renewal of such registration or filing, including the filing of any documents in the name of Franchisee. Franchisee hereby assigns to Franchisor all of its right, title and interest in and to such registration and filing, if any, without any requirement of further consideration. Franchisee agrees to execute all papers reasonably requested by Franchisor to effectuate such assignment.

6.16 Corporate Names and Bank Accounts. Subject to the provisions of Section 6.15 of this Agreement, the name of Franchisee and any corporation, partnership, limited liability company, or other organization formed by Franchisee for the purpose of operating the Franchised Business must not include the Name, or any derivation or form of the Marks. Franchisee further agrees not to use the Name or any derivation or form of the Marks in the name of any bank account of Franchisee, provided however, that Franchisee may use the Name in its bank account if the Name is designated as a trade name or "D.B.A." Notwithstanding Franchisee's obligations set forth in Section 13 upon termination or expiration of this Agreement, Franchisee will, upon request by Franchisor (which request will comply with the requirements of Section 20 of the Agreement), promptly discontinue the use of the Name or any derivation or form of the Marks, or any and all names or words confusingly similar to the Name or the Marks from Franchisee's bank accounts, or from the name of any corporation, partnership, limited liability company, or other organization formed by Franchisee for the purpose of operating the Franchised Business.

6.17 Web Sites. Franchisee must have and maintain adequate hardware and software in order to access the Internet at the bit speed Franchisor requires from time to time. Franchisee is prohibited, however, from establishing any website or other presence on the Internet, except as provided herein. The only domain names and Sites that Franchisee may use relating to the Franchised Business are those assigned or approved by Franchisor in writing. Franchisee must also obtain Franchisor's prior written approval concerning: (a) the listing of any Marks on any third-party Site ("Marked Sites"); (b) any proposed links between Marked Sites and any other Site ("Linked Sites"); and (c) any proposed modifications to Marked Sites and Linked Sites. Franchisor reserves the right to withhold approval, to withdraw any prior approval, and to modify any requirements. Franchisee acknowledges that it may not, without a valid license or other legal right, post on Marked Sites any material in which any third party has any direct or indirect ownership interest (including, but not limited to video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which any third party may claim an interest). Franchisee must incorporate on Marked Sites any information required by Franchisor in the manner Franchisor deems necessary to protect the Marks. Except as approved in advance in writing by Franchisor, Franchisee must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on Facebook, Instagram, Twitter, Snapchat, Google, Microsoft, LinkedIn, YouTube or any other social media and/or networking site. If such approval is granted by Franchisor, Franchisee must: (i) establish and operate such Internet site in accordance with System standards and any other policies Franchisor designates in the Franchise Performance Manual or otherwise in writing from time to time, including but not limited to Franchisor's Internet privacy policies; and (ii) utilize any templates that Franchisor provides to Franchisee to create and/or modify such site(s). Franchisor shall have the right to modify the provisions of this Section 6.17 relating to Internet websites as Franchisor deems necessary or appropriate in the best interest of the System.

6.18 Stock of Franchisee. If Franchisee is a corporation or limited liability company, all shares of Franchisee, whether already or later issued by Franchisee, will bear a legend sufficient under applicable law to constitute notice on such stock of the restrictions contained in this Agreement and will allow such restrictions to be enforceable. Such legend will appear in substantially the following form:

> "The sale, transfer, pledge or hypothecation of this stock is restricted pursuant to a Franchise Agreement dated _____ _____, 20____, between Signal 88, LLC and the issuer of these shares."

6.19 Annual Convention. Franchisee or, if Franchisee is an entity, then at least one beneficial owner of Franchisee must attend Franchisor's annual convention each year during the term of this Agreement. Failure to attend the convention may, in our sole discretion, result in a charge to your account equal to the registration fee for the convention that year with the full convention fee, including hotel, being charged to you. This charge may be applied to your accounting statements with us for a period consisting of multiple months leading up to the convention.

6.20 Articles of Incorporation or Organization. If it is an entity, Franchisee shall provide Franchisor with its articles of incorporation or organization no later than ten (10) days after the execution of this Agreement. In the event of any changes in Franchisee's articles of incorporation or organization during the Franchise Term or any Renewal Term, Franchisee shall provide Franchisor with a copy of the revised articles of incorporation or organization within ten (10) days after the effective date of the change.

6.21 Prohibition Against Providing Services. Except as provided in Section 14.8, neither Franchisee nor any owner of Franchisee shall operate a Franchised Business or provide any Services under or through any entity other than Franchisee during the Franchise Term or any Renewal Term. If at any time Franchisee forms an entity with the intent to operate a Franchised Business or perform Services under or through such entity, Franchisee may only carry out such intent by assigning this Agreement to the entity in accordance with the terms of Section 14.8 and by meeting all of the conditions set forth therein.

6.22 Capital Expenditures. Franchisee agrees to make such capital expenditures as Franchisor may deem necessary to provide the full range of Services of the Franchised Business, and such other expenditures as Franchisor may reasonably require from time to time to renovate and modernize the Franchised Business's equipment, vehicles, uniforms, supplies, furniture, fixtures, and the Business Location, so as to reflect the then-current image of the Franchised Business, as established by Franchisor.

6.23 Data Privacy and Protection. Franchisee is solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and Franchisee waives any and all claims it may have against Franchisor as a direct or indirect result of such disruptions, failures, or attacks. Franchisee must comply with all laws and regulations relating to privacy and data protection and must comply with any privacy policies or data protection and breach-response policies Franchisor may establish from time to time. Franchisee must notify Franchisor immediately of any suspected data breach in connection with the Franchised Business.

7. Indemnification. Franchisee agrees to defend, indemnify, and hold harmless to the fullest extent permitted by law the Franchisor, its parent, subsidiaries, affiliates, officers, directors, shareholders, employees and agents (collectively, the "Indemnitees"), from and against any and all debts, liabilities, claims and obligations of any nature (including attorney's fees, investigation costs and other expenses) incurred in connection with any claim, demand, investigation, or inquiry (whether formal or informal), or any settlement thereof, that arises out of or relates to (i) the inaccuracy or breach, as applicable, of any Franchisee's obligations, representations, covenants or warranties in this Agreement; (ii) the operation of the Franchised Business; or (iii) the actions or inaction of Franchisee or Franchisee's employees. In no

event will Franchisee be required to indemnify the Indemnitees from and against any or all third-party debts, liabilities, claims and obligations solely arising out of or relating to the proven willful misconduct or gross negligence of Franchisor.

8. Waivers and Disclaimers.

8.1 No failure of Franchisor to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms of this Agreement will constitute a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement. No waiver or approval by Franchisor of any particular breach or default by Franchisee, nor any delay, forbearance, or omission by Franchisor to act or give notice of Default or to exercise any power or right arising by reason of such default under this Agreement, nor acceptance by Franchisor of any payments due under this Agreement will be considered a waiver or approval by Franchisor of any preceding or subsequent breach or Default by Franchisee of any provision of this Agreement.

8.2 Franchisor makes no warranty or representation (express or implied) that use of the System will achieve any particular result.

8.3 Franchisor makes no warranty or representation that all agreements executed by Franchisor for the Franchised Business do or will contain terms substantially similar to those contained in this Agreement. Franchisee acknowledges and agrees that Franchisor may, in its discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements now or later granted to other Franchised Business franchise owners in a non-uniform manner.

9. Taxes, Permits, Indebtedness, Compliance with Laws.

9.1 Franchisee will promptly file and pay when due any and all federal, state and local taxes, including but not limited to, unemployment and sales taxes, levied or assessed with respect to any Services furnished, used or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in operation of the Franchised Business.

9.2 Franchisee will comply with all applicable federal, state and local laws, rules and regulations. Franchisee will also timely obtain any and all permits, certificates and licenses for the full and proper operation of the Franchised Business.

9.3 Franchisee covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business.

9.4 Franchisee agrees that Franchisor shall not be liable for any delays in obtaining any licenses that may be necessary to operate the Franchised Business in the Territory.

10. Insurance. No later than the Opening, Franchisee shall obtain minimum insurance coverage (as set forth in Section 10.1) and submit proof thereof to the Franchisor. Franchisor offers certain insurance programs and if offered, Franchisor may require participation in such programs. Franchisor may also offer an opportunity to opt out of such programs but reserve the right to change that. In the event that Franchisee opts out, the Franchisee shall maintain minimum insurance coverage during the Franchise Term and any Renewal Terms and shall submit proof of such coverage to Franchisor no less than once per calendar year. Such coverage must be primary and non-contributory as to any insurance maintained by Franchisor and must be written with an insurance company that has an A.M. Best rating of "A" or better. Franchisee's policies must require its insurers to give Franchisor at least thirty (30) days' written notice of any cancellation, expiration, or material alteration of coverage. Any policy exclusions must be clearly

delineated and communicated to the Franchisor. No exclusions are allowed that would be considered a vital part of operating a security business, in the sole discretion of Signal. You must also provide us with proof of coverage no less than once per year. The evidence of insurance must include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days' prior written notice to us.

10.1 Franchisee shall be required to maintain the following minimum insurance coverage:

(a) **Commercial General Liability Insurance, (CGL)** (including bodily injury, property damage, products, completed operations', independent contractors', and advertising liability coverage) on an occurrence basis which provides minimum single limit protection of no less than one million dollars ($1,000,000) per occurrence, three million dollars ($3,000,000) aggregate;

(i) If armed security contracts are in place, Franchisee shall also have the Commercial General Liability Insurance policy endorsed with Security Guards Professional Liability coverage.

(b) **Workers' Compensation Insurance** in accordance with the legal requirements of the state where Franchisee operates its Franchised Business(es);

(c) **Employer's Practices liability Insurance**, **(EPLI)**, on an occurrence basis which provides protection of no less than five hundred thousand dollars ($500,000) per occurrence, five hundred thousand dollars ($500,000) per employee, and five hundred thousand dollars ($500,000) policy limit, to cover all of Franchisee's employees;

(d) **Automobile Liability Insurance** to cover all owned, non-owned, and hired vehicles in the amount of at least one million dollars ($1,000,000) combined single limit; and

(e) **Umbrella Liability (excess) Insurance** on an occurrence basis that "Follows Form" on the General Liability Policy and Auto Liability Policy of no less than five million dollars ($5,000,000).

(f) Franchisee must **name Franchisor as an additional insured on all policies**, and **all policies shall include waivers of subrogation provisions** which are in favor of and reasonably acceptable to Franchisor.

(g) Certain clients may require coverage beyond the limits indicated above or coverages not mentioned, such as an additional Excess policy. It is the sole responsibility of the Franchisee to obtain the coverages required by the client.

10.2 If, for any reason, Franchisee should fail to procure or maintain the insurance required, Franchisor shall have the right and authority (but not the obligation) immediately to procure insurance and to charge Franchisee with the full cost of that insurance and up to $250 for its reasonable expenses in acquiring the policy or policies. Franchisee must pay this amount upon demand. If Franchisee fails to comply with any insurance requirements set forth in a customer contract, Franchisor has the right to assign such contract to any third party for servicing with no compensation due the Franchisee.

10.3 Franchisor has the right, in its sole discretion, to increase or otherwise modify the minimum insurance requirements upon thirty (30) calendar days' prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

11. Ownership and Protection of the Marks and System.

11.1 Franchisee acknowledges and agrees that Franchisor is the owner or authorized licensee of all right, title and interest in and to the Marks, the System, any intellectual property rights in the Promotional Materials, any transliteration of the Marks into the characters of any language, any registrations or pending applications for the Marks, and any goodwill associated with the Marks. Franchisee further acknowledges and agrees that Franchisor is the exclusive licensee of the Software.

11.2 Franchisee agrees that it will not directly or indirectly challenge Franchisor's rights, or directly or indirectly claim or assert any contrary rights or interests in and to the Marks, the System, any intellectual property rights in the Promotional Materials, or any transliteration of the Marks into the characters of any language, any registrations or pending applications for the Marks, any goodwill associated with the Marks, or any rights in the Software. Franchisee further agrees that any and all rights that may be acquired by the use by Franchisee of the Marks, and any transliteration of the Marks into the characters of any language, will inure to the sole benefit of Franchisor or its licensor.

11.3 Franchisee acknowledges and agrees that it will not directly or indirectly register or attempt to register the Marks, any service mark or trademarks confusingly similar to the Marks, any transliteration of the Marks into the characters of any language, any logos or trade dress associated with the Marks, the copyrights in the Promotional Materials, or any rights in the Software with any governmental agency in any country, jurisdiction or territory.

11.4 Franchisee agrees to use such legends, markings and notices of registration and ownership as Franchisor may reasonably request on all advertising and signs used in connection with the Franchised Business. Franchisee will not use any Mark in any modified form, nor may Franchisee use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner not expressly authorized in writing by Company.

11.5 Franchisee agrees promptly to notify Franchisor of any of the following:

(a) any actual or threatened infringement or dilution of the Marks;

(b) any actual or threatened infringement of the intellectual property rights in the System, the Promotional Materials, or the Software;

(c) any actual or threatened claim that any of the Marks infringe upon or dilute any third-party trademark or service mark; or

(d) any actual or threatened claim that the System, the Promotional Materials, or the Software infringe upon any third-party intellectual property rights.

11.6 In the event that Franchisor, in its sole discretion, should determine to prosecute or defend any action involving the Marks, the System, the Promotional Materials, or the Software, Franchisee will, at Franchisor's expense, provide reasonable information and assistance to Franchisor in connection with such prosecution or defense. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Marks in accordance with this Agreement, Franchisor will bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Marks in accordance with this Agreement, Franchisee shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation

relating to Franchisee's use of the Marks, Franchisee shall execute all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs incurred in performing such acts. Franchisee agrees and acknowledges that Franchisor is not required to defend or prosecute any action involving the Marks, or the intellectual property rights in the System, the Promotional Materials, or the Software.

11.7 THE RIGHTS AND REMEDIES SET FORTH IN SUBSECTION 11.6 CONSTITUTE THE ENTIRE OBLIGATION OF FRANCHISOR AND THE EXCLUSIVE REMEDY OF FRANCHISEE FOR ANY CLAIM ALLEGING THAT: (I) ANY THIRD PARTY HAS INFRINGED THE MARKS, OR ANY INTELLECTUAL PROPERTY RIGHTS IN THE SYSTEM, PROMOTIONAL MATERIALS, OR SOFTWARE; OR (II) THE MARKS, THE SYSTEM, ANY PROMOTIONAL MATERIALS CREATED BY FRANCHISOR, OR THE SOFTWARE INFRINGE ON ANY THIRD PARTY'S INTELLECTUAL PROPERTY RIGHTS.

11.8 FRANCHISOR MAKES NO WARRANTIES OR REPRESENTATIONS AS TO THE USE, VALIDITY, OR ENFORCEABILITY OF THE MARKS, THE SYSTEM, OR THE INTELLECTUAL PROPERTY RIGHTS IN THE PROMOTIONAL MATERIALS, OR THE SOFTWARE.

11.9 Franchisee acknowledges and agrees that any improvements, modifications, enhancements, customizations or revisions to, or discoveries, inventions, recommendations or other feedback relating to the Franchise Performance Manual, Promotional Materials, or System, which are made, created, conceived or provided by Franchisee, its principals, employees, subcontractors, or agents ("Improvements"), and any and all intellectual property rights in such Improvements, are and shall be owned exclusively by Franchisor. Franchisee hereby assigns to Franchisor all of its right, title and interest in such Improvements, and any and all intellectual property rights in and to such Improvements, without any requirement of further consideration. Franchisee agrees to execute all papers reasonably requested by Franchisor to effectuate such assignment(s). Franchisee represents that it has agreements in place with its personnel sufficient to protect Franchisor's rights under this section.

12. Termination. Franchisor may terminate this Agreement as permitted by the terms of this Agreement and applicable law. To the extent that applicable law allows a franchisor additional ground and/or shorter notice periods for termination than those set forth in this Agreement, the grounds and notice periods established by such law shall control, notwithstanding anything to the contrary herein. To the extent that this Agreement provides for grounds of termination or periods of notice not allowed by applicable law, such grounds and notice periods shall not be effective, and Franchisor shall comply with the grounds and notice periods established by applicable law.

12.1 Automatic Termination. This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

(a) Any sale, transfer, assignment, lease or sub-lease by Franchisee of its duties or obligations under this Agreement, by operation of law or otherwise, that does not comply with the terms of Section 14.

(b) If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or

consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business.

(c) If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within sixty (60) days.

12.2 Immediate Termination Upon Written Notice. Franchisor may terminate this Agreement immediately upon written notice (which notice will comply with the requirements of Section 21 of this Agreement) if any of the following events occur:

(a) Franchisee fails to meet the Franchise Conditions as provided in Section 3.1 of this Agreement;

(b) Franchisee fails timely to pay the Franchise Fee, Franchise Royalties, Franchise Support Fee, Strategic Partner Fee, Service Fees, or any other obligation to Franchisor or an affiliate of Franchisor;

(c) Franchisee, a manager of the Franchised Business, or (a) if Franchisee is a corporation, any shareholder of such corporation, (b) if Franchisee is a partnership, any partner of such partnership, (c) if Franchisee is a limited liability company, any member of such limited liability company, or (d) if Franchisee is more than one individual, then any such individual, is convicted in a court of competent jurisdiction of an indictable offense related to the business of the Franchised Business;

(d) Franchisee falsifies records or reports required by the Franchisor to be submitted under any Section of this Agreement;

(e) The Franchisee's operation of the Franchised Business is or becomes illegal under applicable law or regulation;

(f) The Franchised Business presents an imminent danger to public health or safety;

(g) Franchisee fails at any time to have in place the insurance policies required hereunder;

(h) Franchisee fails to comply with the requirements of Section 6.10 or Section 6.12 of this Agreement;

(i) Any act by Franchisee of selling services that are not Services approved by Franchisor as set forth in Section 6.5 of this Agreement; or

(j) If Franchisee fails to comply with the anti-terrorism provisions of Section 22.

12.3 Abandonment of Franchised Business.

(a) Franchisor may terminate this Agreement immediately upon written notice (which notice will comply with the requirements of Section 20 of this Agreement) to Franchisee if Franchisee abandons the Franchised Business by failing to perform the Services for three (3) consecutive days during

which Franchisee is required to operate the Franchised Business as set forth in the Franchise Performance Manual, not including any circumstance where Franchisee's failure to perform the Services for three (3) consecutive days is due to a *force majeure*. For purposes of this Agreement, only the following circumstances constitute a *force majeure*: (a) a change in any law, order, rule, or regulation that becomes effective after the Effective Date and that makes a Franchisee's performance illegal; (b) hurricane, tornado, flood, earthquake, or other natural disaster; (c) bomb blast, explosion or fire; and (d) war, riot, or acts of terrorism.

(b) If Franchisee claims excuse from performance as a result of a *force majeure*, Franchisee must notify Franchisor in writing within (2) business days after becoming aware of any *force majeure* that prevents, interrupts, or delays its performance under this Agreement. The notice must include a description of the *force majeure* and an estimate of the expected duration of the *force majeure*.

12.4 Termination for Default.

(a) A "Default" of this Agreement shall include, but is not limited to, the occurrence of any of the following events:

(i) Any use of the Name or the Marks by Franchisee that exceeds the scope of the license and franchise granted in Section 2 of this Agreement.

(ii) Any failure by Franchisee to open the Franchised Business upon the expiration of the Opening Period or an extended Opening Period set by Franchisor.

(iii) Any failure by Franchisee to satisfy any of the Opening Conditions prior to Opening.

(iv) Any failure by Franchisee to meet the minimum sales quota set forth in Section 6.7 of this Agreement.

(v) Any failure to allow inspection of books and records in accordance with Section 6.8 of this Agreement.

(vi) Any failure to sell and perform the Services approved by Franchisor as required under Section 6.5 of this Agreement.

(vii) Any failure to comply with the requirements of the Franchise Performance Manual as provided in Section 6.11 of this Agreement.

(viii) Any other breach of the terms of this Agreement or any other agreement Franchisee may have with Franchisor, other than those specified in Section 12.1.

(b) If a party is in Default, the non-defaulting party may, upon written notice to the defaulting party, enforce any remedy, other than termination, that it

may have by contract, at law, or in equity, including, but not limited to, (in the event that the Franchisor is the non-defaulting party) taking over the performance of any customer contracts, altering or eliminating the Territory, and exercising a setoff of amounts due from Franchisee to Franchisor or its affiliates against amounts owed by Franchisor or its affiliates to Franchisee. In that connection, Franchisee acknowledges and agrees that an important consideration Franchisor is receiving in exchange for its grant of a Franchised Business to Franchisee is the ability to setoff or net against amounts owed by Franchisee to Franchisor and/or its affiliates any credit balances or amounts owed (including any pre-paid amounts) to Franchisee by Franchisor and/or any of its affiliates. Therefore, notwithstanding anything to the contrary in this Agreement, Franchisee agrees that Franchisor may so net and setoff any such obligations whether owed directly between Franchisee and Franchisor, or owed between Franchisee and any affiliate of Franchisor.

(c) Except as otherwise provided in Sections 12.2 and 12.3, if a party is in Default and has not cured the Default within thirty (30) days after notice of the Default from the non-defaulting party, the non-defaulting party may immediately terminate this Agreement.

12.5 Termination by Franchisee. Franchisee may terminate this Agreement upon written notice, but only if Franchisor is in default under this Agreement and Franchisee has previously provided sixty days' written notice and opportunity to cure such default, provided that Franchisee's sixty-day notice shall provide a detailed description of each and every alleged default. Notwithstanding termination pursuant to this section, no default by Franchisor shall excuse Franchisee from its post-termination obligations hereunder.

13. Obligations upon Expiration or Termination of this Agreement.

13.1 Upon termination or expiration of this Agreement, Franchisee will immediately cease operating the Franchised Business. Franchisee will immediately discontinue the use of the Name, the Marks, the Promotional Materials, the System, the Software, the signs (including any wraps on vehicles used in the Franchised Business), structures and forms of advertising indicative of Franchisor or the Franchised Business, and Franchisee will make or cause to be made changes in such signs, buildings and structures as the Franchisor may reasonably direct so as to distinguish effectively the premises on which the Franchised Business is located and the vehicles used in the Franchised Business from their former appearance and from any other franchise granted by the Franchisor.

13.2 If Franchisee fails or omits to make such changes or cause them to be made within sixty (60) days after the expiration or termination of this Agreement, then upon written notice (which notice will comply with the requirements of Section 20 of this Agreement), Franchisor will have the right to enter upon the Business Location without being deemed guilty of trespass or any other tort, and will have the right to make such changes or cause them to be made at the expense of the Franchisee, which expense the Franchisee will pay on demand.

13.3 Upon termination or expiration of this Agreement, Franchisee will deliver to Franchisor all Promotional Materials and any other materials containing the Marks upon request by Franchisor.

13.4 Franchisee will promptly return to Franchisor all documents and materials containing Confidential Information (defined in Section 16 below) and all copies of such documents and materials, including, but not limited to, the Franchise Performance Manual.

13.5 Within thirty (30) days after the termination or expiration of this Agreement, Franchisee will pay all Franchise Royalties and other monies due and owing to Franchisor, less any amounts due and owing to Franchisee from Franchisor. Any amounts not paid when due hereunder shall bear interest at a rate per annum equal to the lesser of twenty-five percent (25%) or the maximum rate allowed by law.

13.6 Franchisee will promptly assign and transfer to Franchisor, to the extent allowed by applicable law, all of Franchisee's security and other business licenses, and will take any action necessary to effect the assignment or transfer of such licenses to Franchisor, including but not limited to making any filings required by the governmental agencies that issued the licenses. Franchisee hereby appoints Franchisor as its true and lawful attorney in-fact, irrevocably, with full power of substitution to execute on Franchisee's behalf all documents and to take any other action necessary or advisable, in the sole discretion of Franchisor, to assign or transfer any and all of Franchisee's business licenses to Franchisor upon termination of this Agreement.

13.7 Franchisee will immediately (i) cancel all assumed name or equivalent registrations relating to any use of the Marks by Franchisee; (ii) notify the telephone company and all listing agencies and directory publishers, including Internet domain name granting authorities, Internet service providers, and web search engines of the termination or expiration of Franchisee's right to use the Marks, the Trade Name, and any telephone number, any classified or other telephone directory listings, Internet domain names, uniform resource locators, website names, electronic mail addresses and search engine metatags and keywords associated with Signal; and (iii) authorize the transfer of the same to Franchisor (as directed by Franchisor). Prior to Opening, Franchisee must execute the Assignment of Telephone Number and Service attached hereto as Exhibit H and the Assignment of Domain Names and E- mail Addresses attached hereto as Exhibit I.

13.8 Franchisee will:

(a) irrevocably assign and transfer to Franchisor all of Franchisee's right, title and interest in any domain name listings and registrations that contain any reference to the Marks or the System;

(b) notify the applicable domain name registrars of the termination of Franchisee's right to use any domain name or Sites associated with the Marks or the System;

(c) authorize and instruct the cancellation of the domain name or transfer the domain name to Franchisor, as Franchisor elects; and

(d) delete all references to the Marks or the System from any Sites owned by Franchisee, maintained or operated beyond the termination or expiration of the Agreement.

14. Transfer.

14.1 Transfer by Franchisor. Franchisor may assign any or all of its interest in this Agreement or the Franchised Business to any third-party or legal entity without the prior consent of Franchisee.

14.2 Right of First Refusal. Except in the event of a transfer by Franchisee to an entity pursuant to Section 14.8 of this Agreement, Franchisor will have a right of first refusal whenever Franchisee seeks to sell, transfer, assign, lease or sublease any or all of its interest in the Franchised Business and in this Agreement (including its rights to all or any portion of the Territory) to a third party ("Right of First Refusal"). Prior to offering to transfer its rights under this Agreement to a third-party or accepting an offer from any third party, Franchisee will send to Franchisor a written offer to sell such interest, under the same terms as those involved in the proposed transaction with the third party. If Franchisor rejects or does not respond to Franchisee's offer within thirty (30) days after receipt of the written offer from Franchisee, Franchisee may transfer or assign its interest, provided that Franchisee complies with the requirements of this Section 14 of the Agreement and that any transferee meets the qualifications set forth in this Agreement.

14.3 Approval by Franchisor.

(a) Franchisee agrees and acknowledges that all of its rights and obligations under this Agreement are personal to Franchisee.

(b) In the event that Franchisor rejects the offer for a Right of First Refusal or does not respond to such offer within thirty (30) days after the receipt of the written offer from Franchisee, Franchisee may not sell, transfer, assign, lease or sublease any or all of its interest in the Franchised Business, any or all of its interest in this Agreement, its interest in the Territory or any portion thereof, or any interest in Franchisee to a third-party or legal entity until Franchisee sends to Franchisor written notice of its intention, and Franchisor approves in writing the sale, transfer, assignment, lease or sublease, except that Franchisor's approval is not required for a transfer of less than a five percent (5%) interest if Franchisee is a publicly-held corporation.

(c) Such notice of Franchisee's intention must contain the prospective transferee's name, address, statement of financial qualification and business experience.

(d) Within sixty (60) days after receipt of notice of Franchisee's intention, Franchisor must send a written approval or rejection of such sale, transfer, assignment, lease or sublease. If Franchisor sends a written rejection of such sale, transfer, assignment, lease or sublease, then Franchisor must specify the reasons for such rejection.

(e) Any sale, transfer, assignment, lease or sublease approved by Franchisor pursuant to this subsection 14.3 is subject to Franchisee's and transferee's completion of the conditions in Section 3.1 of this Agreement, and, if applicable, the conditions of transfer in Section 14.4 of this Agreement.

(f) Any sale, transfer, assignment, lease or sublease, by operation of law or otherwise, that does not have the approval of Franchisor, or prior to which the conditions of transfer set forth in Section 14 of this Agreement have not been satisfied, will be null and void and will constitute a Default by Franchisee under this Agreement, as provided in Section 12 of this Agreement.

14.4 Conditions of Transfer**.**

(a) All Transfers. Franchisee and the transferee must satisfy all of the following conditions prior to the effective date of any sale, transfer, assignment, lease, or sublease approved by Franchisor pursuant to subsection 14.3 of this Agreement.

(i) The transferee must satisfy each of the financial qualifications and obligations set forth in Section 3.1(c) of this Agreement.

(ii) Franchisee (and its owners) must satisfy any and all remaining debt(s) owed to Franchisor (or its affiliates), including financed Franchised Fees and any balances owed under the Operating Line of Credit or any franchise agreement or other agreement between Franchisee, its owners, and Franchisor (or its affiliate).

(iii) The transferee must agree in writing to comply with the obligations and duties set forth in this Agreement or must sign a franchise agreement which will be in the same form as Franchisor is then offering to new franchisees, and which may contain materially different terms from those contained in this Agreement. Any sale, transfer, assignment, lease or sublease for which the prospective franchisee does not agree in writing to comply with this Agreement or does not sign a franchise agreement in the form as Franchisor is then offering to new franchisees, will be null and void.

(iv) Franchisee or transferor, or the Franchisee's or transferor's personal representative if the Franchisee or transferor is deceased, or Franchisee and the holders of ownership interests in Franchisee if Franchisee is a business entity, must execute a general release in a form prescribed by Signal, of any and all claims, known and unknown, against Signal and its shareholders, officers, directors, agents, attorneys, accountants, employees, affiliates, successors and assigns.

(v) Except in the case of a sale, transfer, assignment, lease, or sublease to a legal entity formed pursuant to Section 14.8 of this Agreement, the Franchisee or transferee shall pay the Transfer Fee set forth in Section 5.6 of this Agreement.

(vi) The transferee and any prospective manager approved by Franchisor, if transferee is not the manager, must attend the initial training session as required of Franchisee in Section 6.4 of this Agreement.

(vii) Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of an agreement to faithfully perform all of Franchisee's obligations under this Agreement.

(viii) Transferee must obtain, within the time limits set forth by Franchisor, and maintain thereafter, all permits, and licenses required for the operation of the Franchised Business.

(ix) To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer.

(x) The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises.

(xi) In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

(b) Transfers of a Controlling Interest. Franchisee and the transferee must satisfy all of the following conditions prior to the effective date of any sale, transfer, assignment, lease or sublease that, alone or together with other previous, simultaneous, or proposed transfers, would have the effect of transferring a controlling interest in this Agreement, Franchisee, or a major portion of the assets of the Franchised Business:

(i) Franchisee must pay all Franchise Royalties and other monies due and owing to Franchisor, less any amounts due and owing to Franchisee from Franchisor.

(ii) Franchisee must not be in Breach or Default of any provision of this Agreement or any other agreement between Franchisee and Franchisor or Franchisor's affiliates.

(iii) The transferee must enter into a written assignment, in a form approved by Franchisor, assuming and agreeing to fulfill all of Franchisee's obligations under this Agreement.

(iv) Franchisee and each guarantor of this Agreement shall remain liable for all obligations incurred by the Franchised Business prior to the effective date of the sale, transfer, assignment, lease or sublease, and Franchisee will provide such documentation and proof of such liability as Franchisor may reasonably request.

14.5 Assignment as Security. Any sale, transfer, assignment, hypothecation, or pledge of all or any part of the assets of the Franchised Business, or if Franchisee is a legal entity, of all or any part of the stock of such entities to banks or other lending institutions as security for loans made to or for the benefit of the Franchised Business, must first be approved by Franchisor.

14.6 Transfer Upon Death or Mental or Physical Incapacity. Within one hundred eighty (180) days after the death or mental or physical incapacity of Franchisee or any person with any interest in Franchisee, the executor, administrator, or personal representative of such person shall transfer such person's interest to a third party or entity approved by Franchisor. Such transfer will be subject to the requirements and conditions set forth in Sections 14.3 and 14.4 of this Agreement. In the event of a transfer by devise or inheritance, if the transferee is unable to meet the requirements and conditions set forth in

Sections 14.3 and 14.4 of this Agreement within one hundred eighty (180) days after the death or mental or physical incapacity of Franchisee or any person with any interest in Franchisee, the transferee will have a reasonable time to dispose of the interest transferred to him. Such disposition will be subject to the requirements and conditions set forth in Sections 14.3 and 14.4 of this Agreement. The rights granted pursuant to this Section 14.6 are subject to the transferee maintaining all standards and obligations of the Franchisee under this Agreement.

14.7 Death or Mental or Physical Incapacity. Franchisee will immediately send notice to Franchisor in the event of the death or mental or physical incapacity of any manager of the Franchised Business, the effect of which would cause the Franchised Business permanently or temporarily to fail to operate in full compliance with this Agreement. Franchisor will have the right to enter upon the Business Location without being deemed guilty of trespass or any other tort, and will have the right to install a manager to manage and operate the Franchised Business for such time as Franchisor deems necessary or Franchisor approves a new manager selected by Franchisee.

14.8 Transfer to Entity. Notwithstanding the requirements of this Section 14, Franchisor and Franchisee acknowledge and agree that if Franchisee is an individual or more than one individual, Franchisee may assign this Agreement, or any of Franchisee's rights and obligations under this Agreement, on *one* occasion to a legal entity organized by Franchisee for that purpose only, provided that at least a majority of all the issued and authorized shares of voting stock and/or equity interest of such entity shall be owned and voted continuously by Franchisee, that Franchisor must have approved in writing in advance all other shareholders of such entity or others holding equity or voting interests, that Franchisee will provide Franchisor with copies of all documents relating to the assignment, and that the transferee entity will acknowledge in writing the assignment of rights and the assumption of all Franchisee's obligations, including but not limited to the Security Interest granted by Franchisee in favor of Franchisor, as provided in Section 3.1 above. After the effective date of such assignment, the term "Franchisee" as used in this Agreement will refer to the transferee entity, provided that such assignment shall in no way affect the obligations under this Agreement of the individual or individuals above designated "Franchisee," who shall remain fully bound by and responsible for the performance of all such obligations, jointly and severally, with the transferee entity. The transferee entity shall at no time engage in any business or activities other than the exercise of the rights granted to Franchisee in this Agreement and the performance of its obligations as Franchisee under this Agreement.

15. Independent Contractors.

15.1 The relationship between Franchisor and Franchisee will at all times be deemed that of independent contractors. This Agreement is not intended to create between the parties a relationship of partners, principal and agent (except as expressly set forth in Section 2.4), employer and employee, joint ventures, joint employer, or any other similar relationship. Franchisee acknowledges and agrees that Franchisor does not supervise or direct the daily affairs of Franchisee and that Franchisee has exclusive control over its daily affairs. The Franchisee solely determines its employees' essential terms and conditions of employment, such as hiring, firing, discipline, supervision, and direction.

15.2 Franchisee acknowledges and agrees that it has no authority to create or assume in Franchisor's name or on Franchisor's behalf any obligation or responsibility (express or implied) or to act or purport to act as the agent or representative of Franchisor for any purpose whatsoever.

15.3 Notwithstanding any other provision in this Agreement, Franchisee will control and be solely responsible for the day-to-day operation of the Franchised Business and the terms and conditions and employment of Franchisee's personnel, including the soliciting, hiring, firing, disciplining, paying, scheduling, and managing of Franchisee's employees. Franchisee's employees are not (and will not

be deemed to be) employees of Franchisor within the meaning or application of any federal, state, or other jurisdiction's law or regulation relating to unemployment insurance, Social Security, workers' compensation, industrial accident, tax, or labor. At its own expense, Franchisee must comply with all such laws and must assume all obligations imposed by such laws with respect to this Agreement.

16. Confidential Information.

16.1 Franchisor possesses certain confidential information, which includes all (a) Trade Secrets and proprietary information that pertains to Franchisor's business and is disclosed to or obtained, known, generated, or observed by Franchisee as a consequence of the parties' relationship under this Agreement; (b) the Manuals, System, Software, and all other proprietary information that relates to or is embodied in the System or the Software, including but not limited to the methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of security services, know-how, ideas, concepts, and sales and cost data, regardless of whether such materials, data, and other information are disclosed to Franchisee in writing, orally, visually, on magnetic, electronic, digital, or other media, or by virtue of any presentation, tour, or inspection of any objects, facilities, documents, processes, or information, whether tangible or intangible; and (c) certain information regarding customers, including (i) current customer and prospective customer names and addresses; (ii) information about credit extensions to customers; (iii) customer service purchasing histories; (iv) rates charged to customers; and (v) sources of suppliers (collectively, "Confidential Information").

16.2 Confidential Information does not include any information, knowledge or know-how that:

(a) Was present in the public domain at the time of its disclosure to the Receiving Party or enters the public domain through no fault or neglect of the Receiving Party after its disclosure to the Receiving Party;

(b) Is received by the Receiving Party from a Third-Party, and, at the time of the Receiving Party's receipt, is free of any obligation of confidence to or other restriction in favor of the Disclosing Party; or

(c) Is required to be disclosed pursuant to any statute, law, rule, or regulation of any governmental authority or pursuant to any order of any court of competent jurisdiction, but only if the Receiving Party has notified the Disclosing Party in writing prior to such required disclosure and cooperates with the Disclosing Party if the Disclosing Party elects to contest such required disclosure or to seek a protective order or other form of protection.

Franchisee has the burden of proving that the elements of this section apply to any information, knowledge or know-how.

16.3 Franchisee acknowledges and agrees that (a) the Confidential Information is proprietary and involves Trade Secrets of Franchisor; (b) the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition; (b) Franchisee has no interest and will not acquire any interest in the Confidential Information, other than the right to use the Confidential Information in the operation of the Franchised Business in compliance with this Agreement during the term of this Agreement.

16.4 Franchisee covenants that it will: (a) hold the Confidential Information in strict confidence during the term of this Agreement and any renewal thereof and after the expiration or

termination of this Agreement or any renewal thereof, by using the same safeguards that it uses to protect its own confidential and proprietary information and Trade Secrets, but at least by using reasonable care; (b) use the Confidential Information only to the extent necessary to perform its obligations and duties under this Agreement and not in any other business or capacity; (c) not use or disclose the Confidential Information for its own account or for its own purposes, nor engage in any other unauthorized use of the Confidential Information during or after the term of this Agreement; (d) not disclose Confidential Information at any time to any third party, including without limitation a third party vendor, unless and until Franchisor has consented in writing and such third party has signed an appropriate confidentiality agreement agreeing, among other things, that such party will maintain the absolute confidentiality of all Confidential Information disclosed to such party by Franchisee, its owners, managers, agents or employees; (e) not make unauthorized copies of the Confidential Information, nor disclose, publish, or otherwise make available any Confidential Information other than to those of its employees during the Franchise Term or any Renewal Terms who have a bona fide need to know such Confidential Information in order to perform their duties; and (f) adopt and implement all reasonable procedures prescribed by Franchisor to prevent unauthorized use or disclosure of the Confidential Information, including but not limited to restrictions on disclosures to employees of the Franchised Business.

16.5 Franchisee shall: (a) require all of Franchisee's owners, officers, directors, management and supervisory-level employees to sign a confidentiality, non-solicitation and non-competition agreement ("Confidentiality Agreement") in form and substance satisfactory to Franchisor (Exhibit G), unless prohibited by state law or regulation; (b) maintain a record of all such Confidentiality Agreements and provide a copy of them to Franchisor within seven (7) business days of Franchisor's request; (c) ensure that its employees safeguard all Confidential Information in accordance with the requirements of Section 16 of this Agreement; and (d) indemnify Franchisor for any violation of Section 16 by any person who was an employee of Franchisee when the Confidential Information was obtained or disclosed.

16.6 Upon termination or expiration of this Agreement, Franchisee will comply with the requirements of Section 13.4 of this Agreement relating to the return of Confidential Information.

16.7 Franchisee agrees that Franchisor has the perpetual right to use and authorize other Franchised Businesses to use all ideas, concepts, methods and techniques relating to the development or operation of a Franchised Business. All ideas, concepts, techniques or other materials relating to the Franchised Business, including but not limited to any improvements or additions to the System or in the method of operation, copyrightable works, Internet web pages, trade names, trademarks, service marks, commercial symbols related to the Franchised Business, any advertising and promotional ideas, whether or not protectable intellectual property and whether created by or for Franchisee or its employees, must be promptly disclosed to Franchisor, without the disclosure to others, and will be deemed to be Franchisor's sole and exclusive property and, to the extent applicable, will be deemed works made-for-hire. To the extent that any item does not qualify as a work made-for-hire, Restricted Party hereby assigns ownership of that item, and all related rights to that item, to Franchisor, and agrees to sign any assignments or other documents as Franchisor reasonably requests to evidence its ownership of or to otherwise assist Franchisor in obtaining intellectual property rights in the item.

Franchisee acknowledges that: (a) the Confidential Information has been and is being developed by the Disclosing Party through the expenditure of substantial time, effort, and money; (b) the Confidential Information is a valuable, special, and unique asset of the Disclosing Party; and (c) the use or disclosure of the Confidential Information in violation of Section 16 would cause the Disclosing Party immediate, substantial, and irreparable harm, the value of which would be extremely difficult to determine. Accordingly, Franchisee agrees that, in addition to any other remedies that may be available to

Franchisor for any violation of Section 16, Franchisor will be entitled to seek and obtain any form of equitable relief against the continuance of such breach without being required to post a bond or other undertaking or prove injury as a condition for relief. Franchisee will be required to pay all court costs and attorneys' fees incurred by Franchisor in obtaining equitable relief for a violation of Section 16.3.

17. Covenant Not to Compete.

17.1 Franchisee acknowledges that: (a) the System has been and is being developed by Franchisor through the expenditure of substantial time, effort, and money; (b) the System is a valuable, special and unique asset of Franchisor; (c) Franchisee has regular and continuing access to Confidential Information related to, or embodied in the System, (d) it would be impossible for Franchisee to engage in a similar business without making use of or revealing Franchisee's Confidential Information or System; (e) Franchisee has an obligation to promote sales of the Franchised Business; and (f) that Franchisor would be unable to protect its Trade Secrets against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Franchised Businesses if Franchisee were permitted to hold interests in other security-service businesses.

17.2 In consideration of the Franchisor's disclosure of its System and Confidential Information, Franchisee agrees that during the term of this Agreement and for a period of two (2) years after the termination or expiration of this Agreement, Franchisee, will not:

(a) engage in or have an interest in, whether directly, indirectly, individually or as a member of any business organization, or whether as an employee, owner, investor, partner (inactive or otherwise), agent, stockholder, director or officer of a corporation or other business entity, the provision or sale of Services sold by the Franchised Business within a distance of seventy-five (75) miles, or the maximum distance allowed by law, whichever is less, of the Territory or any other franchisee of Signal 88, LLC; or

(b) solicit business from customers of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose, nor solicit any employees of Franchisor, its affiliates or System franchisees to cease their employment with Franchisor, its affiliates or System franchisees.

17.3 The restrictions in Section 17.2 will apply (a) to each shareholder of a corporation, if Franchisee is a corporation; (b) to each partner of a partnership, if Franchisee is a partnership; (c) to each member of a limited liability company, if Franchisee is a limited liability company; (d) to each individual jointly and severally, if Franchisee is more than one person, and (e) to each individual who signs the Guaranty attached hereto as Exhibit B, provided however that the restrictions in Section 17.2 will not apply to investment in the share or stock of a publicly traded company, which at the time of investment is listed on a recognized stock exchange.

17.4 The restrictions in Section 17.2 will be severable in accordance with Section 22 of this Agreement, and the covenant not to compete will be construed as an agreement independent of any other provisions in this Agreement. The existence of any claim or cause of action of the Franchisee against Franchisor will not constitute a defense to the enforcement by Franchisor of the covenants not to compete. To the extent the restrictions in Section 17.2 depend for their enforcement on the reformation of either its

geographical or durational scope, the parties agree that a court of competent jurisdiction should reform the geographical or durational scope so as to render the covenant enforceable.

17.5 Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) which Franchisor incurs in connection with the enforcement of this Section 17.

18. Limitation of Liability: FRANCHISEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT FRANCHISOR SHALL NOT, UNDER ANY CIRCUMSTANCES, BE LIABLE TO FRANCHISEE OR ANY THIRD PARTY FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, OR EXEMPLARY DAMAGES OR LOSSES OF ANY KIND WHATSOEVER, INCLUDING WITHOUT LIMITATION, ANY ECONOMIC LOSS, PROPERTY DAMAGE, PHYSICAL INJURY, LOST PROFITS, OR LOST SAVINGS ARISING OUT OF THIS AGREEMENT, FRANCHISEE'S USE OF THE MARKS, THE SYSTEM, THE PROMOTIONAL MATERIALS, OR THE SOFTWARE, OR FRANCHISEE'S INABILITY TO USE THE MARKS, THE SYSTEM, THE PROMOTIONAL MATERIALS, OR THE SOFTWARE, REGARDLESS OF WHETHER ARISING UNDER BREACH OF CONTRACT, WARRANTY, TORT, STRICT LIABILITY, OR ANY OTHER LEGAL OR EQUITABLE THEORY OR CLAIM, EVEN IF FRANCHISOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE OR IF SUCH LOSS OR DAMAGE COULD HAVE BEEN REASONABLY FORESEEN.

19. Dispute Resolution.

19.1 Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska (without reference to its conflict of laws principals).

19.2 Internal Dispute Resolution. Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's President and/or Chief Executive Officer, after providing notice as set forth in Section 20 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

19.3 Mediation. At Franchisor's option, all claims or disputes between Franchisee and Franchisor or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 19.2 above, must be submitted first to non-binding mediation, in Douglas County, Nebraska under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's right to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and Franchisor and Franchisee shall share

mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement. The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 19.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating) any federally protected intellectual property rights in the Marks, the System, or in any Confidential Information, or any of the restrictive covenants contained in this Agreement.

19.4 Selection of Venue. Except for Franchisor's right to seek injunctive relief in any court of competent jurisdiction as set forth in Section 19.7, the parties expressly agree to the jurisdiction and venue of any state court of general jurisdiction in Douglas County, Nebraska and the jurisdiction and venue of the United States District Court for the District of Nebraska. Franchisee acknowledges that this Agreement has been entered into in the State of Nebraska, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Omaha, Nebraska, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Nebraska as set forth above.

19.5 Third-Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 19, each having authority to specifically enforce the right to mediate/litigate claims asserted against such person(s) by Franchisee.

19.6 No Right to Offset. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

19.7 Injunctive Relief. Nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions in any court of competent jurisdiction. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

19.8 Limitation of Action. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises/licenses, or any regulation or rules promulgated thereunder.

19.9 Waiver of Punitive Damages. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or

otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

19.10 WAIVER OF JURY TRIAL AND CLASS ACTION WAIVER. THE PARTIES TO THIS AGREEMENT HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE LICENSE AND/OR ANY GOODS OR SERVICES. THE PARTIES ALSO HEREBY AGREE THAT ALL PROCEEDINGS WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS- WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS, AND FRANCHISOR OR ITS AFFILIATES OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON OR ENTITY.

20. Notification of Claims. Franchisee agrees to notify Franchisor of any actual or threatened claim or suit by a third party against Franchisee within ten days after Franchisee first learns of the claim or suit.

21. Notices**.** All notices, requests, offers, and other communications required or permitted to be given under this Agreement must be in writing and must be delivered in person, electronically, by prepaid overnight commercial delivery service, or by prepaid overnight mail, registered or certified, with return-receipt requested, and addressed as set forth below:

| ***If to FRANCHISOR:*** | ***If to FRANCHISEE:*** |
|---|---|
| Signal 88, LLC<br>Attn: Reed Nyffeler<br>3880 South 149th Street, Suite 102<br>Omaha, NE 68144<br>rnyffeler@teamsignal.com | _____<br>_____<br>_____<br>_____<br>_____<br>_____ |
| ***With a copy to:*** | ***With a copy to:*** |
| Fisher Zucker LLC<br>Attn: Lane J. Fisher<br>21 S. 21st Street<br>Philadelphia, PA 19103<br>lfisher@fisherzucker.com | _____<br>_____<br>_____<br>_____<br>_____<br>_____ |

Notice will be deemed to have been received on the earlier of: 1) receipt or first refusal of delivery if personally delivered; 2) if electronically delivered, receipt by the sending party of either a "read receipt" notice or a reply electronic message from the receiving party evidencing receipt of the electronic notice; 3)

one (1) day after posting if sent via overnight commercial delivery service or overnight United States Mail, postage prepaid, return receipt requested; or 4) three (3) days after placement in the United States mail.

21.1 Change of Address. Either party may change its name, address or e-mail address for notice by providing the other party with such change in writing, signed by a duly authorized representative, designating a single address for notice, which may not be a P.O Box, in compliance with this Subsection.

21.2 Calculation of Time Periods. In calculating time periods for notice, when a period of time measured in days is prescribed for the exercise of any privilege or the discharge of any duty, the first day notice is deemed to have been given will not be counted but the last day will be counted.

21.3 Notices of Termination and Non-Renewal. All notices of termination or non-renewal shall contain a statement of intent to terminate or not renew the franchise, together with the reason for termination or non-renewal.

22. Anti-Terrorist Activities. Franchisee certifies that neither Franchisee, nor Franchisee's owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, principals, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 7 of this Agreement pertain to Franchisee's obligations under this Section 22. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 12.2(g) of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any governmental authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts or acts of war.

23. No Personal Liability. Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's license company shall be personally liable to Franchisee for any reason. This is an important part of this Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

24. Entire Agreement. This Agreement constitutes the entire understanding and agreement between the parties with respect to the franchising of the Franchised Business and supersedes all prior agreements, whether oral or written, concerning the subject matter of this Agreement. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the franchising of the Franchised Business, other than those set forth herein and in any promissory notes, and no party has relied on any representation, inducement, promise, agreement, arrangement, or undertaking, of any type or form, that is not set forth in this Agreement or any promissory note. No agreement of any kind relating to the matters covered by this Agreement shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties. Notwithstanding the foregoing, nothing in the Franchise Agreement is intended to disclaim the express representations made in the Franchise Disclosure Document provided to Franchisee.

25. Modification. This Agreement may not be amended, modified, or rescinded, and no performance requirement may be waived, except in writing signed by an authorized representative of Franchisee and an authorized representative of Franchisor. This provision does not apply to changes in the Franchise Performance Manual or Franchisor's directives relating to changes in the System, which Franchisor may modify unilaterally. The parties expressly agree that this Agreement may not be amended or modified and performance standards may not be changed by course of dealing, by special indulgences or benefits the Franchisor bestows on Franchisee, or by inference from a party's conduct.

26. Acknowledgements.

26.1 FRANCHISEE ACKNOWLEDGES THAT IT IS ENTERING INTO THIS AGREEMENT SOLELY AS A RESULT OF ITS OWN INDEPENDENT INVESTIGATION AND NOT AS A RESULT OF ANY REPRESENTATIONS MADE BY FRANCHISOR OR ITS AGENTS—INCLUDING ANY REPRESENTATIONS CONCERNING THE FRANCHISOR, THE SYSTEM, THE FINANCIAL PERFORMANCE ACHIEVED BY OTHER FRANCHISEES OR COMPANY-OWNED OUTLETS, THE FINANCIAL PERFORMANCE THAT FRANCHISEE MIGHT ACHIEVE OR MIGHT EXPECT TO ACHIEVE, OR ANY OTHER ASPECT OF THE FRANCHISE OFFERING—THAT ARE NOT CONTAINED IN THIS AGREEMENT.

26.2 FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR DOES NOT FURNISH AND DOES NOT AUTHORIZE ITS EMPLOYEES OR AGENTS TO FURNISH, IN CONNECTION WITH THE OFFER AND SALE OF ITS FRANCHISES, ANY ORAL OR WRITTEN INFORMATION CONCERNING ACTUAL PERFORMANCE OF EXISTING FRANCHISES AND OTHER OUTLETS, OR ACTUAL OR POTENTIAL SALES, COSTS, INCOME, OR PROFITS OF THE FRANCHISED BUSINESS, OTHER THAN THOSE CONTAINED IN THIS AGREEMENT OR IN ANY DISCLOSURE DOCUMENT GIVEN TO FRANCHISEE PURSUANT TO APPLICABLE LAW.

26.3 FRANCHISEE UNDERSTANDS AND ACKNOWLEDGES THAT THE FRANCHISED BUSINESS INVOLVES RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON THE BUSINESS ABILITIES AND PARTICIPATION OF FRANCHISEE AND ITS EFFORTS AS AN INDEPENDENT BUSINESS OPERATOR. ANY REPRESENTATIONS OR ESTIMATES PROVIDED TO FRANCHISEE CONCERNING FINANCIAL PERFORMANCE ARE ONLY ESTIMATES. THE ACTUAL RESULTS OF THE FRANCHISED BUSINESS WILL DEPEND ON MANY FACTORS, INCLUDING BUT NOT LIMITED TO FRANCHISEE'S BUSINESS ABILITIES, FRANCHISEE'S PARTICIPATION AND EFFORTS, AND LOCAL MARKET CONDITIONS. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OF IMPLIED, AS TO THE POTENTIAL VOLUME,

PROFITS OR SUCCESS OF THE FRANCHISED BUSINESS CONTEMPLATED BY THIS AGREEMENT.

26.4 FRANCHISEE HAS NO KNOWLEDGE OF ANY REPRESENTATIONS BY FRANCHISOR OR ITS AGENTS OR FRANCHISEES, ABOUT THE FRANCHISED BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR ANY DISCLOSURE DOCUMENT GIVEN TO FRANCHISEE PURSUANT TO APPLICABLE LAW. FRANCHISEE REPRESENTS, AS AN INDUCEMENT TO FRANCHISOR'S ENTRY INTO THIS AGREEMENT, THAT IT HAS MADE NO MISREPRESENTATIONS IN OBTAINING THIS AGREEMENT.

26.5 FRANCHISEE ACKNOWLEDGES THAT IT HAS HAD AMPLE OPPORTUNITY TO CONSULT WITH ITS OWN ATTORNEYS, ACCOUNTANTS AND OTHER ADVISORS AND THAT THE ATTORNEYS FOR FRANCHISOR HAVE NOT ADVISED OR REPRESENTED FRANCHISEE WITH RESPECT TO THIS AGREEMENT OR THE RELATIONSHIP THEREBY CREATED.

26.6 FRANCHISEE, TOGETHER WITH ITS ADVISORS, HAS SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO MAKE AN INFORMED INVESTMENT DECISION WITH RESPECT TO THIS AGREEMENT.

26.7 FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT AND FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT HAVE BEEN IN FRANCHISEE'S POSSESSION FOR AT LEAST FOURTEEN (14) CALENDAR DAYS BEFORE FRANCHISEE SIGNED THIS AGREEMENT OR PAID ANY MONIES TO FRANCHISOR OR AN AFFILIATE AND THAT ANY MATERIAL CHANGES TO THIS AGREEMENT WERE IN WRITING IN THIS AGREEMENT FOR AT LEAST SEVEN (7) CALENDAR DAYS BEFORE FRANCHISEE SIGNED THIS AGREEMENT.

26.8 NOTWITHSTANDING THE FOREGOING, NOTHING IN THE FRANCHISE AGREEMENT IS INTENDED TO DISCLAIM THE EXPRESS REPRESENTATIONS MADE IN THE FRANCHISE DISCLOSURE DOCUMENT PROVIDED TO FRANCHISEE.

27. Severability. If any provision of this Agreement (or any part of any provision) is held to be unenforceable, such provision (or such part of an affected provision) will be inoperative only to the extent necessary to comply with applicable law and will be severed from the remainder of this Agreement. The remaining provisions of this Agreement (and the remaining portion of any affected provision) will continue in full force and effect. To the extent of any conflict between any provision of this Agreement and applicable law, the parties shall comply with applicable law rather than the conflicting provision of this Agreement.

28. Counterparts and Facsimile Execution. This Agreement may be executed in one or more counterparts (including by means of signature pages transmitted via facsimile or other electronic means), any one of which need not contain the signatures of more than one party. Each such signature will be deemed to be: (a) an original; and (b) valid, binding, and enforceable. All such counterparts taken together will constitute one and the same instrument.

SIGNATURE PAGE FOLLOWS

**IN WITNESS WHEREOF,** the parties hereto have executed this Agreement as of the day and year first above written.

| | |
|---|---|
| SIGNAL 88, LLC,<br>Franchisor, | _____,<br>Franchisee, |
| By:_____ | By:_____ |
| Title:_____ | Title:_____ |
| Date:_____ | Date:_____ |

The undersigned holders of Ownership Interests in the Franchisee hereby agree to be bound by the terms and conditions of this Agreement.

| HOLDERS | PERCENTAGE OF OWNERSHIP |
|---|---|
| _____ | % |
| _____ | % |
| _____ | % |
| _____ | % |

**Exhibit A**

**(to the Franchise Agreement)**

**Term**

**Expiration Date: _____**

**Territory**

The Territory shall include the following area:

[INSERT MAP OF TERRITORY]

**Exhibit B**
**(to the Franchise Agreement)**

## CONTINUING UNCONDITIONAL GUARANTY

FOR VALUABLE CONSIDERATION, including the inducement of Creditor (as hereinafter defined) to enter into a franchise agreement with Debtor (as hereinafter defined), receipt of which is hereby acknowledged, the undersigned, _____ (referred to as "Guarantor" herein), absolutely and unconditionally guarantees to Creditor the full and prompt payment of all Indebtedness (as hereinafter defined) owing from _____, a (circle one: corporation/limited liability company/partnership) organized under the laws of the State of _____, and any of its subsidiaries, affiliates, successors, or assigns (hereinafter, "Debtor"), which exists now or which may arise hereafter, and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the franchise agreement between Debtor and Creditor, including but not limited to the covenant not to compete in Section 17 of the franchise agreement. This Guaranty is made without any agreement or expectation of indemnity from Debtor.

"Creditor" means Signal 88, LLC, a Delaware limited liability company, and all its subsidiaries, affiliates, and divisions, as well as its successors and assigns.

"Indebtedness" means all debts, liabilities, and obligations owing by Debtor to Creditor of any nature, including, without limitation, those arising under the Franchise Agreement executed by Debtor and Creditor, and any other account, promissory note, guaranty, invoice, statement, bill, contract, understanding, or agreement, and any extension, modification, restatement, renewal, or replacement thereof, whether now existing or hereafter created between Debtor and Creditor, and including, without limitation, all attorney's fees, costs and expenses incurred in the enforcement of any such debt or obligation and in connection with any bankruptcy case filed by the Debtor. Guarantor's obligations under this Guaranty are continuing and unconditional and are not subject to any setoffs, adjustments or credits.

Creditor may enforce this Guaranty without first resorting to the Debtor or realizing upon any collateral or other security. Guarantor agrees that Creditor has full authority to and may, without notice to or further consent from Guarantor or Debtor and without releasing Guarantor from any of the obligations contained herein or otherwise affecting in any manner the Guarantor's liability hereunder, (a) substitute or release any security; (b) release any Debtor, guarantor, surety, or any other person who may be responsible for payment, of all or a portion of the Indebtedness; (c) renew, extend, or modify, in whole or in part, the terms relating to the Indebtedness, including extending the time for payment; (d) settle or compromise the terms of the Indebtedness and accept partial payments from Debtor, Guarantor, or any third party; (e) delay or forebear from exercising Creditor's rights against Debtor, Guarantor, any third party, or any collateral, given as security for the Indebtedness; (f) accept partial payments from Debtor or anyone else on account of Indebtedness; (g) fail to perfect any security interest or otherwise impair any collateral given as security for the Indebtedness; (h) release or substitute any collateral given as security for the Indebtedness; (i) procure additional security or guarantees of persons who agree to be liable for any of the Indebtedness; (j) delay, refuse, or fail to enforce the collection of the Indebtedness; (k) extend new, additional, or unrelated credit to Debtor; and (l) assign the Indebtedness, in whole or in part, to any third party.

Guarantor waives notice of acceptance of this Guaranty, notice of the creation, existence or maturity of all Indebtedness, notice of default, extension of time, protest, presentment, demand for payment, and notice of dishonor and diligence in collection.

Notwithstanding anything to the contrary in this Guaranty, Guarantor hereby irrevocably waives all rights he may have at law or in equity (including, without limitation, any law subrogating the Guarantor to the rights of the Creditor) to seek contribution, indemnification, or any other form of reimbursement from the Debtor, any other guarantor, or any other person now or hereafter primarily or secondarily liable for any obligations of the Debtor to Creditor, for any disbursement made by the Guarantor under or in connection with this Guaranty or otherwise.

Guarantor hereby agrees to indemnify and hold Creditor harmless from and against any liability asserted against Creditor based upon any claim or legal action filed against Creditor based in whole or part upon a claim under 11 U.S.C. §547(b) or 11 U.S.C. §550 resulting from or connected with this Guaranty.

Guarantor hereby understands and agrees that the invalidity of any provision of this Guaranty as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof, and to this end, the provisions of this Guaranty are declared to be severable.

Guarantor represents and warrants to Creditor that (i) Guarantor is an individual who has had an opportunity to review the terms of this Guaranty, understands the terms hereof, and enters into this Guaranty freely and voluntarily, (ii) this Guaranty is given to guaranty a non-consumer business debt, and (iii) the Guaranty is given voluntarily by the Guarantor, who is actively involved in the Debtor's business operations or will otherwise benefit therefrom such that good and valuable consideration, in addition to any other consideration sufficient to support this Guaranty, has been received.

This Guaranty shall be effective upon delivery to Creditor, without further act, condition or acceptance by the Creditor, shall be binding upon the Guarantor and his heirs and assigns, and shall inure to the benefit of the Creditor and its successors and assigns.

This Guaranty represents the final agreement of the parties with respect to the subject matter hereof and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements. This Guaranty may not be waived, modified, amended, terminated, released or otherwise changed except in writing signed by the Guarantor and the Creditor.

Any notice to Guarantor shall be sufficient if addressed to Guarantor at the address listed below and sent via certified or registered mail or by overnight carrier or express mail.

This Guaranty is continuing and covers all Indebtedness, whether such Indebtedness now exists or arises hereafter, regardless whether at any point in time the Indebtedness to the Creditor may be paid in full or otherwise extinguished.

Guarantor acknowledges and agrees that this Guaranty may be revoked only by a writing signed by all parties hereto and that any such revocation shall be effective only as to any Indebtedness incurred after the effective date of the revocation.

The Guarantor agrees to pay Creditor for reasonable attorney's fees, costs and out-of-pocket expenses incurred in the enforcement of this Guaranty.

Guarantor, by signing below, acknowledges its credit history and financial condition may be a necessary factor in the extension of credit and evaluation of this Guaranty, and hereby expressly consents to and authorizes Creditor to obtain, review, and utilize a credit report on the undersigned from time to time as Creditor may deem appropriate.

This Guaranty shall be governed and construed in accordance with the laws of the State of Nebraska. TO THE EXTENT PERMITTED BY APPLICABLE LAW, GUARANTOR HEREBY WAIVES A JURY TRIAL OF ANY MATTERS RELATED TO THE INDEBTEDNESS, INCLUDING THIS GUARANTY, AND AGREES TO VENUE AND JURISDICTION IN STATE OR FEDERAL COURTS IN NEBRASKA.

IN WITNESS WHEREOF, the undersigned Guarantor has executed this document on the date hereafter written.

DATED _____, 20____

_____
Signature

_____
Guarantor's Printed Name

_____
Guarantor

_____
Guarantor's Printed Name

_____
Guarantor

_____
Guarantor's Printed Name

**Exhibit C**

**(to the Franchise Agreement)**

**Fees and Payment**

**Exhibit C-1 List of Fees**

See Section 5 for additional details and potential discounts.

**Franchise Fee:** $_____

**Renewal Fee:** $0.25 per capita in the Territory, to be determined at the time of renewal using Franchisor's most current mapping software data, provided that there shall be no renewal fee if all of the following sales goals are met:

1. $150,000.00 Gross Revenue the first year following the Effective Date
2. $225,000 Gross Revenue the second year following the Effective Date
3. $300,000 Gross Revenue the third year following the Effective Date.

**Franchise Royalties:** Four Percent (4%) of Gross Revenue during the previous month.

**Franchise Support Fee:** Five Percent (5%) of Gross Revenue during the previous month.

**Strategic Partner Fee for Referrals from Franchisor or its Affiliates:** Two Percent (2%) of Gross Revenue derived from the referred contract.

**Transfer Fee:** The greater of (a) $0.05 per capita in the Territory, to be determined at the time of the transfer using Franchisor's most current mapping software data, or (b) 20% of the sales price.

**Service Fees:** $250 per day for services provided as a result of a default, plus all expenses incurred.

$200 per day for services provided as a result of an illness, incapacity or death, plus all expenses incurred.

**Exhibit C-2**

**Electronic Funds Withdrawal Authorization**

Bank Name:_____

ABA# : _____

Acct. No. : _____

Acct. Name :_____

Effective as of the date of the signature below, _____ ("Franchisee") hereby authorizes Signal 88, LLC ("Company") or its designee to withdraw funds from the above- referenced bank account, electronically or otherwise, to make any and all payments that the Company may impose under the terms of Franchisee's Franchise Agreement from time to time. Such withdrawals shall occur on a monthly basis, or on such other schedule as Company shall specify. Company is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization shall remain in full force and effect until terminated in writing by Company. Franchisee shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

ATTEST: FRANCHISEE,

By: _____

Print name: _____

Its: _____

**Exhibit D**
**(to the Franchise Agreement)**

**Minimum Sales Quota**

If this Agreement represents the initial franchise agreement between Franchisee and Franchisor concerning a Franchised Business, the Minimum Sales Quotas shall be:

First Year Following the Effective Date: $150,000.00.

Second Year Following the Effective Date: $225,000.00.

Third Year Following the Effective Date: $300,000.00

**Exhibit E**

**(to the Franchise Agreement)**

**SECURITY AGREEMENT**

| Debtor Name & Address ("Debtor"): | Creditor Name & Address ("Creditor"):<br><br>Signal 88, LLC<br>3880 South 149th Street, Suite 102<br>Omaha, NE 68144 |
|---|---|

Creditor and Debtor whose addresses appear above, agree as follows:

1. **Security Interest/Collateral.** To secure payment of the "Indebtedness" as defined below, and all obligations of Debtor to Creditor, Debtor hereby grants to Creditor a security interest in all the collateral described below, together with all substitutions, replacements, products and proceeds thereof, including insurance proceeds, all whether now owned or hereafter acquired, (the "Collateral"):

All of Debtor's accounts, accounts receivable, rights to any payments, chattel paper, contract rights, instruments, documents, letters of credit, money, deposit accounts, notes, general intangibles, payment intangibles, investments, securities, supporting obligations, and all books records and other documents related to any of the foregoing; all equipment, vehicles, machinery, inventory, fixtures, accessions, furniture, consumer goods, office and computer equipment, and software, including without limitation any developed or undeveloped software, processes, or computer code; all Debtor's trademarks, trade names, copyrights, patents, and all other intellectual property, and the goodwill of the business associated therewith; all bonds, licenses, and permits; all customer lists, sales records, and purchase records, and all replacements, substitutions, products, and proceeds of any of the foregoing, whether cash, non-cash or insurance proceeds, all whether now owned or hereafter acquired, and all whether now existing or hereafter created.

In addition, the Collateral shall include _____, and all replacements, substitutions, products, and proceeds of any of the foregoing, whether cash, non-cash or insurance proceeds, all whether now owned or hereafter acquired, and all whether now existing or hereafter created.

2. **Indebtedness**. The security interest in the Collateral is given to secure the payment and performance of all obligations owed to Creditor by Debtor of any nature, including, without limitation, those arising under the Franchise Agreement executed by Debtor and Creditor, any purchase order, promissory note, invoice, contract, agreement, understanding, open account, guaranty, loan agreement, mortgage, deed of trust, stock pledge agreement, security agreement (including this Agreement), or other obligation of Debtor in favor of Creditor, and any modifications, replacements, substitutions, extensions, refinancings, or renewals of any of the foregoing, together with any and all expenses, including attorney's fees, incurred or paid by Creditor in the preservation or enforcement of Creditor's rights under any of the

foregoing, all whether now existing or hereafter created or otherwise arising. The foregoing obligations shall be collectively referred to herein as the "Indebtedness."

3. **Preservation of Collateral/Inspection/Inventory**. Debtor hereby agrees to do all things necessary to maintain, preserve, and protect the Collateral and to be responsible to Creditor for any loss or damage thereto. Debtor agrees not to cause any waste or unreasonable depreciation of the Collateral. The risk of loss of the Collateral shall be on Debtor at all times and Debtor shall promptly pay when due all taxes, assessments, liens or encumbrances levied on or against the Collateral hereunder or for its use or operations, except such as it may in good faith contest or as to which a bona fide dispute may arise. Debtor shall allow access to the Collateral and any documents or records related thereto for inspections by Creditor on demand, and shall provide upon request by Creditor a detailed inventory of all Collateral, including serial and VIN numbers, and the addresses and legal descriptions where any inventory or other Collateral is stored or otherwise located.

4. **Cooperation**. Debtor will from time to time, at its expense, perform all acts and execute all documents requested by Creditor, including the obtaining, executing, delivering or filing of financing statements, amendments, assignments of government payments, or insurance proceeds, and renewals thereof, in order to create, perfect, maintain and enforce a valid lien upon, pledge of, or security interest in all of the Collateral in Creditor's favor. Creditor is expressly authorized by Debtor to file financing statements on Debtor's behalf, without Debtor's signature, as allowed by the Uniform Commercial Code ("UCC") or other applicable law; or to sign as necessary, on behalf of Debtor, any documents necessary or desirable to perfect or maintain Creditor's security interest in all of the Collateral, including notices to Debtor's other creditors of its purchase money or other security interest in such Collateral. Debtor shall provide to Creditor, upon request, any financial statements, state and federal tax returns, and accounting reports, as Creditor shall reasonably request.

5. **Power of Attorney**. Debtor hereby appoints Creditor as its true and lawful attorney in-fact, irrevocably, with full power of substitution to do the following: (a) to demand, collect, receive, receipt for, sue and recover all sums of money or other property which may now or hereafter become due, owing or payable from, or in connection with the Collateral; (b) to execute, sign and endorse any and all claims, instruments, receipts, checks, drafts or warrants issued in payment of the Collateral; and, (c) to settle or compromise any and all claims arising with respect to the Collateral, and, in the place and stead of Debtor, to execute and deliver its release and settlement for any such claim; (d) to execute on Debtor's behalf all documents necessary to assign or direct payments of any government subsidies, allocations, or payments of any nature and of any insurance proceeds of any nature; and, (e) to file any claim or claims or to take any action or institute or take part in any proceedings, either in its own name or in the name of Debtor, or otherwise, which in the discretion of Creditor are necessary or advisable. This power is coupled with an interest in the Collateral and is given as security for the Indebtedness, and the authority hereby conferred is and shall be irrevocable and shall remain in full force and effect until renounced by Creditor in writing. Provided Creditor agrees not to exercise the rights under this power of attorney unless an event of default as defined herein has occurred and has not been cured.

6. **Affirmative Representations, Warranties and Covenants**. Debtor represents, covenants, and warrants the following: (a) The information supplied and statements made by Debtor in any financial, credit or accounting statement or credit applications or in any reports, lists, or statements are true and correct when made, and have not become untrue or incorrect by subsequent actions or events that have not been disclosed to Creditor by Debtor in writing; (b) The person executing this Agreement is duly authorized and empowered to execute this Agreement on Debtor's behalf, and, the execution, delivery and performance hereof are within Debtor's power, have been duly authorized, are not in contravention of law or the terms of Debtor's Charter, Articles, Bylaws, or other incorporation papers or of any indenture, agreement, or

undertaking to which Debtor is a party or by which it is bound; (c) Debtor shall immediately notify Creditor if Debtor's place of organization, or principal place of business changes from the address listed herein or if any Collateral is to be removed from the Debtor's principal place of business; and (d) Debtor has good and marketable title to the Collateral, and the Collateral is free of all liens, encumbrances, and security interests; (e) Debtor is now in compliance and shall comply with each and every law, rule, regulation and order as applicable, including, but not limited to, the timely payment of any taxes, assessments, and governmental charges against Debtor or its property and assets, except such as may be diligently contested in good faith through the appropriate legal procedures; (f) Debtor shall promptly inform Creditor in writing of any occurrence that might adversely affect its ability to perform its obligations hereunder or render untrue, incorrect, or misleading any representation or warranty under this Agreement; and (g) Debtor shall not create or suffer to exist any security interest or other lien or encumbrance on the Collateral.

7. **Events of Default**. Debtor shall be in default under this Agreement upon the occurrence of any of the following events or conditions: (a) Failure by Debtor to pay timely any Indebtedness to Creditor, including, but not limited to, principal, interest, or finance charges, when due; (b) Debtor's breach, default, failure to perform, or termination of any obligation, covenant, warranty, agreement, or promise, under any purchase order, contract, agreement, guaranty, note, mortgage, deed of trust, security agreement, stock pledge, or undertaking in favor of Creditor or any affiliate of Creditor, including, without limitation, those existing under this Agreement; (c) Any warranty, representation, or statement, including financial statements and inventories of Collateral provided by Debtor to Creditor, that is false or misleading in any material respect; (d) This Agreement, or any related note, contract, agreement, open account, invoice or guaranty ceases to be in full force and effect or is in any manner deemed unenforceable, including the failure of any such documents to create or maintain a valid perfected security interest; (e) The commencement of any suit, foreclosure, or forfeiture proceeding against Debtor, entry of any judgment, restraining order, or injunction against Debtor, or the instigation of any action to enforce any such judgment, restraining order or injunction, which, in Creditor's sole discretion, materially and adversely affects Debtor's operations or ability to repay the Indebtedness or perform its obligations under this Agreement; (f) Death, dissolution, termination of existence, or insolvency of Debtor; appointment of a receiver over any of the property of Debtor; assignment for the benefit of Creditors; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor ("insolvency" meaning that Debtor is unable generally to pay its debts in the ordinary course of business as they become due or that Debtor's liabilities exceed its assets), it being understood by the parties that the continuation of Debtor's solvency is an integral and necessary condition of the Creditor's willingness to extend credit to Debtor; and, (g) The sale or other disposition of any of the Collateral without Creditor's prior express consent.

8. **Remedies Upon Default**. Upon the occurrence of any event of default, Creditor shall be entitled, without further notice, to have and enforce all the rights and remedies available under this Agreement, by statute, contract, at law and/or in equity, including but not limited to the right to declare all Indebtedness owed to Creditor immediately due and payable and to remove peaceably any and all of the Collateral from Debtor's premises, custody or control, and to dispose of the same as allowed under the Uniform Commercial Code. Creditor may require Debtor to deliver to Creditor all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Creditor may require Debtor to assemble the Collateral and make it available to Creditor at a place to be designated by Creditor. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Debtor agrees Creditor may take such other goods, provided that Creditor makes reasonable efforts to return them to Debtor after repossession. Debtor acknowledges and agrees that an important consideration Creditor is receiving in exchange for its extension of credit to Debtor is the ability to setoff or net against amounts owed by Debtor to Creditor, any credit balances or amounts owed (including any pre-paid amounts) to Debtor by Creditor, or any parent, subsidiary or affiliate of Creditor. Debtor therefore agrees that Creditor

may so net and setoff any such obligations whether owed directly between Debtor and Creditor, or owed between Debtor and any parent, subsidiary, or affiliate of Creditor.

9. **Remedies Cumulative**. All of Creditor's rights and remedies, whether evidenced by this Agreement or by any other agreement, note, contract or understanding between Debtor and Creditor, shall be cumulative and may be exercised singularly or concurrently. Election of Creditor to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Debtor under this Agreement, after Debtor's failure to perform, shall not affect Creditor's right to declare a default and to exercise its remedies.

10. **Miscellaneous.** (a) All agreements, covenants and warranties are severable, and in the event any of them shall be held to be invalid, this Agreement shall be interpreted as if such invalid agreement or covenant was not contained herein; (b) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective affiliates, heirs, successors and assigns; (c) This Agreement and any purchase order or other document generated by Creditor pursuant hereto shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, oral and written, among the parties hereto with respect to the subject matter hereof; (d) All representations, warranties and covenants made in or pursuant to this Agreement are continuing, and shall survive the execution hereof; (e) This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute the same Agreement; (f) This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska, and in any suit or proceeding relating to this Agreement, the parties mutually waive trial by jury; and, (g) All notices which are required or may be given pursuant to the terms of this Agreement shall be in writing and shall be sufficient in all respects if given in writing and delivered personally, or by facsimile and confirmed by mail, or mailed by registered, certified or express mail, postage prepaid, or reputable overnight courier, to the respective addresses set forth above for Debtor and Creditor.

EXECUTED AND EFFECTIVE as of this _____ day of _____, 20____.

| | |
|---|---|
| Signal 88, LLC, Creditor, | _____, Debtor, |
| By:_____ | By:_____ |
| Its:_____ | Its: _____ |

**Exhibit F**
**(to the Franchise Agreement)**

**SIGNAL 88, LLC**
**SUBCONTRACT AGREEMENT**

SUBCONTRACTOR: _____

ADDRESS: _____

_____

_____

_____

_____

PHONE NUMBER: _____
FAX NUMBER: _____

_____

DATE OF FRANCHISE AGREEMENT BETWEEN SUBCONTRACTOR AND SIGNAL: _____

This Subcontract Agreement ("Agreement") is made on this ___day of _____, 20__ by and between Signal 88, LLC ("Signal") and the Subcontractor listed above. Signal and Subcontractor are herein referred to individually as a "Party" and collectively as "Parties".

WHEREAS, Signal has entered and will enter into certain contracts (the "Contracts") to provide security services, executive protection services and/or security consulting services to certain parties (each a "Customer" and collectively "Customers") at certain locations operated by the Customers (each a "Location" and collectively "Locations");

WHEREAS, Signal and Subcontractor are parties to the Franchise Agreement described above along with certain related agreements and documents, including, without limitation, a Franchise Performance Manual (collectively, the "Franchise Agreement");

WHEREAS, pursuant to the Franchise Agreement, Signal desires to engage Subcontractor to provide Services (as hereinafter defined) to the Customers and Subcontractor desires to accept such engagement to provide the Services to the Customers, upon and subject to the terms of this Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Scope of Services. Subject to such additions or deletions as may from time to time be made pursuant to this Agreement, Subcontractor agrees to perform the Services described in each work order issued by Signal to Subcontractor in connection with a Contract ("Work Order") at the Locations and on the dates described in each respective Work Order.

2. Payment for Services. As consideration for the performance of the Services by Subcontractor, Signal agrees to pay to Subcontractor, with respect to the Services provided by Subcontractor to each Customer, according to the payment terms set forth in the Franchise Agreement between Signal and Subcontractor. Subcontractor acknowledges and agrees that all payments by Customers under the Contracts shall be made directly to, and shall be owned exclusively by, Signal, and that

Subcontractor shall have no rights thereto. Signal shall have the absolute right to offset against and deduct from any amounts due or to become due Subcontractor hereunder any sum or sums owed by Subcontractor to Signal under this Agreement, the Franchise Agreement, or any other agreement between the Parties. In the event of any breach of this Agreement, the Franchise Agreement or any other agreement between the Parties by Subcontractor or the assertion of any claim or lien against Signal , any Customer, or any Location, arising out of or in any way related to Subcontractor's performance of this Agreement, or any action taken or omitted by Subcontractor or any of its representatives, agents, employees or contractees in connection therewith, Signal shall have the right to retain all amounts due Subcontractor hereunder, until such matters have been resolved to Signal 's satisfaction.

3. Performance of Services. The following shall apply to the performance of the Services by Subcontractor and shall be provided or performed by Subcontractor at no additional cost to Signal:

3.1 Subcontractor shall furnish all labor, supervision, tools, equipment, materials and supplies necessary to perform the Services in accordance with the Contracts and the terms and conditions of this Agreement.

3.2 Subcontractor shall pay for all materials, skill, labor and instrumentalities used in, or in connection with the performance of this Agreement when and as bills or claims therefor come due, and shall save and protect Signal, Customers and the Locations from all claims and liens on account thereof, and shall furnish satisfactory evidence to Signal, when and if required, that Subcontractor has complied with such requirements.

3.3 Subcontractor shall perform all Services in accordance with the Contracts and the Franchise Agreement and in a proper, efficient and workmanlike manner.

3.4 Subcontractor shall at all times afford to Signal access to the Locations and the full opportunity for inspection of the Services.

3.5 Subcontractor shall, at its sole cost and expense, comply with all applicable federal, state and local laws and all rules and regulations promulgated thereunder, specifically including, but not limited to, all laws and regulations relating to safety, health, records, permits, licenses and employee welfare. Subcontractor shall be responsible for any violation by it or its employees, agents, or subcontractors of such laws, rules and regulations and shall immediately correct any condition, which created such violation. Subcontractor shall further take all safety and other precautions necessary to protect persons and property from damage or injury arising out of the Services. Signal hereby expressly disclaims and shall have no responsibility whatsoever for the safety of Subcontractor's work or the safety of Subcontractor's employees, agents, representatives or contractees, all of which is assumed solely by Subcontractor.

3.6 Subcontractor shall pay all taxes such as sales or use taxes imposed on or in connection with all materials, supplies and equipment used in, or incorporated into the Services. Furthermore, Subcontractor will furnish to Contractor, at Contractor's request, proof that all such taxes have been paid.

3.7 If Subcontractor fails to provide the Services as provided in this Agreement, Signal shall be entitled to order Subcontractor, at Subcontractor's sole cost and expense, to provide additional work forces, overtime and additional shifts, so as to avoid delaying, hindering or interfering with the Services.

3.8 All Services are provided wholly at Subcontractor's risk. Subcontractor shall take all precautions to prevent damage to the Locations and to private and public property.

4. Independent Contractor Status. For all purposes under this Agreement, the relationship between Signal and Subcontractor shall be that of an "independent contractor." Nothing in this Agreement shall be deemed or construed to create an agency, employer-employee, partnership, joint-venture or joint-employer relationship between Signal and Subcontractor. All representatives, agents, employees or contractees retained or assigned by Subcontractor to perform the Services shall, at all times, be acting and performing as employees, representatives or agents of Subcontractor. Signal shall neither have nor exercise any control or direction over the method by which Subcontractor's representatives, agents, employees or contractees perform their work and functions. Nothing in this Agreement shall be interpreted as authorizing Subcontractor to act for Signal. Subcontractor may not enter into any contract, extend credit, accept service of process, or make any commitment binding Signal to any contract or agreement whatsoever.

5. Subcontractor's Employees. Subcontractor shall be responsible for all taxes, insurance, including worker's compensation insurance, on employees of Subcontractor who are engaged to complete Subcontractor's obligations under this Agreement. Subcontractor shall be responsible for complying with all applicable statutes, laws and regulations. Subcontractor shall be responsible for the supervision of any of Subcontractor's employees at the Locations.

6. Indemnification.

6.1 Subcontractor agrees to indemnify Signal and its officers, directors, shareholders, agents and employees against and hold them harmless from any and all claims, suits, liabilities, losses, expenses or damages of any kind, nature or description, including, but not limited to court costs and reasonable attorney's fees suffered or incurred in connection with any injuries to property or to persons, including death, to the extent the same relate to, arise out of or are in any way connected with Subcontractor's performance of this Agreement or any action taken or omitted by Subcontractor or any of its representatives, agents, employees or contractees.

6.2 Subcontractor agrees to indemnify Signal and its officers, directors, shareholders, agents and employees against, and hold them harmless from, any and all third-party claims, suits or investigations and all liabilities, losses, damages or expenses which may be incurred by any one or more of said indemnified parties in connection therewith, including, but not limited to, court costs and reasonable attorney fees, to the extent the same relate to, arise out of or are in any way connected with any breach of this Agreement by Subcontractor or any action taken or omitted by Subcontractor or its representatives, agents, employees or contractees, including but not limited to any claims asserted by Subcontractor's employees.

6.3 Subcontractor agrees to indemnify Signal and the Customer, their officers, directors, shareholders, agents and employees against, and hold them harmless from any and all liens, lien claims and bond claims, including, but not limited to court costs and reasonable attorney's fees, and/or cost of bonds incurred to remove liens, to the extent the same relate to, arise out of, or are in any way connected with Subcontractor's performance of this Agreement or any action taken or omitted by Subcontractor or any of its representatives, agents, employees or contractees.

7. Insurance. In addition to all insurance that Subcontractor is required to carry under the Franchise Agreement, Subcontractor shall at its sole cost and expense, purchase and maintain in effect the insurance coverage set forth in any Work Order and any other order or agreement issued or executed in connection with a Contract. All such insurance shall be purchased from insurance companies acceptable to Signal. Prior to commencement of the Services and from time to time thereafter, at Signal's request,

Subcontractor shall furnish Signal with evidence that: (i) Subcontractor has in place insurance complying with the terms of this Agreement and the Franchise Agreement; (ii) Signal is named as an additional insured on a primary non-contributory basis on all such policies, and (iii) that such insurance may not be canceled or modified without giving thirty (30) days prior written notice to Signal. Subcontractor further agrees to provide such certificates for up to one (1) year after it has last provided Services under this Agreement. Subcontractor agrees to waive any and all rights of subrogation against Signal and provide copies evidencing such waivers of subrogation exist as required in this Section.

8. Liens. If at any time it shall appear that there is any lien or any other claim or demand of any kind whatsoever for which Signal , a Customer or a Location may be liable or so held, and for which Signal or Subcontractor is chargeable, Subcontractor will immediately cause all such liens or claims to be paid and discharged and dissolved, and Signal may, in its sole discretion, retain out of any money due, or to become due, to Subcontractor the amount necessary to satisfy such lien or claim until such time as Subcontractor has caused such lien or claim to be paid and discharged, or Signal may make payment of such lien or claim by payment in the amount of the lien or claim made jointly to Subcontractor and such claimant.

9. Assignment and Subcontracting. Neither this Agreement nor any interest herein or in the proceeds hereof shall be pledged, assigned or otherwise encumbered by Subcontractor without the prior written consent of Signal, which consent may be granted or withheld by Signal in its sole discretion. Further, none of the Services or any part thereof to be performed by Subcontractor hereunder shall be subcontracted out to any other person, firm or entity without Signal 's prior written consent, which consent may be granted or withheld by Signal in its sole discretion. In the event Subcontractor further sublets or assigns any part or interest of this Agreement with the consent of Signal, Subcontractor shall be bound by the terms and conditions of this Agreement and Subcontractor shall be fully responsible for all acts and omissions of its subcontractors.

10. Rights in Event of Subcontractor's Nonperformance or Breach. If Subcontractor fails to perform the Services, or fails to perform the Services in conformity with this Agreement, or otherwise breaches any provision of this Agreement, Signal may, in addition to other legal rights or remedies available to it hereunder or under the Franchise Agreement, exercise one or more of the following rights or remedies:

10.1 In the case of an emergency, as determined by Signal in its sole discretion, correct the deficiencies without notice to Subcontractor. The costs of such correction, including additional managerial and administrative expenses incurred by Signal, shall be payable by Subcontractor.

10.2 In all other cases, correct the deficiencies, if after giving Subcontractor three (3) days' written notice, such deficiencies complained of are not corrected to the satisfaction of Signal. The costs of such correction, including additional managerial and administrative expenses incurred by Signal, shall be payable by Subcontractor.

10.3 Make an equitable deduction, to be determined by Signal in its reasonable discretion, from the Payment Amount if, after giving Subcontractor three (3) days' written notice, the deficiencies complained of are not corrected to the satisfaction of Signal and Signal decides not to correct the deficiencies pursuant to Section 10.1 or 10.2 above.

11. Termination.

11.1 Termination of Franchise Agreement. This Agreement shall automatically terminate upon expiration or termination of the Franchise Agreement.

11.2 Termination for Convenience. This Agreement may be terminated by Signal for any reason and at any time, in whole or in part, and with respect to one or more Customers, Work Orders, or Locations, by providing ten (10) days' written notice to Subcontractor. In the event of such a termination for convenience, Subcontractor will stop providing the Services as directed by Signal and follow Signal's directions for transitioning from the Customer(s) and/or Location(s). In such event, Subcontractor will be entitled to payment for that portion of the Services which have been satisfactorily completed up to the date on which such termination takes effect. Subcontractor will not be entitled to payment for any portion of the Services that have not been performed in accordance with the terms of this Agreement.

11.3 Termination for Default. In the event Subcontractor is in default, Signal may terminate this Agreement, in whole or in part, and with respect to one or more Customers, Work Orders, or Locations, upon three (3) days' prior written notice to Subcontractor. For purposes of this Agreement, a default of Subcontractor shall mean:

11.3.1 Subcontractor's failure to provide or complete the Services or any constituent part thereof in accordance with this Agreement or the directions of Signal.

11.3.2 Subcontractor's failure to comply with any of the terms and conditions of this Agreement, or Subcontractor becoming, in the reasonable opinion of Signal, unable to comply with any of the terms or conditions of this Agreement.

11.3.3 Subcontractor being in breach of the terms of the Franchise Agreement or any other agreement between the parties hereto and any affiliates thereof.

In the event Signal terminates this Agreement in whole or in part as provided in this Section, Signal may take over and complete the Services by whatever method it deems expedient, including the hiring of other subcontractors under such terms and conditions as Signal may deem advisable in its sole discretion. In such event, Subcontractor shall not be entitled to receive any further payment hereunder until the Services have been completed and accepted by Signal. Subcontractor shall be responsible for any additional expense incurred by Signal for completing the Services, including compensation for additional services, and such other incidental and consequential costs and damages as Signal may suffer. Subcontractor shall continue the performance of this Agreement to the extent not terminated under the provisions of this Section.

12. Disputes. The existence of any dispute between Signal and Subcontractor pertaining to the Services or the terms or conditions of this Agreement shall not operate to release or otherwise excuse Subcontractor from its obligations to perform under this Agreement. In the event a dispute arises, Subcontractor shall proceed diligently with performance of all the Services required to be performed by it hereunder, including any Services in dispute and shall continue to perform in accordance with the directions of Signal and the terms and conditions of this Agreement pending resolution of such dispute.

13. Customer Complaints. Unless provided otherwise on the Addenda, Subcontractor shall be responsible, in the first instance, for addressing any complaints from Customers with respect to the Services. Subcontractor shall promptly notify Signal of any Customer complaint received by Subcontractor and shall keep Signal apprised of how all complaints are addressed. Signal may at any time, and in its sole discretion, take over the handling of any or all Customer complaints and in such event Subcontractor shall provide any assistance reasonably requested by Signal with respect to such complaints.

14. Confidentiality. Subcontractor acknowledges that Signal and Customer may from time to time transmit information to Subcontractor which is of a confidential and proprietary nature, including, but not limited to, the existence and terms of this Agreement and the Contract ("Confidential Information").

Subcontractor agrees not to disclose or allow to be disclosed, other than to Subcontractor's authorized personnel with a need to know, any Confidential Information either during the term of this Agreement or thereafter, except with the express prior written consent of Signal at its sole and absolute discretion. Upon request by Signal, Subcontractor shall cause its employees, agents and any authorized subcontractors that may have access to such Confidential Information to sign agreements restricting the disclosure and use of such information. Upon termination of this Agreement, Subcontractor shall return all Confidential Information and any copies thereof to Signal and shall thereafter not make use of any such Confidential Information either for its own business or in connection with the business of others.

15. Miscellaneous.

15.1 Coordination with Franchise Agreement. This Agreement is executed in connection with, and not as a replacement of, the Franchise Agreement. To the extent of any inconsistencies between this Agreement and the Franchise Agreement, the terms of the Franchise Agreement shall control.

15.2 No Third-Party Beneficiaries. This Agreement shall be for the sole benefit of the Parties hereto and their respective heirs, successors, permitted assigns, and legal representatives and is not intended, nor shall it be construed, to give any person, other than the Parties hereto and their respective heirs, successors and permitted assigns, any legal or equitable right, remedy or claim hereunder.

15.3 Notices. All notices, requests, offers, and other communications required or permitted to be given under this Agreement will be made in writing and will be considered given and received when personally delivered to the other Party in accordance with the Franchise Agreement.

15.4 Governing Law. This Agreement will be governed by and construed in accordance with the substantive laws (as compared to conflict of law provisions) of the State of Nebraska applicable to contracts entered into and fully performed in Nebraska, provided however, that to the extent that the provisions of this Agreement provide for termination, cancellation, non-renewal or other requirements other than in accordance with applicable law, said provisions will not be effective, and Signal will comply with applicable law in connection with each of these matters. Any litigation arising under or in any way related to this Agreement or arising out of the relationship between Signal and Subcontractor, regardless of the Party initiating such action, will be brought in the appropriate state or federal courts located in Douglas County, Nebraska. The Parties agree to waive any and all challenges based on lack of jurisdiction or improper venue.

15.5 Entire Agreement. This Agreement, the Work Orders, the Franchise Agreement, and any other documents or agreements executed or issued by Signal in accordance with the Franchise Agreement or this Agreement collectively constitute the entire understanding and agreement between the Parties with respect to the subject matter of this Agreement and supersede all prior agreements, whether oral or written, concerning the subject matter of this Agreement.

15.6 Severability. If any provision of this Agreement (or any part of any provision) is held to be unenforceable, such provision (or such part of an affected provision) will be inoperative only to the extent necessary to comply with applicable law and will be severed from the remainder of this Agreement. The remaining provisions of this Agreement (and the remaining portion of any affected provision) will continue in full force and effect. To the extent of any conflict between any provision of this Agreement and applicable law, the parties shall comply with applicable law rather than the conflicting provision of this Agreement.

15.7 Counterparts and Facsimile Execution. This Agreement may be executed in one or more counterparts (including by means of signature pages transmitted via facsimile or other

electronic means), any one of which need not contain the signatures of more than one party. Each such signature will be deemed to be: (a) an original; and (b) valid, binding, and enforceable. All such counterparts taken together will constitute one and the same instrument.

15.8 Modification. This Agreement may not be modified except in writing signed by an authorized representative of Signal and an authorized representative of Subcontractor.

15.9 Waiver. No waiver of any of the provisions of this Agreement or any breach of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision or breach hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in writing.

15.10 Time is of the Essence, Computation of Time. Time is of the essence with respect to every covenant, condition to be satisfied, and action to be taken hereunder, and the Parties shall proceed accordingly with respect to every action necessary, proper or advisable to make effective the transactions contemplated by this Agreement. Whenever the last day for the exercise of any privilege or the discharge of any duty hereunder shall fall upon any day which is not a business day, the party having such privilege or duty may exercise such privilege or discharge such duty on the next succeeding business day.

15.11 Survival. All rights, remedies, obligations, and all covenants and agreements set forth in this Agreement which, by their terms, require or contemplate performance which is to extend beyond or occur after the expiration or termination of this Agreement, shall survive and remain in effect and be enforceable as between the parties hereto in accordance with their terms.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and date written above.

| | |
|---|---|
| **SIGNAL 88, LLC,** | _____, **Subcontractor,** |
| By: _____ | By: _____ |
| Reed Nyffeler | (printed name) |
| Title: Chief Executive Officer | Title: _____ |

**Exhibit G**

**(to the Franchise Agreement)**

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

THIS AGREEMENT ("Agreement") is dated the _____ day of _____, 20____, (the "Effective Date") and is between Signal 88, LLC, a Delaware limited liability company with its principal office located at 3880 South 149th Street, Suite 102, Omaha, Nebraska 68144 ("Franchisor"), and _____ **[insert name of Franchisee and Owner(s), as applicable]** (collectively the "Restricted Party"). Except as specifically defined in this Agreement, all words beginning with a capital letter will have the meaning ascribed to them in the Franchise Agreement.

RECITALS

WHEREAS, Franchisor is engaged in the competitive industry of security-services contracting and has invested substantial time, effort and money in the development of its trade secrets, business methods and procedures, employees, customers and other confidential and proprietary information defined below as "Confidential Information," which has enabled Franchisor to compete successfully in its business; and

WHEREAS, the disclosure of Confidential Information would be highly damaging to Franchisor and the continued success of its business; and

WHEREAS, Franchisor and _____ ("Franchisee") entered into a Franchise Agreement dated _____, 20____, (the "Franchise Agreement"), granting Franchisee the right to conduct a franchised business in accordance with Franchisor's System (the "Franchised Business"); and

WHEREAS, throughout the term of the Franchise Agreement, Restricted Party will be exposed to Confidential Information; and

WHEREAS, Restricted Party, as an owner or managerial employee of Franchisee, will benefit from the operation of the Franchised Business; and

WHEREAS, Franchisor would not enter into the Franchise Agreement with Franchisee unless Franchisor's goodwill and Confidential Information were protected against unfair competition;

AGREEMENT

NOW THEREFORE, in order to protect Franchisor from the misappropriation of its Confidential Information and to allow Restricted Party to receive and use the Confidential Information, in consideration of the recitals, and of the mutual covenants hereafter set forth, and of other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, it is agreed between Franchisor and Restricted Party as follows:

1. Confidentiality

a. Confidential Information. Franchisor owns and possesses (and may continue to develop and acquire) certain confidential information consisting of and relating to the methods, techniques, formats, specifications, procedures, equipment, information, software, systems, franchise growth support techniques, and programs, and knowledge of and experience in the development, operation and franchising

of security-services businesses; advertising, marketing and promotional programs for Franchised Businesses; knowledge of, specifications for and suppliers of certain products, materials, equipment and supplies used to operate a Franchised Business; knowledge of the operating results and financial performance of Franchises other than the Franchised Business; the Franchise Performance Manual; passwords, codes and user names to access the Franchise Performance Manual in electronic format; and contracts for clients served by Franchisee or other Signal franchised or company-owned outlets, the client lists and details of service (collectively, the "Confidential Information"). Confidential Information includes all written or electronic information, computer files, documents, records and data that the Franchisor or any of its representatives furnishes or otherwise discloses to Franchisee or any of its representatives, together with all analyses, compilations, studies, memoranda, translations, notes, client lists, details of service, client contracts, or other documents, records or data (in whatever form maintained, whether documentary, computer or other electronic storage or otherwise) prepared by Franchisee, Restricted Party, or any of Franchisee's representatives which contain or otherwise reflect or are generated from such information and documents.

b. Exclusions. Confidential Information does not include any information, knowledge or know-how that:

i. Was present in the public domain at the time of its disclosure to the Receiving Party or enters the public domain through no fault or neglect of the Receiving Party after its disclosure to the Receiving Party;

ii. Is received by the Receiving Party from a Third-Party, and, at the time of the Receiving Party's receipt, is free of any obligation of confidence to or other restriction in favor of the Disclosing Party; or

iii. Is required to be disclosed pursuant to any statute, law, rule, or regulation of any governmental authority or pursuant to any order of any court of competent jurisdiction, but only if the Receiving Party has notified the Disclosing Party in writing prior to such required disclosure and cooperates with the Disclosing Party if the Disclosing Party elects to contest such required disclosure or to seek a protective order or other form of protection.

Restricted Party shall have the burden of proving that the elements of this Section apply to any information, knowledge or know-how.

c. Ownership and Use. Franchisor will retain all ownership of, property in, and title to its Confidential Information. Restricted Party acknowledges that the Confidential Information is proprietary to Franchisor and includes Franchisor's trade secrets, and that Restricted Party will not acquire any interest in the Confidential Information, other than the right to use the Confidential Information in the operation of the Franchised Business in strict compliance with the Franchise Agreement during the term thereof. Restricted Party further acknowledges and agrees that the Confidential Information is disclosed to Restricted Party only on the condition precedent that Restricted Party hereby agrees: (a) to hold the Confidential Information in strict confidence during and after the term of the Franchise Agreement by using the same safeguards that it uses to protect its own confidential and proprietary information and trade secrets, but at least by using reasonable care; (b) to use the Confidential Information only to the extent necessary to operate the Franchised Business during the term of the Franchise Agreement and not in any other business or capacity; (c) not to use or disclose the Confidential Information for its own account or for its own purposes, nor to engage in any other unauthorized use of the Confidential Information during or after the term of the Franchise Agreement; (d) not to disclose Confidential Information at any time to any third party, including without limitation a third party vendor, unless and until Franchisor has consented in writing and such third party has signed an appropriate confidentiality agreement agreeing, among other things, that such party will maintain the absolute confidentiality of all Confidential Information disclosed to such party by

Franchisee, its owners, managers, agents or employees; (e) not to make unauthorized copies of the Confidential Information, nor to disclose, publish, or otherwise make available any Confidential Information other than to those of its employees during the Franchise Term who have a bona fide need to know such Confidential Information in order to perform their duties; and (f) to adopt and implement all reasonable procedures prescribed by Franchisor to prevent unauthorized use or disclosure of the Confidential Information, including but not limited to restrictions on disclosures to Franchisee's principals and employees. Restricted Party shall return all Confidential Information to Franchisor at the end of the term of the Franchise Agreement.

d. Improvements. All ideas, concepts, techniques or other materials relating to the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its employees, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property, part of its franchise System and works made-for-hire. To the extent that any item does not qualify as a work made-for-hire, Restricted Party hereby assigns ownership of that item, and all related rights to that item, to Franchisor, and agrees to sign any assignments or other documents as Franchisor reasonably requests to evidence its ownership of or to otherwise assist Franchisor in obtaining intellectual property rights in the item.

2. Non-Competition and Non-Solicitation.

a. Non-Competition. Restricted Party will not, for a period of two (2) years after the first to occur of the termination, expiration, or transfer of the Franchise Agreement, regardless of the cause thereof, engage or become interested in, own, organize, finance, lease, operate, invest in or become employed by any business which engages in the services and business of the Franchise or Franchised Business anywhere within a radius of seventy-five (75) miles from the outer boundaries of Franchisee's Territory or any other franchisee of Signal 88, LLC.

b. Non-Solicitation of Customers. In the event that Restricted Party is Franchisee or an owner of Franchisee, then for a period of two (2) years after the first to occur of the termination, expiration, or transfer of the Franchise Agreement, Restricted Party will not, directly or indirectly, solicit, call on, or attempt to solicit or call on any of the then-current or past customers, accounts or clients served by the Franchised Business, for the purpose of inducing such customers, accounts, or clients to become a customer, client or account of any party in competition with the business of the Franchisor, Franchisee, or the Franchised Business, and will ensure that its principals, partners, directors, officers and managers do not undertake any such actions. If and only if Restricted Party is an employee, director, officer or agent of Franchisee and not an owner of Franchisee, then for a period of two (2) years after the first to occur of the termination, expiration, or transfer of the Franchise Agreement, Restricted Party will not, directly or indirectly, solicit, call on, or attempt to solicit or call on any of the then-current or past customers, accounts or clients with whom the Restricted Party had contact while in the employ of Franchisee, for the purpose of inducing such customers, accounts, or clients to become a customer, client or account of any party in competition with the business of the Franchisor, Franchisee, or the Franchised Business.

c. Non-Solicitation of Referral Sources. For a period of two (2) years after the first to occur of the termination or expiration of the Franchise Agreement, Restricted Party will not, directly or indirectly, solicit, call on or attempt to solicit or call on any of the then current or past referral sources and contacts utilized by the Franchised Business during the Restricted Party's affiliation with the Franchised Business, for the purpose of obtaining referral of customers or business from such referral sources and contacts in competition with the business of the Franchisor, Franchisee, or the Franchised Business.

3. Enforcement. Restricted Party has, with the assistance of legal counsel, carefully read and considered the provisions of this Agreement, and having done so, agrees that the applicable restrictions set

forth in this Agreement (including, but not limited to, the period of restriction and the geographic area of the restriction set forth) are fair and reasonable and are necessarily required for the protection of the interests of Franchisor. Restricted Party further acknowledges that due to the nature of the business, a more limited geographical restriction would not be reasonable or appropriate. Restricted Party covenants and agrees with the Franchisor that if the Restricted Party violates any of the covenants or agreements contained in this Agreement, then Franchisor will be entitled to injunctive relief. Such remedy will be in addition to and not in limitation of any other rights or remedies to which Franchisor is or may be entitled to at law or in equity. In the event that despite the foregoing, any part of the covenants set forth in this Agreement will be held to be invalid or unenforceable, the remaining parts thereof will nevertheless continue to be valid and enforceable as though the invalid and unenforceable part had not been included herein. In the event that any provisions of this Agreement relating to the time period and/or area of restriction will be declared by a court of competent jurisdiction to exceed the maximum time period or areas which such court deems reasonable and enforceable, such time period and/or area of restriction will be deemed to become and thereafter be the maximum time period and/or area which such court deems reasonable and enforceable.

4. Notices. All notices, requests, offers, and other communications required or permitted to be given under this Agreement must be in writing and must be delivered in person, electronically, by prepaid overnight commercial delivery service, or by prepaid overnight mail, registered or certified, with return-receipt requested, and addressed as set forth below:

| ***If to FRANCHISOR:*** | ***If to RESTRICTED PARTY:*** |
|---|---|
| Signal 88, LLC<br>ATTN: Reed Nyffeler<br>3880 South 149th Street, Suite 102<br>Omaha, NE 68144<br>rnyffeler@teamsignal.com | _____<br>_____<br>_____<br>_____<br>_____<br>_____ |
| ***With a copy to:*** | ***With a copy to:*** |
| Fisher Zucker LLC<br>Attn: Lane J. Fisher<br>21 S. 21st Street<br>Philadelphia, PA 19103<br>lfisher@fisherzucker.com | _____<br>_____<br>_____<br>_____<br>_____<br>_____ |

Notice will be deemed to have been received on the earlier of: 1) receipt or first refusal of delivery if personally delivered; 2) if electronically delivered, receipt by the sending party of either a "read receipt" notice or a reply electronic message from the receiving party evidencing receipt of the electronic notice; 3) one (1) day after posting if sent via overnight commercial delivery service or overnight United States Mail, postage prepaid, return receipt requested; or 4) three (3) days after placement in the United States mail if overnight delivery is not available to the notice address.

a. Change of Address. Either party may change its name, address, e-mail address or facsimile number for notice by providing the other party with such change in writing, signed by a duly

authorized representative, designating a single address for notice, which may not be a P.O Box, in compliance with this Subsection.

b. Calculation of Time Periods. In calculating time periods for notice, when a period of time measured in days is prescribed for the exercise of any privilege or the discharge of any duty, the first day notice is deemed to have been given will not be counted but the last day will be counted.

5. Miscellaneous

a. Entire Agreement. This writing, together with the Franchise Agreement, constitutes the entire agreement between the parties hereto and supersedes any prior understanding or agreements among them respecting the subject matter. There are no extraneous representations, arrangements, understandings, or agreements, oral or written, among the parties hereto, except those fully expressed herein.

b. Amendments. No amendments, changes, alternations, modifications, additions or qualifications to the terms of this Agreement will be made or binding unless made in writing and signed by all the parties hereto.

c. Waiver. The failure of either party to enforce at any time any of the provisions of this Agreement will not be construed as a waiver of such provisions or of the right of such party thereafter to enforce any such provisions.

d. Severability. The invalidity or unenforceability of any particular provision of this Agreement will not affect the other provisions hereof, and this Agreement will be construed in all respects as if such invalid or unenforceable provision were omitted.

e. Governing Law, Jurisdiction, Venue. This Agreement will be construed and governed in accordance with the laws of the State of Nebraska. Franchisor and Restricted Party irrevocably agree that the state and federal courts in Douglas County, Nebraska, will have exclusive jurisdiction to hear and determine any action on a controversy on or under this Agreement, including any action for injunctive relief and for specific performance and other equitable relief, irrevocably submit to the jurisdiction of such courts, irrevocably waive any objection which either of them might have to such courts being nominated as the forum to hear and determine any such action on a controversy relating to this Agreement, and agree not to claim that any such court is not a convenient or appropriate forum. The parties agree that such courts have power under the law of Nebraska to entertain any such action, that Nebraska is a reasonably convenient place for the trial of any such action, and that this choice of forum agreement was not obtained by misrepresentation, duress, and the abuse of economic power or other unconscionable means. RESTRICTED PARTY ACKNOWLEDGES THAT THIS AGREEMENT IS ENTERED INTO IN DOUGLAS COUNTY, NEBRASKA.

f. Cumulative Remedies. NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO FRANCHISOR OR RESTRICTED PARTY BY THIS AGREEMENT IS INTENDED TO BE, NOR WILL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY HEREIN OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH WILL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.NOTHING HEREIN CONTAINED WILL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT UNDER GENERAL PRINCIPLES OF EQUITY, INCLUDING THE APPLICABLE PRINCIPLES FOR OBTAINING RESTRAINING ORDERS, PERMANENT AND PRELIMINARY INJUNCTIONS.

g. Binding Agreement. This Agreement will be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

h. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

i. Modifications. No provision of this Agreement may be modified, waived, or discharged unless such waiver, modification or discharge is agreed to in writing, and is signed by Restricted Party and by an executive officer of the Franchisor.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

| | |
|---|---|
| FRANCHISOR:<br>Signal 88, LLC | RESTRICTED PARTY:<br>_____ |
| By: _____ | By: _____ |
| Reed L. Nyffeler<br>Chief Executive Officer | Printed Name: _____<br>Title if an entity: _____ |

**Exhibit H**
**(to the Franchise Agreement)**

**SIGNAL 88, LLC**

**ASSIGNMENT OF TELEPHONE NUMBER AND SERVICE**

**THIS TELEPHONE NUMBER AND SERVICE ASSIGNMENT AGREEMENT (Assignment)** is made on this _____ day of _____, 20____, by and between Signal 88, LLC, a Delaware limited liability company with its principal office located at 3880 South 149th Street, Suite 102, Omaha, Nebraska 68144 ("Signal "), and _____, with an address of _____("Assignor").

**RECITALS**

WHEREAS, Signal and Assignor executed a Franchise Agreement on the _____ day of _____, 20 ____, ("Franchise Agreement") whereby Signal granted to Assignor the right, franchise, and license to use the marks, the system, the promotional materials and other indicia of the franchised business owned or licensed by Signal , solely to operate the franchised business for the purpose of marketing and selling services in Assignor's designated franchise market area (the "Franchised Business");

WHEREAS, Assignor recognizes that Signal has a legitimate business interest in the telephone and facsimile numbers and regular, classified, or other telephone directory listings associated with Signal trademarks and service marks used in connection with the operation of the Franchised Business ("Telephone and Fax Numbers");

WHEREAS, in consideration of Signal granting the license to Assignor, Assignor has agreed to sign an Assignment of its Telephone and Fax Numbers to Signal to be effective upon the termination or expiration of the Franchise Agreement ("Effective Date");

WHEREAS, Assignor retains a right to the Telephone and Fax Numbers limited to a current Franchise Agreement. Assignor's limited right to the Telephone and Fax Numbers will be effectively assigned to Signal upon termination or expiration of the Franchise Agreement ("Termination");

WHEREAS, Assignor upon Termination will notify the telephone company and all listing agencies and directory publishers (collectively, the "Telephone Company") of the termination of Assignor's right to use any Telephone and Fax Numbers and authorize their transfer to Signal;

WHEREAS Assignor upon Termination will authorize and instruct the Telephone Company to cancel or transfer the Telephone and Fax Numbers, as Signal elects.

**AGREEMENT**

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Assignment. Assignor hereby assigns to Signal all of Assignor's right, title, and interest in and to the Telephone and Fax Numbers upon the Termination of the Franchise Agreement. This assignment is for collateral purposes only and, except as specified herein, Signal will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Signal notifies the Telephone Company pursuant to the terms hereof to effectuate the assignment.

Upon the Termination of the Franchise Agreement, Signal will have the right and is hereby authorized to effectuate the assignment of the Telephone and Fax Numbers, and, in such event, Assignor will have no further right, title, or interest in the Telephone and Fax Numbers and will remain liable to the Telephone Company for all past due fees owing to the Telephone Company on or before the Effective Date of this Assignment.

2. Consent. Assignor hereby consents, acknowledges, and authorizes that as between Signal and Assignor, upon the Termination Signal will have the sole right to and interest in the Telephone and Fax Numbers. The Parties agree that the Telephone Company may accept written direction from Signal, or this Assignment, as conclusive proof of Signal 's exclusive right in and to the Telephone and Fax Numbers upon such Termination. A copy of this Assignment, certified by an officer of Signal, is agreed to be as valid and binding as the original. The Parties further agree that if the Telephone Company requires that the Parties execute the Telephone Company's assignment forms or other documentation at the time of Termination, Signal 's execution of such forms or documentation will effectuate Assignor's consent and agreement to the Assignment.

3. Telephone and Fax Numbers Power of Attorney. Franchisee appoints Signal as Franchisee's true and lawful attorney-in-fact to direct the Telephone Company to assign the same to Signal, and execute such documents and take such actions as may be necessary to effectuate the assignment.

4. Notice. Signal shall give notice of its acceptance of the Assignment of the Telephone Numbers and Listings to Assignor and to all Telephone Companies that are to recognize the Assignment.

5. Pro-Ration. On transfer to Signal, Signal may continue the monthly or otherwise periodic service with the Telephone Company or cancel the same, but in no circumstances shall Signal be obligated or liable for any arrears or charges for Telephone and Fax Numbers prior to such transfer. In the event Signal gives notice of and effects an Assignment of Assignor's Business Telephone Numbers and Listings, charges shall be pro-rated as of the time of Assignment, with Assignor responsible for all charges prior to the effectiveness of the Assignment.

IN WITNESS WHEREOF, the Parties have entered into this Assignment.

SIGNAL 88, LLC,

By: Reed L. Nyffeler
Title: Chief Executive Officer

_____,
ASSIGNOR,

By:_____
Title:_____

**Exhibit I**

**(to the Franchise Agreement)**

**SIGNAL 88, LLC**

**ASSIGNMENT OF DOMAIN NAME AND E-MAIL ADDRESS**

**THIS ASSIGNMENT OF DOMAIN NAME AND E-MAIL ADDRESS AGREEMENT (Assignment)** is made on this _____ day of _____, 20____, by and between Signal 88, LLC, a Delaware limited liability company with its principal office located at 3880 South 149th Street, Suite 102, Omaha, Nebraska 68144 ("Signal "), and _____ , with an address of _____("Assignor") (collectively "the Parties").

**RECITALS**

WHEREAS, Signal and Assignor executed a Franchise Agreement on the _____ day of _____, 20 ____, ("Franchise Agreement") whereby Signal granted to Assignor the right, franchise, and license to use the marks, the system, the promotional materials and other indicia of the franchised business owned or licensed by Signal , solely to operate the franchised business for the purpose of marketing and selling services in Assignor's designated market area (the "Franchised Business");

WHEREAS Assignor recognizes that Signal has a legitimate business interest in the domain names and e-mail addresses associated with Signal trademarks and service marks used in connection with the operation of the Franchised Business ("Domain Names and E-mail Addresses");

WHEREAS, in consideration of Signal granting the license to Assignor, Assignor has agreed to sign an Assignment of its Domain Names and E-mail Addresses to Signal to be effective upon the termination or expiration of the Franchise Agreement ("Termination", collectively "Effective Date")

**AGREEMENT**

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Assignment. Assignor hereby assigns to Signal all of Assignor's right, title, and interest in and to the Domain Names and E-mail Addresses, including, but not limited to, the following domain names and e-mail addresses:

_____, _____,

_____, _____

This assignment is for collateral purposes only and, except as specified herein, Signal will have no liability or obligation of any kind whatsoever arising from, relating to, or in connection with this Assignment unless Signal notifies the domain name registry ("Registry") or internet service provider ("ISP") pursuant to the terms hereof to effectuate the assignment.

Upon Termination Signal will have the right and is hereby authorized to effectuate the assignment of the Domain Names and E-mail Addresses and, in such event, Assignor will have no further right, title,

or interest in the Domain Names and E-mail Addresses and will remain liable to the Registry and ISP for all past due fees owing to the Registry and ISP on or before the effective date of this Assignment.

2. Consent. Assignor hereby consents, acknowledges, and authorizes that as between Signal and Assignor, upon Termination Signal will have the sole right to and interest in the Domain Names and E-mail Addresses. The Parties agree that the Registry and ISP may accept written direction from Signal, or this Assignment, as conclusive proof of Signal 's exclusive right in and to the Domain Names and E-mail Addresses upon such Termination. A copy of this Assignment, certified by an officer of Signal, is agreed to be as valid and binding as the original. The Parties further agree that if the Registry or ISP requires that the Parties execute additional assignment forms or other documentation at the time of Termination, Signal 's execution of such forms or documentation will effectuate Assignor's consent and agreement to the Assignment.

3. Domain Names and E-Mail Addresses Power of Attorney. Assignor appoints Signal as Assignor's true and lawful attorney-in-fact to direct the Registry and ISP to assign the Domain Names and E-mail Addresses to Signal, and to execute such documents and to take such actions as may be necessary to effectuate the assignment.

4. Notice. Signal shall give notice of its acceptance of the Assignment of the Domain Names and E-Mail Addresses to Assignor and to all Registries or ISPs or businesses that are to recognize the Assignment.

5. Liability. On transfer to Signal, Signal may continue the monthly or otherwise periodic service with said Registry and ISP or cancel the same, but under no circumstances shall Signal be obligated or liable for any arrears or charges for domain name registration or internet service or otherwise that were incurred prior to such transfer. Assignor specifically agrees to remain liable for any such charges and shall indemnify and hold Signal harmless from any and all claims arising out of or relating to Assignor's use or ownership of Domain Names and E-mail Addresses associated with Signal's trademarks and service marks and used in connection with the operation of the Franchised Business, as well as all costs and fees (including attorney's fees) associated therewith. In the event Signal gives notice of and effects an Assignment of the Assignor's Domain Names and E-mail Addresses, such charges shall be pro-rated as of the time of Assignment, with Assignor responsible for all charges prior to the effectiveness of the Assignment.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties have entered into this Assignment.

SIGNAL 88, LLC,

By: Reed L. Nyffeler
Title: Chief Executive Officer

_____,

ASSIGNOR,

By:_____
Title:_____

III

**Exhibit J**
**(to the Franchise Agreement)**

**SBA ADDENDUM**

**(FOR USE ONLY IN CONNECTION WITH FRANCHISEES OBTAINING SBA LOANS)**

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between Signal 88, LLC ("Franchisor"), located at 3880 S. 149th Street, Omaha, Nebraska 68144, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20___, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for a loan ("Loan") from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement:

**CHANGE OF OWNERSHIP**

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

**FORCED SALE OF ASSETS**

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

**COVENANTS**

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees.

This Addendum automatically terminates on the earlier to occur of the following: (i) the Loan is paid in full; or (ii) SBA no longer has any interest in the Loan.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| By: _____ | By: _____ |
| Print Name: Reed Nyffeler | Print Name: _____ |

**Note to Parties:** This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

**Exhibit K**
**(to the Franchise Agreement)**

**State Addenda**

**ADDENDUM TO THE SIGNAL**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF CALIFORNIA**

This Addendum pertains to franchises located in the State of California and is for the purpose of complying with California statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement is amended as follows:

1. The Parties agree that any one the events or occurrences specified in Sections 12.1 through 12.4 of the Franchise Agreement shall constitute a failure by the Franchisee to substantially comply with the terms of the Franchise Agreement.

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum.

3. Any terms not defined in this Addendum will have the meaning assigned in the Franchise Agreement.

| | |
|---|---|
| SIGNAL 88, LLC<br>FRANCHISOR | [INSERT FRANCHISE ENTITY],<br>FRANCHISEE |
| By:_____<br>Reed L. Nyffeler<br>Chief Executive Officer<br>Date:_____ | By: _____<br>_____<br>Title: _____<br>Date:_____ |

**ADDENDUM TO THE SIGNAL**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF ILLINOIS**

This Addendum pertains to franchises located in the State of Illinois and is for the purpose of complying with Illinois statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement is amended as follows:

1. Illinois law governs the agreements between the parties to this franchise.

2. Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any other law of Illinois, is void.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the 815 ILCS 705 et seq. are met independently without reference to this Addendum.

4. Any terms not defined in this Addendum will have the meaning assigned in the Franchise Agreement.

| | |
|---|---|
| SIGNAL 88, LLC,<br>FRANCHISOR | [INSERT FRANCHISE ENTITY],<br>FRANCHISEE |
| By:_____<br>Reed L. Nyffeler<br>Chief Executive Officer<br>Date:_____ | By: _____<br>_____<br>Title: _____<br>Date:_____ |

**ADDENDUM TO THE SIGNAL**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF INDIANA**

This Addendum pertains to franchises located in the State of Indiana. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement is amended as follows:

1. Section 2.3 shall be deleted, and the following shall be inserted in its place:

   Franchisee shall have the authority to enter into contracts with customers for the performance of Services in the Territory. However, all of Franchisee's right, title, and interest in and to the accounts generated by such contracts shall be deemed assigned to Franchisor. Franchisee agrees that, notwithstanding anything to the contrary herein, all accounts receivable generated under such contracts, and the proceeds of such accounts receivable, shall be solely and exclusively the property of Franchisor, and Franchisee shall have no interest therein. Franchisee shall not perform any Services for any customer without the customer first having signed a contract for such Services.

2. Section 2.5 is hereby deleted and the following paragraph is inserted in its place:

   Notwithstanding anything to the contrary in this Agreement, Franchisor reserves the right to promote and solicit, and to enter into arrangements with contractors to promote and solicit, contracts for accounts that may involve furnishing Services within the Territory. Franchisee shall have a right of first refusal to perform any Services under any customer contract to the extent that such Services are to be performed within the Territory. However, should Franchisee fail to accept any request to perform such Services within a time period specified by Franchisor, fail to meet the requirements of a customer contract, or fail to perform the referred Services under the customer contract in accordance with its terms, as determined solely by Franchisor in its discretion, Franchisor may direct the affected customer to cancel its contract with Franchisee and to make arrangements with other franchisees or contractors to have such Services performed, without Franchisor or any such franchisee, contractor, or customer bearing any further obligation or liability to Franchisee.

3. Section 3.1(a) is hereby amended to delete the reference to Exhibit H (Subcontract).

4. The second to last sentence in Section 5.6 is hereby deleted, and the following sentence is inserted in its place:

   If Franchisee fails to accept Franchisor's referral of the performance of Services under a customer contract, to meet the requirements of the customer contract, or to perform the referred Services under the customer contract in accordance with its terms, Franchisor may, in addition to any other remedies it may have, direct the affected customer to cancel its contract with Franchisee and to make arrangements with other franchisees or contractors to have such Services performed (whether or not the Services provided thereunder are to

be performed in the Territory), without Franchisor or any such franchisee, contractor, or customer bearing any further obligation or liability to Franchisee.

5. Section 12.4(b) shall be deleted, and the following shall be inserted in its place:

> If a party is in Default, the non-defaulting party may, upon written notice to the defaulting party, enforce any remedy, other than termination, that it may have by contract, at law, or in equity, including, but not limited to, (in the event that the Franchisor is the non-defaulting party) reassigning and/or taking over the performance of Services under any customer contracts (to the extent allowed by law), altering or eliminating the Territory, and exercising a setoff of amounts due from Franchisee to Franchisor or its affiliates against amounts owed by Franchisor or its affiliates to Franchisee. In that connection, Franchisee acknowledges and agrees that an important consideration Franchisor is receiving in exchange for its grant of a Franchised Business to Franchisee is the ability to setoff or net against amounts owed by Franchisee to Franchisor and/or its affiliates any credit balances or amounts owed (including any pre-paid amounts) to Franchisee by Franchisor and/or any of its affiliates. Therefore, notwithstanding anything to the contrary in this Agreement, Franchisee agrees that Franchisor may so net and setoff any such obligations whether owed directly between Franchisee and Franchisor or owed between Franchisee and any affiliate of Franchisor.

6. Exhibit H is hereby deleted.

7. Any terms not defined in this Addendum will have the meaning assigned in the Franchise Agreement.

| | |
|---|---|
| SIGNAL 88, LLC<br>FRANCHISOR | [INSERT FRANCHISE ENTITY],<br>FRANCHISEE |
| By:_____<br>Reed L. Nyffeler<br>Chief Executive Officer<br>Date:_____ | By: _____<br>_____<br>Title: _____<br>Date:_____ |

**ADDENDUM TO THE SIGNAL**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF MARYLAND**

This Addendum pertains to franchises located in the State of Maryland and is for the purpose of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement is amended as follows:

1. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. All representations requiring Franchisee to assent to a release, estoppel or waiver of liability are not intended to act nor shall they act as a release, estoppel, or waiver or any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. Pursuant to COMAR 02.02.08.161, the general release required as a condition renewal, sale, assignment or transfer of this Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the franchise to Franchisee.

5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Bus. Red. Code Ann. § 14-201 et seq. and COMAR 02.02.08.01 et seq. are met independently without reference to this Addendum.

6. Any terms not defined in this Addendum will have the meaning assigned in the Franchise Agreement.

SIGNAL 88, LLC
FRANCHISOR

By:_____
Reed L. Nyffeler
Chief Executive Officer
Date:_____

[INSERT FRANCHISE ENTITY],
FRANCHISEE

By: _____
_____
Title: _____
Date:_____

**ADDENDUM TO THE SIGNAL**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF MICHIGAN**

This Addendum pertains to franchises located in the State of Michigan and is for the purpose of complying with Michigan statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement is amended as follows:

1. Section 14.1 is modified such that in the event of a transfer by Franchisor, Franchisor shall make provision for its contractual obligations to Franchisee to be fulfilled.

2. The Parties agree and acknowledge that each of the events of default described in Section 12 would separately constitute good cause for termination pursuant to MCL 445.1527.

3. The Parties agree and acknowledge that each of the conditions to transfer described in Section 14, if not met by Franchisee or the proposed transferee, as applicable, would separately constitute good cause for refusing to permit a transfer of the Franchised Business and Franchise Agreement pursuant to MCL 445.1527.

4. Section 19 is modified such that Douglas County, Nebraska, will not be the exclusive venue for litigation of disputes. Litigation of disputes, however, may be brought in the appropriate state or federal courts located in Douglas County, Nebraska, and the parties agree to waive any and all challenges based on lack of jurisdiction or improper venue of such courts.

5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Michigan Franchise Investment Law, MCL 445.1501 and the regulations promulgated thereunder are met independently without reference to this Addendum.

6. Except as expressly modified in this Addendum, the Agreement and each provision in it shall remain in full force and effect.

**IN WITNESS WHEREOF,** the parties have executed this Agreement as of the date first above set forth.

| | |
|---|---|
| SIGNAL 88, LLC<br>FRANCHISOR | [INSERT FRANCHISE ENTITY],<br>FRANCHISEE |
| By:_____<br>Reed L. Nyffeler<br>Chief Executive Officer<br>Date:_____ | By: _____<br>_____<br>Title: _____<br>Date:_____ |

**ADDENDUM TO THE SIGNAL**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF MINNESOTA**

This Addendum pertains to franchises located in the State of Minnesota and is for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement is amended as follows:

1. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

3. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

4. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

5. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

6. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

   Also, a court will determine if a bond is required.

7. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

8. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes, Section 80C.01 et seq. and Minn. Rules et seq. are met independently without reference to this Addendum.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Minnesota-specific Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the _____ day of _____, 20_____.

| | |
|---|---|
| SIGNAL 88, LLC<br>FRANCHISOR | [INSERT FRANCHISE ENTITY],<br>FRANCHISEE |
| By:_____<br>Reed L. Nyffeler<br>Chief Executive Officer<br>Date:_____ | By: _____<br>_____<br>Title: _____<br>Date:_____ |

**ADDENDUM TO THE SIGNAL**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF NEW YORK**

This Addendum pertains to franchises sold in the State of New York and is for the purpose of complying with New York statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement is amended as follows:

1. Franchisee may terminate this Agreement on any ground available by law.

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the N.Y General Business Law §§ 680 to 695 are met independently without reference to this Addendum.

| | |
|---|---|
| SIGNAL 88, LLC<br>FRANCHISOR | [INSERT FRANCHISE ENTITY],<br>FRANCHISEE |
| By:_____<br>Reed L. Nyffeler<br>Chief Executive Officer<br>Date:_____ | By: _____<br>_____<br>Title: _____<br>Date:_____ |

**ADDENDUM TO THE SIGNAL**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF NORTH DAKOTA**

This Addendum pertains to franchises sold in the State of North Dakota and is for the purpose of complying with North Dakota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement is amended as follows:

1. Section 4.2(g) of the Agreement is deleted.

2. The covenant not to compete contained in Section 17 of the Agreement is subject to Section 9-08-06 of the North Dakota Century Code.

3. Section 19 is modified such that Franchisee shall not be required to consent to the jurisdiction of Nebraska courts or to the mediation of disputes in Omaha, Nebraska.

4. Section 19 is modified such that the Agreement shall be interpreted under the laws of the State of North Dakota.

5. Section 19 is modified such that the parties shall not be deemed to have waived their right to trial by jury.

6. Section 19 is modified such that there shall be no prohibition of exemplary or punitive damages.

7. Section 19 is modified such that the time by which claims must be brought shall be in accordance with North Dakota law.

8. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, NDCC §§ 51-19-01 et seq., and the regulations promulgated thereunder are met independently without reference to this Addendum.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this North Dakota-specific Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the _____ day of _____, 20_____.

| | |
|---|---|
| SIGNAL 88, LLC<br>FRANCHISOR | [INSERT FRANCHISE ENTITY],<br>FRANCHISEE |
| By:_____<br>Reed L. Nyffeler<br>Chief Executive Officer<br>Date:_____<br>Date:_____ | By: _____<br>_____<br>Title: _____<br>Date:_____<br>Date:_____ |

**ADDENDUM TO THE SIGNAL**
**FRANCHISE AGREEMENT**
**FOR THE STATE OF SOUTH DAKOTA**

This Addendum pertains to franchises located in the State of Dakota and is for the purpose of complying with South Dakota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement is amended as follows:

1. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the SDCL 37-5B-1 et seq. are met independently without reference to this Addendum.

2. Any terms not defined in this Addendum will have the meaning assigned in the Franchise Agreement.

SIGNAL 88, LLC
FRANCHISOR

By:_____
Reed L. Nyffeler
Chief Executive Officer
Date:_____

[INSERT FRANCHISE ENTITY],
FRANCHISEE

By: _____
_____
Title: _____
Date:_____

**WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, FRANCHISEE QUESTIONNAIRE ACKNOWLEDGEMENT, AND RELATED AGREEMENTS**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

SIGNAL 88, LLC
FRANCHISOR
By:_____
Reed L. Nyffeler
Chief Executive Officer
Date:_____

[INSERT FRANCHISE ENTITY],
FRANCHISEE
By: _____
_____
Title: _____
Date:_____

**Exhibit N**
**(to the Franchise Agreement)**

**SignalAssistPlus Addendum**

**SIGNALASSISTPLUS ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement ("Franchise Agreement") dated _____ ___, 20___ between Signal 88, LLC ("Franchisor") and _____ ("Franchisee") is hereby amended as follows:

1. Notwithstanding Section 4.1 of the Franchise Agreement, the Franchise Term shall be _____ years **[the number of years of the term of the Franchisee's SignalAssistPlus loan]**, commencing upon the execution of the Franchise Agreement, unless terminated earlier in accordance with Section 12 of the Franchise Agreement.

2. This Addendum shall only be effective if the Franchisee obtains an SignalAssistPlus loan from the Franchisor and executes a Finance Agreement and corresponding documents in relation to such loan.

3. Any terms not defined in this Addendum will have the respective meanings assigned to them in the Franchise Agreement.

4. Except as modified in this Addendum, all of the terms of the Franchise Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed and delivered this Addendum effective as of _____ ___, 20____.

| | |
|---|---|
| SIGNAL 88, LLC,<br>Franchisor | _____<br>Franchisee |
| By: _____<br>Title: _____ | By: _____<br>Title: _____ |

**EXHIBIT E-1**

**(to Franchise Disclosure Document)**

**FINANCING AGREEMENT**
**(Franchise Fees)**

 © 2022 SIGNAL 88, LLC

# FINANCING AGREEMENT

THIS FINANCING AGREEMENT (this "Agreement") is dated as of _____, 20____, by and between Signal 88, LLC, a Delaware limited liability company with its principal office at 3880 South 149th Street, Suite 102, Omaha, Nebraska 68144 ("Signal " or "Franchisor") and, _____, ("Franchisee") (collectively "the Parties").

## RECITALS

WHEREAS Franchisee and Franchisor entered into a franchise agreement dated _____ _____, 20____ (the "Franchise Agreement");

WHEREAS, the Parties recognize that Franchisee may need financing to pay the initial franchise fees ("Franchise Fees") for the Franchised Business; and

WHEREAS, Franchisor is willing to provide financing, but only under the terms and conditions set forth in this Agreement;

WHEREAS, capitalized terms used herein which are not otherwise defined herein shall have their respective meanings described thereto in the Parties' Franchise Agreement.

## AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the foregoing recitals, each of which is made a contractual part hereof, and of the mutual covenants, representations and agreements contained herein, the parties hereto agree as follows:

1. **Financing of Franchise Fee, Promissory Note, Repayment**. Subject to the terms and conditions set forth herein, Franchisor agrees to finance the Franchisee's Franchise Fee as indicated below (the selected option being hereinafter referred to as the "Loan"):

| **Check One:** | **Loan Type:** | **Terms:** |
|---|---|---|
| _____ | **Signal Assist** | Down Payment: _____ (20% of Franchise Fees and any other financed charges), due upon execution of this Agreement<br>➢ Amount Financed: _____ (Franchise Fee, less down payment above)<br>➢ Interest: Interest shall accrue on outstanding principal at an annual rate of the Prime Rate plus 475 basis points (currently 8%). If Loan is in default the interest rate shall accrue at 1.5% per month or the highest rate allowed by law, whichever is less, from and after the occurrence of an event of default. |

| Check One: | Loan Type: | Terms: |
|---|---|---|
| | | ➢ Payments: Franchisee shall make payments as indicated on the Promissory Note executed contemporaneously herewith, provided that the full outstanding amount owed shall be due upon termination or expiration of Franchisee's Franchise Agreement.<br><br>➢ Term: The term shall be 36 months<br><br>➢ Prepayment penalty: None<br><br>➢ Security: All obligations shall be secured by all of Franchisee's assets, as described more particularly in the Security Agreement between Franchisee and Franchisor executed contemporaneously with this Agreement. |
| _____ | **Signal Assist Plus** | ➢ FOR NEW FRANCHISEES ONLY:<br>Down Payment: _____ (10% of Franchise Fees and any other financed charges), due upon execution of this Agreement<br>Amount Financed: _____ (Franchise Fee, less down payment above)<br><br>➢ FOR EXISTING FRANCHISEES ONLY:<br>Down Payment: _____ (for territory with 0-100,000 population, $2,500, for territory with 100,000-200,000 population, $5,000; for territory with 200,000-300,000 population, $7,500; for territory with 300,000-500,000 population, $10,000), due upon execution of this Agreement.<br>Amount Financed: _____ (Franchise Fee, less down payment above)<br><br>➢ Term: The term shall be 36 months Interest: Interest shall accrue on outstanding principal at an annual rate of the Prime Rate plus 475 basis points (currently 8%). If Loan is in default the interest rate shall accrue at 1.5% per month or the highest rate allowed by law, whichever is less, from and after the occurrence of an event of default.<br><br>➢ Payments: Franchisee shall make payments as indicated on the Promissory Note executed contemporaneously herewith, provided that the full outstanding amount owed shall be due upon termination or expiration of Franchisee's Franchise Agreement.<br><br>➢ Prepayment penalty: None<br><br>➢ Security: All obligations shall be secured by all of Franchisee's assets, as described more particularly in the Security Agreement between Franchisee and Franchisor executed contemporaneously with this Agreement. |

| Check One: | Loan Type: | Terms: |
|---|---|---|
| _____ | **Revenue-Based Territory Purchase Loan** | ➢ FOR NEW FRANCHISEES ONLY:<br>Down Payment: $5,000, due upon execution of this Agreement.<br>Amount Financed: _____ (Franchise Fee and any other financed charges, less down payment above)<br>Term: The Term shall be 36 Months Additional Territories: Franchisee shall be ineligible for purchasing additional territories for six months after launching the Franchised Business.<br>➢ FOR EXISTING FRANCHISEES ONLY (available in new markets only):<br>Down Payment: None<br>Amount Financed: _____ (Franchise Fee)<br>Term: _____ (for territory with 100,000-200,000 population, 36 mos.; for territory with 200,000-300,000 population, 36 mos.; for territory with 300,000-500,000 population, 36 mos.)<br>Additional Territories: Franchisee shall be ineligible for purchasing additional territories for six months after signing the Franchise Agreement.<br>➢ Amount financed: $_____ (100% of Franchise Fee, less down payment)<br>➢ Interest: No interest shall accrue if this Loan is paid on time; default interest shall accrue on outstanding principal at a rate of 1.5% per month or the highest rate allowed by law, whichever is less, from and after the occurrence of an event of default. |
| | | ➢ Payments: Franchisee shall make monthly payments equal to ten percent (10%) of monthly Gross Revenues until the Loan is repaid, provided that the full outstanding amount owed shall be due upon termination or expiration of Franchisee's Franchise Agreement, but in any event no later than three years after execution of this Agreement.<br>➢ Term: The term of the Loan shall continue until the earlier of the date the Loan is repaid or the date the Franchisee's Franchise Agreement is terminated or expires, provided that notwithstanding anything to the contrary herein, the term shall not extend beyond three years after execution of this Agreement.<br>➢ Prepayment penalty: None. |

| Check One: | Loan Type: | Terms: |
|---|---|---|
| | | ➢ Security: All obligations shall be secured by all of Franchisee's assets, as described more particularly in the Security Agreement between Franchisee and Franchisor executed contemporaneously with this Agreement.<br><br>➢ Revenue Target: Franchisee must meet a target of $24,000 per month by the twelfth month after launching the Franchised Business, for new franchisees, and within twelve months after signing the Franchise Agreement, for existing franchisees. Upon the franchisee's failure to meet its revenue target, Franchisee shall have sixty days to cure the default. Absent a cure, the full amount of the loan shall be due at the end of the sixty-day period. Failure to cure or pay the full amount of the loan by the end of this period shall constitute a default. |

The loan described herein shall be evidenced by a promissory note, made to the order of Franchisor and substantially in the form attached hereto as Exhibit A (the "Promissory Note"). Franchisee agrees to repay the loan from Franchisor, without interest, according to the terms of the Promissory Note.

2. **Default**. Upon default, Franchisee will lose all rights to the Territory (as defined in the Franchise Agreement), Franchisor may terminate Franchisee's Franchise Agreement, and Franchisor may accelerate all amounts owed hereunder.

3. **Affirmative Representations, Warranties and Covenants**. Franchisee represents, warrants, and covenants the following: (a) The persons executing this Agreement have the capacity and are duly authorized and empowered to execute this Agreement, and the execution, delivery, and performance hereof are not in violation of the terms of the any agreement or undertaking to which Franchisee is a party or by which the Franchisee is bound; (b) Franchisee is now in compliance and shall comply with each and every law, rule, regulation and order as applicable, including, but not limited to, the timely payment of any taxes, assessments, and governmental charges against Franchisee or its property and assets, except such as may be diligently contested in good faith through the appropriate legal procedures; (c) Franchisee shall promptly inform Franchisor in writing of any occurrence that might adversely affect its ability to perform its obligations hereunder or render untrue, incorrect, or misleading any representation or warranty under this Agreement; and (d) the proceeds of the loan contemplated by this Agreement are intended to be used primarily for other than personal, family, or household purposes.

4. **Effectiveness.** This Agreement shall become effective when it has been executed by Franchisor and Franchisee.

5. **Continuing Validity of Franchise Agreement**. Franchisee hereby (a) reaffirms and admits the validity and enforceability of the Franchise Agreement and all obligations under the Franchise Agreement, and (b) certifies that immediately after giving effect to this Agreement, (i) no Default shall exist and (ii) each of the representations and warranties contained in the Franchise Agreement shall be true and correct as though such representation and warranty had been made on the date hereof, except to the extent such representation and warranty specifically relates to an earlier date, in which case such representation and warranty shall have been true and correct on as such earlier date.

6. **Limitations.** In all other respects, the Agreement shall remain in full force and effect, and no amendment or waiver in respect of any term or condition of any of the Agreement shall be deemed (i) to be an amendment or waiver in respect of any other term or condition contained in the Agreement, or (ii) prejudice any right or rights which Franchisor or Franchisee may now have or may have in the future under or in connection with the Agreement.

7. **Counterparts.** This Agreement may be executed in any number of counterparts, all of which, taken together, shall constitute one Agreement. In making proof of this Agreement, it shall be necessary to produce only the counterpart executed and delivered by the party to be charged.

In accordance of the Agreement by the parties hereto to determine the conditions herein contained, each party has caused this Agreement to be executed on its behalf.

**SIGNAL88, LLC**,
Franchisor,

By: _____
Name: Reed L. Nyffeler
Its: Chief Executive Officer

_____,
Franchisee,

By: _____

Name: _____

Its: _____

**EXHIBIT A to Financing Agreement**

**PROMISSORY NOTE**

**(Franchise Fees)**

_____, 20___

FOR VALUE RECEIVED, _____, (referred to as "Borrower"), a (circle one): corporation, limited liability company, partnership, or individual, promises to pay to the order of Signal88, LLC, a Delaware limited liability company, (referred to as "Lender"), the principal sum of _____ Dollars and _____/100 ($_____), plus interest on the unpaid principal balance from the date of this Note at the rate of _____ percent (_____%) per annum; interest and principal shall be payable according to the payment schedule indicated below, until all sums due under this Note are paid in full (check on and fill in blanks):

| **Payment Schedule for SignalAssist Loan or SignalAssistPlus Loan:** | |
|---|---|
| _____ | Principal and interest shall be paid in ____ equal successive monthly installments, each in the amount of $_____, with the first installment due on _____ ___, 20___, or (for new franchises), 30-days after franchise launch, whichever is later, with each subsequent installment being due on the first day of the month thereafter, until all principal and accrued interest owed under this Note have been paid in full. |
| _____ | Principal and interest shall be paid in ____ equal successive monthly installments, each in the amount of $_____, with the first installment due on _____ ___, 20___, , with each subsequent installment being due on the first day of the month thereafter, through and including _____ ___, 20___, and one balloon payment in the amount of $_____ plus any outstanding interest, due on _____ ___, 20___. |
| _____ | All amounts owed hereunder including principal and accrued interest shall be due and payable on _____ ___, 20___. |
| **Payment Schedule for Revenue-Based Loan:** | |
| _____ | Principal and interest shall be paid in monthly installments, each in the amount of _____ percent (____%) of Gross Revenues (as defined in the Franchise Agreement) from the prior month, with the first installment due on _____ ___, 20___, and each subsequent installment due on the first day of each month thereafter, until the full amount until all principal and accrued interest owed under this Note have been paid in full. |

Interest accrued on this note shall be payable at a fixed per annum rate of _____ percent (_____%) until such time as this note is paid in full. Interest calculations shall be based on a

360-day year and charged on the basis of 30 days per month, regardless of actual days elapsed in a given month. There shall be no penalty for pre-payment of the Note and interest shall accrue only on the outstanding principal balance

All payments received hereunder shall be applied first to fees and expenses, then to interest, and last to principal. Any amounts not paid when due may (in Lender's sole discretion) be treated as principal advances without waiving any default. Default interest shall accrue on all amounts owed hereunder from and after a default of the terms of this Note or the Financing Agreement executed contemporaneously herewith, at a rate of 1.5% per month or the highest rate allowed by law, whichever is less.

The Lender shall record on its books or records the principal amount of this Note, all payments of principal and interest, and the principal balances from time to time outstanding. The record thereof, whether shown on such books or records or on a schedule to this Note, shall be prima facie evidence as to all such amounts; provided, however, that the failure of the Lender to record any of the foregoing shall not limit or otherwise affect the obligation of the Borrower to repay the Note, together with accrued interest thereon.

Lender is expressly granted the right to offset any such property or amounts owed by Lender or its affiliates against amounts owing by Borrower to Lender or its affiliates.

BORROWER EXPRESSLY AGREES that time is of the essence hereof and that Borrower warrants, covenants, represents, and agrees as follows:

(a) The information supplied and statements made by Borrower in any financial or accounting statements or credit applications, or in any reports, lists, statements or other documents submitted to Lender, were true and correct when made and have not become untrue or incorrect by subsequent actions or events that Borrower has not disclosed to Lender in writing;

(b) Borrower shall not submit any documents or information of any kind to Lender that is not true and correct at the time of submission and shall promptly correct any documents and information that, though correct when submitted to Lender, later become untrue, incorrect, or misleading;

(c) The persons executing this Agreement have the capacity and are duly authorized and empowered to execute this Agreement, and the execution, delivery, and performance hereof are not in violation of the terms of the any agreement or undertaking to which Borrower is a party or by which the Borrower is bound;

(d) Except as previously disclosed to Lender in writing, Borrower is not aware of any circumstance (including, but not limited to, any pending or threatened lawsuit or any event of default under any agreement or instrument) that could materially adversely affect its ability to perform its obligations hereunder;

(e) Borrower shall promptly inform Lender in writing of any occurrence that might adversely affect its ability to perform its obligations hereunder or render untrue, incorrect, or misleading any representation or warranty under this Agreement;

(f) Borrower shall immediately notify Lender of any change in Borrower's residence or principal place of business from the address listed herein or if any Collateral is to be removed from the Borrower's principal place of business;

(g) Borrower shall not, without the prior consent of Lender, sell, transfer, create or allow any right, title, lien or interest of any party (other than Lender) in any material asset of the Borrower;

(h) Borrower shall not without the prior consent of Lender, be a party to any merger or other consolidation;

(i) The obligations under this Note shall at all times be the senior indebtedness of the Borrower, and Borrower shall cause all other indebtedness of the Borrower to subordinate all rights to payment, priority of claim and security to the rights of Lender;

(j) Borrower shall, upon execution of this Note and from time to time promptly upon the request of Lender, produce certificates or other proofs of insurance, in form and substance and evidencing coverage reasonably acceptable to Lender, such proofs to describe the types and amounts of insurance (property, loss of income and liability) carried by Borrower, in each case naming Lender as loss payee and additional insured, as the case may be, and include a stipulation that coverage will not be cancelled or diminished without at least thirty days' prior written notice to Lender;

(k) The Borrower shall indemnify Lender against, and hold Lender harmless from, any and all costs, losses, liabilities, claims, damages and related expenses, including attorneys' fees, which are incurred by or asserted against Lender arising out of, in connection with or as a result of the business operations of Borrower.

Should any default occur in the payment of any amount as aforesaid on the date on which it shall fall due as provided for herein; should any default occur in the performance of any of the terms, agreements or covenants contained in any related loan document as therein provided; or, should any Borrower fail to comply with any of the covenants and agreements herein contained, then, and in any of such events, Lender shall have, in addition to the rights specified herein and in any such loan document, the right, at its option, to terminate Franchisee's rights to a protected Territory (as defined in the Franchise Agreement between Franchisor and Franchisee) and to exercise rights and remedies provided at law or in equity.

Except as otherwise expressly provided herein, all notices, requests, offers, and other communications required or permitted to be given under this Agreement must be in writing and must be delivered in person, electronically, by prepaid overnight commercial delivery service, or by prepaid overnight mail, registered or certified, with return-receipt requested, and addressed as set forth below:

| ***If to FRANCHISOR:*** | ***If to FRANCHISEE:*** |
|---|---|
| Signal 88, LLC<br>Attn: Reed Nyffeler<br>3880 South 149th Street, Suite 102<br>Omaha, NE 68144<br>rnyffeler@teamsignal.com | _____<br>_____<br>_____<br>_____<br>_____<br>_____ |
| ***With a copy to:*** | ***With a copy to:*** |
| Fisher Zucker LLC | |

| | |
|---|---|
| Attn: Lane J. Fisher<br>21 S. 21st Street<br>Philadelphia, PA 19103<br>lfisher@fisherzucker.com | _____<br>_____<br>_____<br>_____<br>_____<br>_____ |

Either party may change its name or address for notice by providing the other party with such change in writing, signed by a duly authorized representative, designating a single address for notice, which may not be a P.O Box, in compliance with this Subsection. Notice will be deemed effective on the earlier of: 1) receipt or first refusal of delivery if personally delivered; 2) if electronically delivered, receipt by the sending party of either a "read receipt" notice or a reply electronic message from the receiving party evidencing receipt of the electronic notice; 3) one (1) day after posting if sent via overnight commercial delivery service or overnight United States Mail, postage prepaid, return receipt requested; or 4) three (3) days after placement in the United States mail if overnight delivery is not available to the notice address.

The remedies of Lender as provided in this Note and any related loan documents shall be cumulative and concurrent and may be pursued singly, successively, or together against the Borrower, or any security at the sole discretion of Lender, and any such remedy shall not be exhausted by any single exercise thereof but may be exercised as often as the occasion therefor shall occur.

Borrower and any endorsers, sureties and guarantors hereof jointly and severally waive presentment for payment, demand, notice of nonpayment, notice of protest and protest of this Note, and all other notices in connection with delivery, acceptance, performance, default or enforcement of the payment of this Note; and, they agree that the liability of each of them shall be unconditional without regard to the liability of any other party and shall not be in any manner affected by any indulgence, extension of time, renewal, waiver, or modification granted or consented to by Lender; and Borrower and all endorsers hereby consent to any and all extensions of time, renewals, waivers or modifications that may be granted by Lender with respect to the payment or other provisions of this Note and to the release of any security or any part thereof with or without substitution.

In consideration of the advances of any credit by the Lender in reliance upon this Note, the makers, sureties, and guarantors of this Note hereby severally waive any and all defenses or right of offset which they may have, individually or collectively, against Lender, its successors or assigns under this Note.

Lender shall not by any act or omission be deemed to waive any rights or remedies hereunder unless such waiver be in writing and signed by Lender and then only to the extent specifically set forth therein. A waiver on one event shall not be construed as continuing or as a bar to or waiver of such right or remedy on a subsequent event.

The words "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include the respective heirs, personal representatives, successors and assigns of Lender and any Borrower.

This Note shall be governed as to validity, enforcement, interpretation, construction, effect and in all other respects by the laws and decisions of the State of Nebraska. Any and all actions by or against Lender in regard to or arising out of the terms and conditions hereof shall be instituted and litigated in the courts of competent jurisdiction in Douglas County, Nebraska, and in no other. In accordance herewith, the Borrower submits to the jurisdiction of and does hereby enter into a voluntary appearance in the courts of Douglas County, Nebraska, and expressly waives any and all right to contest personal jurisdiction or venue in any such action.

In no event shall the amount of interest paid hereunder, together with all amounts reserved, charged, or taken by Lender as compensation for fees, services, or expenses incidental to the making, negotiation, availability or collection of the loan evidenced hereby exceed the maximum rate of interest on the unpaid principal balance hereof allowable by applicable law. If any sum is collected in excess of the applicable maximum rate, the excess collected shall be applied to reduce the principal balance or thereafter refunded to Borrower.

IN WITNESS WHEREOF, Borrower has duly executed this Note as of the day and year first mentioned above.

_____, Borrower,

By:_____

Printed Name: _____

Its: _____

**EXHIBIT E-2**

**(to Franchise Disclosure Document)**

**FINANCING AGREEMENT**
**(Operations Line of Credit)**

 © 2020 SIGNAL 88, LLC

# FINANCING AGREEMENT

THIS FINANCING AGREEMENT (this "Agreement") is dated as of _____, 20____, by and between Signal 88, LLC, a Delaware limited liability company with its principal office at 3880 South 149th Street, Suite 102, Omaha, Nebraska 68144 ("Signal " or "Franchisor") and, _____, ("Franchisee") (collectively "the Parties").

## RECITALS

WHEREAS, the Parties recognize that Franchisee may need financing to fund ordinary, reasonable, and necessary costs of conducting the Franchised Business; and

WHEREAS, Franchisor is willing to provide financing, but only under the terms and conditions set forth in this Agreement;

WHEREAS, as part of those terms and conditions, Franchisee agrees to assign absolutely any and all customer contracts and accounts receivable to Franchisor in order that Franchisor may obtain financing and in turn provide Franchisee with financing of Franchisee's ordinary, reasonable, and necessary business expenses; and

WHEREAS, Franchisee and Franchisor intend for Franchisee's any and all assignment of customer contracts and accounts receivable contemplated by this Agreement to be an absolute assignment of all of Franchisee's legal and equitable rights to such contracts and accounts and not merely a grant of a security interest therein; and

WHEREAS, capitalized terms used herein which are not otherwise defined herein shall have their respective meanings described thereto in the Parties' Franchise Agreement.

## AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the foregoing recitals, each of which is made a contractual part hereof, and of the mutual covenants, representations and agreements contained herein, the parties hereto agree as follows:

1. **Assignment of Customer Contracts and Accounts Receivable**. To the extent they are not already assigned under the Franchise Agreement, Franchisee assigns all of its customer contracts and accounts receivable to Franchisor, in accordance with the terms of the Assignment contained in Exhibit A hereto. Franchisee is hereby divested of all legal and equitable rights to such contracts and accounts receivable, and Franchisor shall hereafter bear the credit risk for such accounts receivable. Franchisor shall not be divested of its rights under the assigned customer contracts and accounts receivable, notwithstanding any payment of Franchisee's obligations hereunder.

2. **Loan to Franchisee**. Subject to the terms and conditions set forth herein, and subject to Franchisor's being able to obtain financing, Franchisor agrees to loan to Franchisee and Franchisee agrees to borrow from Franchisor during the term of the Agreement such principal amounts as Franchisee may request in order to meet the costs of conducting the normal course of Franchisee's business, provided that such costs are ordinary, reasonable, and necessary to the operation of the Franchisee's business, as determined by Franchisor in its sole discretion, and further provided that Franchisee meets Franchisor's credit qualifications at the time of each advance, including but not limited to satisfying Franchisor that Franchisee will continue operating in the ordinary course of business for the foreseeable future. Franchisee shall not at any time be allowed to obtain an advance pursuant to this paragraph and the Promissory Note

in Exhibit B if the sum of the total outstanding balance and the requested advance would equal or exceed fifty percent (50%) of the Borrower's uncollected Gross Revenue (as defined below) that is less than sixty days past due. The loan described herein shall be evidenced by the Promissory Note, made to the order of Franchisor and substantially in the form attached hereto as Exhibit B. Franchisee agrees that the proceeds of this loan shall be used exclusively for ordinary, reasonable, and necessary expenses (as determined by Franchisor in its sole discretion) incurred in the operation of the Franchisee's business.

3. **Repayment**. Franchisee agrees to repay the loan from Franchisor, with interest accruing on the unpaid principal balance, according to the terms of the Promissory Note.

4. **Default**. Upon default, Franchisee will lose all rights to the Territory (as defined in the Franchise Agreement), Franchisor may terminate Franchisee's Franchise Agreement, and Franchisor may accelerate all amounts owed hereunder

5. **Security**. Franchisee's obligations under this Agreement shall be secured by the Security Agreement previously executed by Franchisee in connection with Franchisee's execution of the Franchise Agreement. If Franchisee has not signed a Security Agreement in favor of Franchisor, the Franchisee must execute the Security Agreement in the form set forth in Exhibit C hereto.

6. **Subcontract for the Performance of Services.** In the Event that Franchisee has not already signed a Subcontract Agreement, Franchisee agrees to execute the Subcontract Agreement attached hereto as Exhibit D, which shall be applicable to all Services Franchisee performs for customers.

7. **Guaranty**. Franchisee's obligations under this Agreement shall be guaranteed by the Franchisee's principals under the Guaranty previously executed by such principals in connection with Franchisee's execution of the Franchise Agreement. If Franchisee's principals have not executed a Guaranty in favor of Franchisor, such principals must execute the Guaranty in the form set forth in Exhibit E hereto.

8. **Affirmative Representations, Warranties and Covenants**. Franchisee represents, warrants, and covenants the following: (a) The persons executing this Agreement have the capacity and are duly authorized and empowered to execute this Agreement, and the execution, delivery, and performance hereof are not in violation of the terms of the any agreement or undertaking to which Franchisee is a party or by which the Franchisee is bound; (b) Franchisee has good and marketable title to the customer contracts and the accounts receivable assigned hereunder, as well as the collateral listed in the Security Agreement (the "Collateral"), and the contracts, accounts, and the Collateral are free of all liens, encumbrances, and security interests; (c) the contracts assigned hereunder are valid and enforceable contracts, and Franchisee is not in default under any of the contracts; (d) the accounts receivable assigned hereunder are genuine debts of the account debtors, are not subject to any defenses of any kind and are due and owing; (e) Franchisee is now in compliance and shall comply with each and every law, rule, regulation and order as applicable, including, but not limited to, the timely payment of any taxes, assessments, and governmental charges against Franchisee or its property and assets, except such as may be diligently contested in good faith through the appropriate legal procedures; (f) Franchisee shall promptly inform Franchisor in writing of any occurrence that might adversely affect its ability to perform its obligations hereunder or render untrue, incorrect, or misleading any representation or warranty under this Agreement; (g) Franchisee shall not create or suffer to exist any security interest or other lien or encumbrance on the Collateral; and (h) the proceeds of the loan contemplated by this Agreement are intended to be used primarily for other than personal, family, or household purposes.

9. **Effectiveness.** This Agreement shall become effective when it has been executed by Franchisor and Franchisee.

10. **Continuing Validity of Franchise Agreement**. Franchisee hereby (a) reaffirms and admits the validity and enforceability of the Franchise Agreement and all obligations under the Franchise Agreement, and (b) certifies that immediately after giving effect to this Agreement, (i) no Default shall exist and (ii) each of the representations and warranties contained in the Franchise Agreement shall be true and correct as though such representation and warranty had been made on the date hereof, except as to the extent as such representation and warranty specifically relates to an earlier date, in which case such representation and warranty shall have been true and correct on as such earlier date.

11. **Limitations.** In all other respects, the Franchise Agreement shall remain in full force and effect, and no amendment or waiver in respect of any term or condition of any of the Franchise Agreement shall be deemed (i) to be an amendment or waiver in respect of any other term or condition contained in the Franchise Agreement, or (ii) prejudice any right or rights which Franchisor or Franchisee may now have or may have in the future under or in connection with the Agreement.

12. **Counterparts.** This Agreement may be executed in any number of counterparts, all of which, taken together, shall constitute one Agreement. In making proof of this Agreement, it shall be necessary to produce only the counterpart executed and delivered by the party to be charged.

In accordance of the Agreement by the parties hereto to determine the conditions herein contained, each party has caused this Agreement to be executed on its behalf.

**SIGNAL 88, LLC**,
Franchisor,

By: _____
Name: Reed L. Nyffeler
Its: Chief Executive Officer

**_____,**
Franchisee,

By: _____
Name: _____
Its: _____

**EXHIBIT A to Financing Agreement**

**ASSIGNMENT**

**This Assignment Agreement ("Agreement")** is entered into as of this ____ day of _____, 20___, between _____ ("Assignor") and Signal 88, LLC ("Assignee").

**WHEREAS**, Assignor is party to contracts with customers for the performance of security services and owns accounts receivable arising out of its performance of services under such contracts, all of which accounts receivable are validly due, owing and not subject to any defense, offset or counterclaim;

**WHEREAS**, Assignor has offered to assign, for good and valuable consideration, all of its right, title and interest in and to all of its customer contracts and accounts receivable, whether now existing or hereafter arising, to Assignee, and Assignee has agreed to accept the offer pursuant to the terms of this Agreement.

**NOW, THEREFORE**, in consideration of the foregoing recitals which are incorporated in this Agreement the parties hereby agree as follows:

1. **Assignment.** For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor hereby absolutely assigns to Assignee all its right, title, and interest in and to all of Assignor's customer contracts ("Contracts") and all accounts receivable, whether now existing or hereafter arising ("Accounts Receivable"). Assignee assumes all contractual obligations of Assignor under the Contracts from and after the date of this Assignment. Assignor hereby authorizes all its existing and future customers ("Account Debtors") to pay to Assignee all obligations owed to Assignor under the Accounts Receivable upon receipt of a copy of this assignment from Assignee. The Account Debtors may accept a copy of this Agreement as fully authorizing and directing them to make all payments due under the Accounts Receivable to Assignee in satisfaction of the amounts owed to Assignor under the Accounts Receivable. Assignor agrees that it shall not make any adjustment of any Accounts Receivable without written permission of Assignee.

2. **Representations, Warranties and Covenants of Assignor.** Assignor makes the following representations, warranties and covenants to Assignee, all of which shall be continuing and survive execution of this Agreement.

2.1 Assignor has good and valid title to the Contracts and the Accounts Receivable, and has not assigned, transferred, or sold the Contracts or Accounts Receivable or any portion thereof.

2.2 The Contracts and Accounts Receivable are free and clear of all liens, claims, encumbrances, and security interests of all Assignor's creditors of any nature; and Assignor will not allow any lien, claim or encumbrance to attach to the Contracts or Accounts Receivable.

2.3 The Contracts are fully enforceable, and Assignor is not in breach of any of the Contracts.

2.4 The Accounts Receivable are validly due, owing, and collectible in full and are not subject to any conditions precedent, defenses, counterclaims or offsets.

2.5 Assignor shall use its best efforts, shall cooperate fully with Assignee, and shall undertake whatever action Assignee may deem necessary, in order to establish the validity of the

Accounts Receivable, the services performed, and the Contracts that give rise to the Accounts Receivable.

2.6 Assignor will use its best efforts and cooperate fully with Assignee to collect the Accounts Receivable and hereby authorizes Assignee to collect the same in Assignor's own name to insure the Accounts Receivable are paid in their entirety to Assignee. Should Assignor receive any payment of the Accounts Receivable it shall hold any amount so received in trust solely for the benefit of Assignee and distribute it to Assignee immediately upon Assignor's receipt thereof.

2.7 Assignor is duly formed and authorized to enter into this Agreement; the individual executing this Agreement on behalf of Assignor is fully authorized and empowered to execute this Agreement on Assignor's behalf; and, this Agreement shall be fully enforceable against Assignor upon execution.

3. **Power of Attorney.** Assignor hereby appoints Assignee as its true and lawful attorney in fact, irrevocably and with power of substitution, to do the following: (a) to demand, collect, receive, receipt for, sue and recover all sums of money or other property which may now or hereafter become due, owing or payable from, or in connection with the Contracts and the Accounts Receivable; (b) to execute, sign and endorse any and all claims, instruments, receipts, checks, drafts or warrants issued in full or partial payment of the Accounts Receivable; and, (c) to file any claim or claims or to take any action or institute or take part in any proceedings, either in its own name or in the name Assignor, or otherwise. This power is coupled with an interest in the Contracts and Accounts Receivable, and the authority hereby conferred shall be irrevocable and shall remain in full force and effect for the duration of this Agreement.

4. **No Liability/Indemnity**.Assignee shall not, under any circumstances or in any event whatsoever, have any liability to any Account Debtor or anyone claiming through an Account Debtor of any nature including, without limitation, liability related to the Accounts Receivable or any goods or services provided in connection therewith. Assignee shall not under any circumstances or in any event have any liability to Assignor or anyone claiming through Assignor for any delays, errors or omissions occurring in the collection, enforcement, or liquidation of any of the Accounts Receivable. Assignor agrees to indemnify, defend and hold Assignee harmless from all such claims, demands, and liabilities arising out of or in any manner related to any of the foregoing.

5. **True Sale**. The parties to this Agreement intend for the transaction evidenced hereby to constitute a true sale and purchase of the Accounts Receivable and not a security agreement.

6. **Entire Agreement.** This Agreement represents the entire agreement of the parties with respect to its subject matter and supersedes all prior oral or written agreements, negotiations or proposals. This Agreement may not modified or amended except by written agreement executed by all parties, and the observance of any of the terms of this Agreement may be waived only with prior written consent of all parties hereto.

7. **Choice of Law, Venue and Jury Waiver.** THIS AGREEMENT SHALL BE GOVERNED AS TO VALIDITY, ENFORCEMENT, INTERPRETATION, CONSTRUCTION, EFFECT, AND IN ALL OTHER RESPECTS BY THE LAWS AND DECISIONS OF THE STATE OF NEBRASKA. THE ASSIGNOR AND ASSIGNEE MUTUALLY WAIVE THE RIGHT TO TRIAL BY JURY AND CONSENT TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS IN NEBRASKA WITH RESPECT TO ANY SUIT ARISING OUT OF OR RELATED TO THIS AGREEMENT.

8. **Captions**. The captions and heading herein are inserted for the convenience of the parties and shall affect neither the meaning nor the interpretation hereof.

**IN WITNESS WHEREOF**, the parties hereto have executed this Assignment as of the date first above written.

Signal 88, LLC, Assignee,
3880 South 149th St. – Suite 102
Omaha, NE 68144

By:_____
Reed L. Nyffeler
Its: Chief Executive Officer

_____,
Assignor,

By: _____

Its: _____

III

**EXHIBIT B to Financing Agreement**

**PROMISSORY NOTE**

**(Line of Credit)**

_____, 20___

FOR VALUE RECEIVED, _____, (referred to as "Borrower"), a (circle one:) corporation, limited liability company, partnership, or individual, promises to pay to the order of Signal 88, LLC, a Delaware limited liability company, (referred to as "Lender"), such principal amounts as may be advanced by Lender on a revolving basis and shown to be advanced by the records of Lender as provided herein, with interest on the outstanding balance thereof at the rate provided for herein.

Borrower shall pay the entire principal amount of each advance made hereunder, together with interest accrued thereon, no later than sixty (60) days after the date of the advance. Interest shall accrue on the total outstanding principal balance hereunder at the following rates (initial all that apply):

____ ____ When the outstanding principal balance, including any and all advances (the "Balance"), is equal to or less than 50% of the Borrower's uncollected Gross Revenues (as that term is defined in the Franchise Agreement) that are aged less than ninety-one days ("Eligible Gross Revenues"), the interest rate shall be the Prime Rate published in the Midwest Edition of the Wall Street Journal at the time of the advance (the "Index Rate"), plus 275 basis points;

____ ____ When the Balance is greater than 50% but equal to or less than 60% of the Eligible Gross Revenues, the interest rate shall be the Index Rate plus 375 basis points;

____ ____ When the Balance is greater than 60% but equal to or less than 70% of the Eligible Gross Revenues, the interest rate shall be the Index Rate plus 475 basis points;

____ ____ When the Balance is greater than 70% but equal to or less than 80% of the Eligible Gross Revenues, the interest rate shall be the Index Rate plus 725 basis points; and

____ ____ When the Balance is greater than 80% but equal to or less than 90% of the Eligible Gross Revenues, the interest rate shall be the Index Rate plus 1165 basis points.

Borrower shall not at any time be allowed to obtain an advance under this Note if the sum of the total outstanding balance and the requested advance would exceed the highest percentage of Eligible Gross Revenues indicated in the initialed paragraphs above.

All payments received hereunder shall be applied first to fees and expenses, then to interest, and last to principal. Any amounts not paid when due may (in Lender's sole discretion) be treated as principal advances without waiving any default. Default interest shall accrue on all amounts owed hereunder from and after a default of the terms of this Note or the Financing Agreement executed contemporaneously herewith, at a rate of 1.5% per month or the highest rate allowed by law, whichever is less.

The Lender shall record on its books or records the principal amount of this Note, all payments of principal and interest, and the principal balances from time to time outstanding. The record thereof, whether shown on such books or records or on a schedule to this Note, shall be prima facie evidence as to all such amounts; provided, however, that the failure of the Lender to record any of the foregoing shall not limit or otherwise affect the obligation of the Borrower to repay the Note, together with accrued interest thereon.

Payment of this Note is secured by (a) all property of Borrower, whether now owned or hereafter acquired, including any property which is or comes into the possession of Lender, all as more fully described under the Security Agreement executed by Borrower in favor of Lender, as amended from time to time, and (b) such other loan documents as may be requested by Lender from time to time to secure amounts then outstanding and any further advances on this Note. Lender is expressly granted the right to offset any such property or amounts owed by Lender or its affiliates against amounts owing by Borrower to Lender or its affiliates.

BORROWER EXPRESSLY AGREES that time is of the essence hereof and that Borrower warrants, covenants, represents, and agrees as follows:

(a) Borrower shall use the proceeds of this Note solely for the funding of the costs of conducting the normal course of business of Borrower, so long as such costs are ordinary, reasonable, and necessary to the operation of the Borrower's business, as determined by Lender in its sole discretion; and any advance under this Note may be conditioned upon Lender's examination of documentation supporting such costs and Lender's satisfaction as to the use of such proceeds;

(b) Borrower shall prepare and deliver to Lender (1) its monthly financial statements (in form and content acceptable to Lender) no later than the 15th day after each month-end and (2) copies of all of its tax returns when filed, which shall be accomplished prior to delinquency;

(c) All requests for advances shall be subject to the Borrower's meeting the credit requirements of the Lender applicable at the time of the request.

(d) The information supplied and statements made by Borrower in any financial or accounting statements or credit applications, or in any reports, lists, statements or other documents submitted to Lender, were true and correct when made and have not become untrue or incorrect by subsequent actions or events that Borrower has not disclosed to Lender in writing;

(e) Borrower shall not submit any documents or information of any kind to Lender that is not true and correct at the time of submission and shall promptly correct any documents and information that, though correct when submitted to Lender, later become untrue, incorrect, or misleading;

(f) The persons executing this Agreement have the capacity and are duly authorized and empowered to execute this Agreement, and the execution, delivery, and performance hereof are not in violation of the terms of the any agreement or undertaking to which Borrower is a party or by which the Borrower is bound;

(g) Except as previously disclosed to Lender in writing, Borrower is not aware of any circumstance (including, but not limited to, any pending or threatened lawsuit or any event of default under any agreement or instrument) that could materially adversely affect its ability to perform its obligations hereunder;

(h) Borrower shall promptly inform Lender in writing of any occurrence that might adversely affect its ability to perform its obligations hereunder or render untrue, incorrect, or misleading any representation or warranty under this Agreement;

(i) Borrower shall immediately notify Lender of any change in Borrower's residence or principal place of business from the address listed herein or if any Collateral is to be removed from the Borrower's principal place of business;

(j) Borrower shall not, without the prior consent of Lender, sell, transfer, create or allow any right, title, lien or interest of any party (other than Lender) in any material asset of the Borrower;

(k) Borrower shall not without the prior consent of Lender, be a party to any merger or other consolidation;

(l) The obligations under this Note shall at all times be the senior indebtedness of the Borrower, and Borrower shall cause all other indebtedness of the Borrower to subordinate all rights to payment, priority of claim and security to the rights of Lender;

(m) Borrower shall, upon execution of this Note and from time to time promptly upon the request of Lender, produce certificates or other proofs of insurance, in form and substance and evidencing coverage reasonably acceptable to Lender, such proofs to describe the types and amounts of insurance (property, loss of income and liability) carried by Borrower, in each case naming Lender as loss payee and additional insured, as the case may be, and include a stipulation that coverage will not be cancelled or diminished without at least thirty days' prior written notice to Lender;

(n) The Borrower shall indemnify Lender against, and hold Lender harmless from, any and all costs, losses, liabilities, claims, damages and related expenses, including attorneys' fees, which are incurred by or asserted against Lender arising out of, in connection with or as a result of the business operations of Borrower.

Should any default occur in the payment of any amount as aforesaid on the date on which it shall fall due as provided for herein; should any default occur in the performance of any of the terms, agreements or covenants contained in any related loan document as therein provided; or, should any Borrower fail to comply with any of the covenants and agreements herein contained, then, and in any of such events, Lender shall have, in addition to the rights specified herein and in any such loan document, the right, at its option, to declare the entire unpaid balance of this Note (including principal, interest, loan fees and any other obligation) immediately due and payable and to exercise rights and remedies provided at law or in equity. Borrower agrees to pay all Lender's costs (including reasonable attorney fees) incurred in enforcing and collecting under this Note or any such loan document.

Except as otherwise expressly provided herein, all notices, requests, offers, and other communications required or permitted to be given under this Agreement must be in writing and must be delivered in person, electronically, by prepaid overnight commercial delivery service, or by prepaid overnight mail, registered or certified, with return-receipt requested, and addressed as set forth below:

| ***If to FRANCHISOR:*** | ***If to FRANCHISEE:*** |
|---|---|
| Signal 88, LLC<br>Attn: Reed Nyffeler<br>3880 South 149th Street, Suite 102<br>Omaha, NE 68144<br>rnyffeler@teamsignal.com | _____<br>_____<br>_____<br>_____ |

| | |
|---|---|
| | _____<br>_____ |
| ***With a copy to:*** | ***With a copy to:*** |
| Fisher Zucker LLC<br>Attn: Lane J. Fisher<br>21 S. 21st Street<br>Philadelphia, PA 19103<br>lfisher@fisherzucker.com | _____<br>_____<br>_____<br>_____<br>_____<br>_____ |

Either party may change its name or address for notice by providing the other party with such change in writing, signed by a duly authorized representative, designating a single address for notice, which may not be a P.O Box, in compliance with this Subsection. Notice will be deemed effective on the earlier of: 1) receipt or first refusal of delivery if personally delivered; 2) if electronically delivered, receipt by the sending party of either a "read receipt" notice or a reply electronic message from the receiving party evidencing receipt of the electronic notice; 3) one (1) day after posting if sent via overnight commercial delivery service or overnight United States Mail, postage prepaid, return receipt requested; or 4) three (3) days after placement in the United States mail if overnight delivery is not available to the notice address.

The remedies of Lender as provided in this Note and any related loan documents, as well as such rights and remedies provided at law or in equity in regard to collection of the sums due hereunder, shall be cumulative and concurrent and may be pursued singly, successively, or together against the Borrower, or any security at the sole discretion of Lender, and any such remedy shall not be exhausted by any single exercise thereof but may be exercised as often as the occasion therefor shall occur.

Borrower and any endorsers, sureties and guarantors hereof jointly and severally waive presentment for payment, demand, notice of nonpayment, notice of protest and protest of this Note, and all other notices in connection with delivery, acceptance, performance, default or enforcement of the payment of this Note; and, they agree that the liability of each of them shall be unconditional without regard to the liability of any other party and shall not be in any manner affected by any indulgence, extension of time, renewal, waiver, or modification granted or consented to by Lender; and Borrower and all endorsers hereby consent to any and all extensions of time, renewals, waivers or modifications that may be granted by Lender with respect to the payment or other provisions of this Note and to the release of any security or any part thereof with or without substitution.

In consideration of the advances of any credit by the Lender in reliance upon this Note, the makers, sureties, and guarantors of this Note hereby severally waive any and all defenses or right of offset which they may have, individually or collectively, against Lender, its successors or assigns under this Note.

Lender shall not by any act or omission be deemed to waive any rights or remedies hereunder unless such waiver be in writing and signed by Lender and then only to the extent specifically set forth therein. A waiver on one event shall not be construed as continuing or as a bar to or waiver of such right or remedy on a subsequent event.

The words "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include the respective heirs, personal representatives, successors and assigns of Lender and any Borrower.

This Note shall be governed as to validity, enforcement, interpretation, construction, effect and in all other respects by the laws and decisions of the State of Nebraska. Any and all actions by or against

Lender in regard to or arising out of the terms and conditions hereof shall be instituted and litigated in the courts of competent jurisdiction in Douglas County, Nebraska, and in no other. In accordance herewith, the Borrower submits to the jurisdiction of and does hereby enter into a voluntary appearance in the courts of Douglas County, Nebraska, and expressly waives any and all right to contest personal jurisdiction or venue in any such action.

In no event shall the amount of interest paid hereunder, together with all amounts reserved, charged, or taken by Lender as compensation for fees, services, or expenses incidental to the making, negotiation, availability or collection of the loan evidenced hereby exceed the maximum rate of interest on the unpaid principal balance hereof allowable by applicable law. If any sum is collected in excess of the applicable maximum rate, the excess collected shall be applied to reduce the principal balance or thereafter refunded to Borrower.

IN WITNESS WHEREOF, Borrower has duly executed this Note as of the day and year first mentioned above.

_____, Borrower,

By:_____
Printed Name: _____
Its: _____

**EXHIBIT C to Financing Agreement**

**SECURITY AGREEMENT**

**EXHIBIT D to Financing Agreement**

**SUBCONTRACT**

**EXHIBIT E to Financing Agreement**

**GUARANTY**

**ADDENDUM TO THE SIGNAL FINANCING AGREEMENT FOR THE STATE OF INDIANA**

This Addendum pertains to franchises located in the State of Indiana. Notwithstanding anything which may be contained in the body of the foregoing Financing Agreement (the "Agreement") to the contrary, the Agreement is amended as follows:

1. The third and fourth recitals in the Agreement are hereby amended to delete the references to "customer contracts".

2. Section 1 is hereby deleted, and the following paragraph is inserted in its place:

   **Assignment of Customer Contracts and Accounts Receivable**. To the extent they are not already assigned under the Franchise Agreement, Franchisee assigns all of its accounts receivable to Franchisor, in accordance with the terms of the Assignment contained in Exhibit A hereto. Franchisee is hereby divested of all legal and equitable rights to such accounts receivable, and Franchisor shall hereafter bear the credit risk for such accounts receivable. Franchisor shall not be divested of its rights under the assigned accounts receivable, notwithstanding any payment of Franchisee's obligations hereunder.

3. Section 6 of this Agreement is hereby deleted.

4. Section 8(b) is hereby amended to delete the reference to "customer contracts".

5. Section 8(c) is hereby deleted.

The Assignment contained in Exhibit A to the Agreement is hereby amended as follows:

1. The second recital is hereby amended to delete the words "customer contracts and".

2. Section 1 of the Assignment is hereby deleted and the following is inserted in its place:

   Assignment. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor hereby absolutely assigns to Assignee all its right, title, and interest in and to all accounts receivable ("Accounts Receivable") arising out of Assignor's customer contracts ("Contracts"), whether now existing or hereafter arising. Assignor hereby authorizes all its existing and future customers ("Account Debtors") to pay to Assignee all obligations owed to Assignor under the Accounts Receivable upon receipt of a copy of this assignment from Assignee. The Account Debtors may accept a copy of this Agreement as fully authorizing and directing them to make all payments due under the Accounts Receivable to Assignee in satisfaction of the amounts owed to Assignor under the Accounts Receivable. Assignor agrees that it shall not make any adjustment of any Accounts Receivable without written permission of Assignee.

3. Section 2.1 is hereby amended to delete the words "the Contracts and".

4. Section 2.2 is hereby amended to delete the words "The Contracts and" as well as the words "Contracts or".

5. Section 2.3 is hereby deleted.

6. In the last sentence of Section 3 of the Assignment, the words "Contracts and" are hereby deleted.

7. Any terms not defined in this Addendum will have the meaning assigned in the Agreement and the Assignment, respectively.

**SIGNAL 88, LLC**,
Franchisor,

By: _____
Name: Reed L. Nyffeler
Its: Chief Executive Officer

**_____,**
Franchisee,

By: _____
Name: _____
Its: _____

**EXHIBIT F**

**to Franchise Disclosure Document)**
**AS OF DECEMBER 31, 2021**

**LIST OF OPEN FRANCHISEES**

**ALABAMA**

Gulf South Security Solutions LLC
Mobile, AL
mobile@signal88.com
(251) 402-8834

JLM Enterprises, LLC
Prattville, AL
montgomery@signal88.com
(334) 322-8956

Gulf South Security Solutions, LLC
Birmingham, AL
birmingham@signal88.com
(205) 917-5808

JLM Enterprises, Inc.
Huntsville, AL
huntsville@signal88.com
(334) 322-8956

**ALASKA**

AEY, LLC
Anchorage, AK
anchorage@signal88.com
(907) 529-6569

**ARIZONA**

Arizona Guard Services, LLC
Surprise, AZ
westphoenix@signal88.com
(602) 510-6432

Military Men United, LLC
Tucson, AZ
tucson@signal88.com
(520) 869-4490

 © 2022 SIGNAL 88, LLC

High and Dry Risk Management Solutions LLC
Mesa, AZ
phoenix@signal88.com
(623) 879-1128

Dragonfly Operations, LLC
Phoenix, AZ
northernphoenix@signal88.com
(602) 390-9453

RJ Security, LLC
Phoenix, AZ
nephoenixmanager@signal88.com
(480) 490-2879

**ARKANSAS**

Total Security Concepts, LLC
Little Rock, AR
littlerock@signal88.com
(501) 804-8276

**CALIFORNIA**

Sundance Trading Co., Inc.
San Diego, CA
temecula@signal88.com
(951) 795-6309

H and C Security, Inc.
Oxnard, CA
oxnard@signal88.com
(844) 744-6258

Jacks or Better, Inc.
Rancho Cucamonga, CA
northlosangeles@signal88.com
(877) 531-5588

Grandbay Security Inc.
Rocklin, CA
granitebay@signal88.com
(916) 899-6808

GoldenStart Security Solutions
Riverside, CA
riverside@signal88.com
(951) 335-5950

Sig88 OC Corporation

 © 2022 SIGNAL 88, LLC

Orange, CA
orangecounty@signal88.com
(855) 496-1771

JB Security Solutions
Sacramento, CA
northernsacramento@signal88.com
(916) 295-4127

Geaux Industries
Pomona, CA
pomona@signal88.com
(909) 318-0220

JAX Security Solutions, Inc
Chula Vista, CA
sandiego@signal88.com
(619) 253-0402

H and C Security, Inc.
Oxnard, CA
fresno@signal88.com
(844) 744-6258

Bhatt Security Solutions
East Bay, CA
eastbay@signal88.com
(510) 227-4730

Rose Protection Service
Rocklin, CA
rocklin@signal88.com
(916) 644-0442

Confidential Security Solutions, LLC
Fairfield, CA
solanocounty@signal88.com
(800) 249-5587

R&R Security Solutions, Inc.
Concord, CA
contracosta@signal88.com
(925) 494-9000

Silicon Valley Security Solutions, Inc.
San Jose, CA
siliconvalley@signal88.com
(408) 578-3619

Royalty 92, Inc.

 © 2022 SIGNAL 88, LLC

Fresno, CA
centralvalley@signal88.com
(559) 420-7132

Proper Investigations, Inc.
Modesto, CA
modesto@signal88.com
(209) 445-7379

R&R Security Solutions, Inc.
Concord, CA
sacramento@signal88.com
(925) 494-9000

Shawn Robert Verduzco
American Canyon, CA
napavalley@signal88.com
(707) 561-0184

Young Star Security, Inc.
High Desert, Ca
highdesert@signal88.com
(442) 292-2323

**COLORADO**

Protection First, Inc.
Aurora, CO
aurora@signal88.com
(720) 737-0888

Responsive Surveillance Security Consulting, Inc.
Monument, CO
boulder@signal88.com
(720) 788-5845

Colorado Security Solutions, Inc.
Aurora, CO
denver@signal88.com
(720) 737-0888

JR Security, LLC
Colorado Springs, CO
southcoloradosprings@signal88.com
(719) 960-6233

Mossotti Security, LLC
Loveland, CO
Longmont-loveland@signal88.com
(720) 526-3006


© 2022 SIGNAL 88, LLC

**DELAWARE**

Archangel Protective Services LLC
Newark, DE
newark@signal88.com
(302) 298-3307

**FLORIDA**

Warhorse Security Services, Inc.
Dunedin, FL
dunedin@signal88.com
(727) 798-0062

Tier 1 Operations LLC
Tampa, FL
tampa@signal88.com
(813) 476-1083

Zero Alpha Operations
Lakewood Ranch, FL
bradenton@signal88.com
(727) 748-4010

RBK Security Services, Inc.
Pensacola, FL
pensacola@signal88.com
(850) 912-8822

GV Security LLC
Miami, FL
miami@signal88.com
(305) 901-8888

A&D Security Solutions
Altamonte Springs, FL
altamontesprings@signal88.com
(407) 267-5611

Mossotti Security, LLC
Clearwater, FL
stpetersburg@signal88.com
(727) 501-6273
Morrell Gilhooly Security of Fort Myers
Estero, FL
fortmyers@signal88.com
(239) 313-8286

Rios Security Corporation Inc.
Riverview, FL


© 2022 SIGNAL 88, LLC

lakeland@signal88.com
(813) 812-0276

Robo Ops LLC
Lakewood Ranch, Florida
sarasota@signal88.com
(941) 217-7300

Tier 1 Operations, LLC
Orlando, FL
orlando@signal88.com
(407) 456-9006

RBL Security, LLC
Jacksonville, FL 32207
rbruster@signal88.com
(888) 688-4332

Joint Security Services LLC
Miami, FL
fortlauderdale@signal88.com
(305) 901-8888

Dark Horse Security, LLC
Ocala, FL
ocala@signal88.com
(352) 777-5420

The Rohan Group LLC
Sarasota, FL
brevardcounty@signal88.com
(321) 373-3379

Norwood Holdings, LLC
Gainesville, FL
gainesville@signal88.com
(352) 678-5886

Norwood Holdings, LLC.
Gainesville, FL
staugustine@signal88.com
(904) 807-8898

Mason Security and Investigation Services
Jacksonville, FL
westjacksonville@signal88.com
(888) 303-5862

Norwood Holdings, LLC
Gainesville, FL

 © 2022 SIGNAL 88, LLC

tallahassee@signal88.com
(850) 741-0882

James Hawkins
Tampa, FL
newportricheys@signal88.com
(813) 385-6677

BBatt Holdings, LLC
Daytona Beach, FL
daytonabeach@signal88.com
(386) 538-5088

**GEORGIA**

Signal 88 Security of Atlanta LLC
Doraville, GA
atlanta@signal88.com
(770) 274-8333

R & B Security, LLC
Savannah, GA
savannah@signal88.com
(912) 499-5088

Signal 88 Security of Atlanta, Inc.
Augusta, GA
augusta@signal88.com
(770) 274-8333

AmEric Security Endeavors
Atlanta, GA
southatlanta@signal88.com
(770) 274-8415

Veil Private Security & Protection LLC
Atlanta, GA
seatlanta@signal88.com
(404) 736-7169

**IDAHO**

Guard 208 LLC
Meridian, ID
boise@signal88.com
(208) 340-5446

Treasure Valley
Nampa, ID
treasurevalley@signal88.com

 © 2022 SIGNAL 88, LLC

(208) 206-5115

**ILLINOIS**

Phylax, L.L.C.
Asbury, IA
champaign@signal88.com
(563) 581-8565

R&R Global Security Enterprizes, LLC
Chicago, IL
downtownchicago@signal88.com
(800) 694-3172

Blue Line Security Group, LLC
Crystal Lake, IL
arlingtonheights@signal88.com
(815) 261-0110

Krimson Security & Fingerprinting, Inc.
Westmont, IL
dupagecentral@signal88.com
(630) 541-5850

RTB Security, LLC
Chicago Heights, IL
chicagoheights@signal88.com
(708) 550-3434

Williams Security & Protection Agency, Inc.
Waukegan, IL
Waukegan @signal88.com
(847) 241-4530

**INDIANA**

Armor Bearer Security LLC
Chicago, IL
nwindiana@signal88.com
(574) 314-6299

**IOWA**

Skopos Consulting, L.L.C.
Des Moines, IA
desmoines@signal88.com
(844) 432-1511

Skopos Consulting, L.L.C.
Dubuque, IA

 © 2022 SIGNAL 88, LLC

dubuque@signal88.com
(844) 432-1511

Hershey Enterprises, LLC
Cedar Rapids, IA
cedarrapids@signal88.com
(319) 775-3275

Nairn Security Enterprises
Des Moines, IA
norhtdesmoines@signal88.com
(515) 499-4542

**KANSAS**

Total Security Solutions, LLC
Wichita, KS
wichita@signal88.com
(316) 209-0436

Semper Securus LLC
DeSoto, KS
lawrence@signal88.com
(785) 246-5500

**KENTUCKY**

P&C Security, Inc
Brooks, KY
lousiville@signal88.com
(502) 822-0414

SIG 88 CINCY, LLC
Fort Wright, KY
cincinnati@signal88.com
(855) 496-1891

SIG 88 CINCY, LLC
Fort Wright, KY
columbus@signal88.com
(855) 496-1891

McCullough Investments, LLC
Lexington, KY
lexington@signal88.com
(859) 420-5873

Stephano Protection Services, LLC
Bowling Green, KY
bowlingreen@signal88.com


© 2022 SIGNAL 88, LLC

(270) 201-0541

Stephano Protection Services, LLC
Lexington, KY
lexington@signal88.com
(270) 201-0541

**LOUISIANA**

Bourgeois Security, Inc
Baton Rouge, LA
batonrouge@signal88.com
(985) 228-2850

J & B Security, LLC
Morgan City, LA
lafayette@signal88.com
(337) 443-2233

Louisiana Security Partner, LLC
Metairie, LA
neworleans@signal88.com
(225) 678-9784

**MARYLAND**

2027 Ventures, LLC
Perry Hall, MD
baltimore@signal88.com
(302) 298-3307

Safe Shied Consultants, LLC
Laurel, MD
silverspring@signal88.com
(240) 532-3377

**MASSACHUSETTS**

Talon Solutions, Inc.
West Newton, MA
newengland@signal88.com
(888) 771-7330

**MICHIGAN**

Brazee Safety and Security Inc.
Adrian, MI
adrian@signal88.com
(517) 265-8333


© 2022 SIGNAL 88, LLC

MCK Security LLC
Grandville, MI
grandrapids@signal88.com
(616) 734-4557

The General's Holdings, LLC
Novi, Michigan
greaterdetroit@signal88.com
(248) 579-9110

AGNI, LLC
Pontiac, MI
Pontiac-flint@signal88.com
(810) 288-6496

S88MI, LLC
Novi, MI
metrodetroit@signal88.com
(248) 579-9110

**MISSOURI**

BCBP Enterprises LLC
Columbia, MO
columbia@signal88.com
(573) 234-3864

Easton Security, LLC
Liberty, MO
kansascity@signal88.com
(816) 945-9550

Invictus Security Services, LLC
Columbia, MO
midtownstlouis@signal88.com
(314) 300-9434

BCBP Enterprises LLC
Columbia, MO
weststlouis@signal88.com
(573) 234-3864

Triple C Security, LLC
Kansas City, MO
kansascitymo@signal88.com
(816) 945-9550

**NEBRASKA**

JDS Security, LLC


© 2022 SIGNAL 88, LLC

Fremont, NE
fremont@signal88.com
(402) 727-1119

Midwest Security Enterprises, LLC
Omaha, NE
omaha@signal88.com
402-498-8494

**NEVADA**

Signal 88 Security of North Las Vegas, LLC
North Las Vegas, NV
northlasvegas@signal88.com
(702) 802-3164

**NEW MEXICO**

SIG ABQ, LLC
Albuquerque, NM
abq@signal88.com
(855) 789-1761

**NORTH CAROLINA**

Armatae, Inc.
Raleigh, NC
raleigh@signal88.com
(984) 960-9981

C.A. Burke Assessment Group International LLC
Charlotte, NC
northcharlotte@signal88.com
(704) 900-2088

The Messenger Group, LLC
Greensboro, NC
greensboro@signal88.com
(910) 900-7928

Golden State Security Solutions
Huntersville, NC
charlotte@signal88.com
(316) 209-0436

**OHIO**

CreeStreet, LLC
Hartville, OH
northeastohio@signal88.com

 © 2022 SIGNAL 88, LLC

(330) 754-1385

Protective Security Associates, LLC
Youngstown, OH
gy@signal88.com
(330) 563-4055

**OKLAHOMA**

Anton Corporation
Oklahoma City, OK
Oklahomacity@signal88.com
(405) 728-8088

Integrated Security Solutions, LLC
Tulsa, OK
tulsa@signal88.com
(918) 289-6835

Fortress Security Systems, LLC
Oklahoma City, OK
edmond@signal88.com
(405) 213-0490

**OREGON**

Oregon 1 Security
Salem, OR
portland@signal88.com
(971) 600-5800

On-Point Security LLC
Salem, OR
salem@signal88.com
(971) 600-5800

Acree Enterprises
Milwaukie, OR
portland@signal88.com
(503) 927-6234

**PENNSYLVANIA**

Octorara Security Professionals, Inc.
Downingtown, PA
octorara@signal88.com
(302) 298-3307

Security 215 Inc.
Collegeville, PA

 © 2022 SIGNAL 88, LLC

greaterphiladelphia@signal88.com
(610) 489-1890

Critical Response Protection Group, LLC
Telford, PA
sellersville@signal88.com
(877) 744-6588

Premier Atlantic Security Group, Inc.
Breinigsville, PA
lehighvalley@signal88.com
(800) 695-0607

**SOUTH CAROLINA**

Coastal Carolina Security Solutions
Greenville, SC
greenville@signal88.com
(855) 697-4462

Coastal Carolina Security Solutions
North Charleston, SC
charleston@signal88.com
(855) 697-4462

Coastal Carolina Security Solutions
Greenville, SC
columbiasc@signal88.com
(770) 940-6617

**SOUTH DAKOTA**

Elite Security, LLC
Sioux Falls, SD
siouxfalls@signal88.com
(605) 809-5768

**TENNESSEE**

Federated Security Solutions, LLC
Memphis, TN
memphis@signal88.com
(855) 921-3600

Federated Security Solutions, LLC
Memphis, TN
nashville@signal88.com
(855) 921-3600

Federated Security Solutions, LLC

 © 2022 SIGNAL 88, LLC

Knoxville, TN
greaterknoxville@signal88.com
(855) 921-3600

**TEXAS**

RD Security, Inc.
Austin, TX
austin@signal88.com
(512) 394-6234

Crashed N221, LLC
Wichita Falls, TX
wichitafalls@signal88.com
(940) 696-0088

DFW Secure, LLC
Farmers Branch, TX
dallas@signal88.com
(214) 484-7443

Hickman Businesses LLC
Humble, TX
northeasthouston@signal88.com
(281) 783-9285

Better Odds Security Services, Inc.
Houston, TX
southeasthouston@signal88.com
713-252-3515

Valhalla Security LLC
Houston, TX
southwesthouston@signal88.com
(832) 312-1521

Woody Family Enterprises, LLC
El Paso, TX
elpaso@signal88.com
(915) 996-0313

Jiles Security Solutions, LLC
Katy, TX
katy@signal88.com
(832) 913-6367

Stern Ventures, LLC
Houston, TX
jstern@signal88.com
(832) 376-8088


© 2022 SIGNAL 88, LLC

Security Consultants of Waco, LLC
Florence, TX
waco@signal88.com
(254) 233-7411

Steele Security, LLC
San Antonio, TX
sanantonio@signal88.com
(210) 419-4746

Security Consultants of Waco, LLC
Killeen, TX
heartoftexas@signal88.com
(254) 233-7411

TriSec, LLC
Corpus Christi, TX
corpuschristi@signal88.com
(361) 232-4300

Riley's Top Security, LLC
Austin, TX
ncentralhouston@signal88.com
(713) 899-4065

E & B Security Services LLC
Caddo Mills, TX
netexas@signal88.com
(903) 303-7555

**VIRGINIA**

Seeley Enterprises, Inc.
Triangle, VA
hamptonroads@signal88.com
(757) 990-3050

FourFront LLC
Lorton, VA
northernvirginia@signal88.com
(703) 336-3851

Relyt Security, LLC
Leander, TX
richmond@signal88.com
(866) 978-7233

FCS and Associates LLC
Manassas, VA
fairfax@signal88.com

 © 2022 SIGNAL 88, LLC

(571) 266-5059

J&A Security Solutions, LLC
Springfield, VA
fredericksburg@signal88.com
(540) 370-4141

**WASHINGTON**

28th Century Security, Inc.
Covington, WA
treyes@signal88.com
(253) 282-6779

Franklin Group Consulting, Inc.
Seattle, WA
centralseattle@signal88.com
(206) 889-9818

TSCK Enterprises, LLC
Vancouver, WA
eastportland@signal88.com
(503) 927-6234

Prestige Security & Investigations
Spokane, WA
centralseattle@signal88.com
(888) 382-2667

**WISCONSIN**

Pezon, LLC
Asbury, IA
milwaukee@signal88.com
(844) 432-1511

**CANADA:**

Calibre Consulting
Alberta, Canada
calgary@signal88.com
(403) 980-9488

2467562 Ontario, Inc.
Ottawa, Ontario, Canada
ottawa@signal88.com
(613) 801-3466

2531361 Ontario Inc.
Toronto, ON

 © 2022 SIGNAL 88, LLC

toronto@signal88.com
(416) 218-9800

2688399 Ontario Inc.
Barrie, ON
yorkontario@signal88.com
(877) 222-6722

Jean-Claude Tshilombo Temperman
London, ON
london@signal88.com
(226) 580-9289

2730637 Ontario, Inc.
Hamilton, ON
hamilton@signal88.com
(905) 923-8314

2729798 Ontario Inc.
Essex, ON
windsor@signal88.com
(800) 979-0058

**AUSTRALIA**

Signal88 Security Australasia PTY LTD
13a Arundel St Cranbourne
Victoria 3977, Melbourne
Victoria, Australia, 3000
australiafranchising@signal88.com
+61386 796 471

**UNITED KINGDOM**

Erskine Dorrell Ltd
1 Twyford Place
Lincolns Inn Office Village
Lincoln Road
High Wycombe
Buckinghamshire
HP12 3RE
United Kingdom
uksoutheast@signal88.com
+44-7896477334

Aero Security, LTD
43 High Street, Suite 107
Paisley, Renfrewshie PA1 2AH

 © 2022 SIGNAL 88, LLC

**LIST OF OPEN FRANCHISES THAT OPENED DURING JANUARY 1, 2021 – DECEMBER 31, 2021**

**ARKANSAS**

**0337** Security Patrols, LLC
Little Rock, AR
littlerock@signal88.com
501-804-8276

**CALIFORNIA**

**0295** – Brian H. Link and Associates, Inc.
Oceanside, CA
Oceanside@signal88.com
(877) 779-7980

**0316** – Guardian Angel Private Security, Inc.
Studio City, CA
studiocity@signal88.com
(877) 526-5674

**0347** – Acree Enterprises of CA, Inc.
Orange County, CA
jacree@signal88.com
503-927-6234

**0354** – Goldenstart Security Solutions, Inc.
Coachella Valley, CA
coachellavalley@signal88.com
(851) 335-5950

**0356** – Acree Enterprises of CA, Inc.
San Diego, CA
sandiego@signal88.com
503-927-6234

**0369** – Zion Protection Services, Inc.
Perris-Menifee, CA
perrismenifee@signal88.com

**0374** – Kush Security Services Inc.
San Leandro, CA
sanleandro@signal88.com


© 2022 SIGNAL 88, LLC

**CONNECTICUT**

**0352** – Talon Solutions, Inc.
Hartford, CT
hartford@signal88.com
(888) 771-7330

**FLORIDA**

0344 AR Protective Services LLC
Apollo Beach, FL
appollobeach@signal88.com

0365 – J.W. Baltazar Investment Group LLC
Boca Raton, FL
bocaraton@signal88.com

**GEORGIA**

**0296** – Byrd Eye Investigations
Columbus, GA
columbusga@signal88.com
706-530-0057

**0311** – Trinity Strategic Solutions, LLC
Middle Georgia, GA
middlegeorgia@signal88.com
(678) 814-5151

**0331** – Signal 88 Security ATL LLC
Northwest Atlanta, GA
nwatlanta@signal88.com
(470) 867-9117

**0332** – RBL Security of Georgia, LLC
Central Atlanta, GA
centralatlanta@signal88.com
(678) 553-3688

**0334** – MG Security Atlanta LLC
Northeast Atlanta, GA
northeastatlanta@signal88.com
470-773-0030

**0371** –R & B Security LLC
Statesboro, GA


© 2022 SIGNAL 88, LLC

statesboro@signal88.com

**0373** – RBL Security of Georgia LLC
Augusta, GA
augusta@signal88.com
(850) 554-2437

**0382** – Signal 88 Security ATL, LLC
Athens, GA
athens@signal88.com
(470) 867-9117

**INDIANA**

**0263** – JoMo LLC
So. Indianapolis, IN
southindy@signal88.com
312-224-3000

**0283** – Armor Bearer Security LLC
NW Indiana, IN
nwindiana@signal88.com
574-314-6299

**IOWA**
**0326** – Big Dog Security, LLC
Council Bluffs, IA
councilbluffs@signal88.com
(712) 435-4293

**0375** – Matt Holeton Enterprises LLC
Des Moines, IA
desmoines@signal88.com
(515) 612-8064

**LOUISIANA**

**0294** – Ike J. Long Enterprises LLC
Northshore, LA
northshore@signal88.com
225-304-1903

**379** – Louisiana Security Partners LLC
Shreveport, LA
shreveport@signal88.com
(504) 247-8931


© 2022 SIGNAL 88, LLC

**0380** – Louisiana Security Partners LLC
Lake Charles, LA
lakecharles@signal88.com
(504) 247-8931

**0383** – Bourgeois Security, Inc.
Houma, LA
houma@signal88.com

**MARYLAND**

**0278** – L&S Security LLC
Downtown Baltimore, MD
dowtownbaltimore@signal88.com
(443) 272-4688

**0341** – Bull's Unlimited, LLC
Rising Sun, MD
Risingsun@signal88.com
(410) 287-5111

**MASSACHUSETTS**

**0350** – Talon Solutions, Inc.
Springfield, MA
springfield@signal88.com
(888) 771-7330

**0351** – Talon Solutions, Inc.
Worcester, MA
worcester@signal88.com
(888) 771-7330

**MICHIGAN**

**0315** – Agni, LLC
Pontiac / Flint, MI
Pontiac-flint@signal88.com
810-288-6496

**0318** – S88MI, LLC
Metro Detroit, MI
Metrodetroit@signal88.com
(248) 579-9110


© 2022 SIGNAL 88, LLC

**MINNESOTA**
**0359** – Velites LLC
Minneapolis, MN
southwestminneapolis@signal88.com
(844) 432-1511

**MISSISSIPPI**

**0319** – Night Watch LLC
NW Jackson, MS
nwjackson@signal88.com
601-994-3162

**0360** – Titanium Security, LLC
Kansas City, MO
kansascitymo@signal88.com
(816) 945-9550

**MONTANA**

0339 – W2K Security LLC
Billings, MT
Billings@signal88.com
(406) 876-6902

**NEBRASKA**

**0340** – C&C Five Security LLC
Lincoln, NE
lincoln@signal88.com
402-252-5100

**NEVADA**

**0362** – Nevada Security Solutions LLC
Las Vegas, NV
lasvegas@signal88.com

**NEW HAMPSHIRE**

**0348** – Talon Solutions, Inc.
Manchester-Nashua, NH
Manchestenashua@signal88.com
(888) 771-7330


© 2022 SIGNAL 88, LLC

**NEW MEXICO**

**0346** – New Mexico Security Solutions LLC
Albuquerque, NM
albuquerque@signal88.com
855-971-2586

**NEW YORK**

**0357** – Blue Goose Security, LLC
Rochester, NY
rochester@signal88.com

**0367** – Patrick Onaphie
Manhattan, NY
manhattan@signal88.com
(718) 842-2155

**0370** – ARJ Holdings LLC
Syracuse, NY
syracuse@signal88.com

**NORTH CAROLINA**

**0264** – Parkers' Security LLC
NE Fayetteville, NC
nefayetteville@signal88.com
910-748-0089

**0358** – Golden State Security Solutions LLC
Greensboro, NC
greensboro@signal88.com
910-900-7928

**0378** – Guardian Security Services LLC
Asheville, NC
asheville@signal88.com

**OHIO**

**0342** – CreeStreet LLC
Cincinnati, OH
jmarshall@signal88.com
(330) 754-1385

**0343** – CreeStreet LLC
Columbus, OH
jmarshall@signal88.com
(330) 754-1385


© 2022 SIGNAL 88, LLC

**0353** – Protective Security Associates, LLC
Canton, OH
camtpm@signal88.com
330-563-4055

**OKLAHOMA**

**0336** – Custom Security Solutions LLC
Tulsa, OK
tulsa@signal88.com
918-289-6835

**OREGON**

**0364** – Acree Enterprises LLC
Salem, OR
jacree@signal88.com
503-927-6234

**PENNSYLVANIA**

**0260** – JPEN Consulting Group LLC
Central Pittsburgh, PA
centralpittsburgh@signal88.com
(412) 676-7000

**RHODE ISLAND**

**0349** – Talon Solutions, Inc.
Providence, RI
providence@signal88.com
(888) 771-7330

**SOUTH CAROLINA**

**0345** – Crisp Security Services LLC
Spartanburg, SC
spartanburg@signal88.com
864-249-6001

**0338** – S & S Security Solutions LLC
Myrtle Beach, SC
Myrtlebeach@signal88.com
(843) 282-7524

**0372** – R & B Security LLC
Hilton Head, SC

 © 2022 SIGNAL 88, LLC

hiltonhead@signal88.com

**SOUTH DAKOTA**

**0376** – W2K Security LLC
Rapid City, SD
rapidcity@signal88.com

**TENNESSEE**

**0298** – Gulf South Security Solutions, LLC
Chattanooga, TN
chattanooga@signal88.com
(423) 405-0408

**0323** – Federated Security Solutions, LLC
Jackson, TN
jackson@signal88.com
855-921-3600

**TEXAS**

0361 – DonBa LLC
Port Arthur, TX
portarthur@signal88.com
(409) 526-1123

**0368** – Icone LLC
Missouri City, TX
missouricity@signal88.com
(800) 309-9112

**0384** – Security Consultants of Waco, LLC
Bryan-College Station, TX
bryancollegestation@signal88.com

**VIRGINIA**

**0328** – BT&BT Holdings LLC
Hampton Roads, VA
hamptonroads@signal88.com
(321) 474-0003

**WISCONSIN**

**0363** – Pezon, LLC


© 2022 SIGNAL 88, LLC

Madison, WI
madison@signal88.com
(844) 432-1551

**WASHINGTON**

**0366** – Northern Sky LLC
Puget Sound, WA
pugetsound@signal88.com
(206) 656-9111

**WYOMING**

**0377** – W2K Security LLC
Cheyenne, WY
cheyenne@signal88.com


© 2022 SIGNAL 88, LLC

## LIST OF FRANCHISES SIGNED BUT NOT OPENED AS OF JANUARY 1, 2021 – DECEMBER 31, 2021

| Franchise Number | Legal Entity Name | Franchise Agreement Signed Date | Business Address: State |
|---|---|---|---|
| 188 | R & D Security, LLC | 12/30/2016 | AZ |
| 245 | Crowe Solutions LLC | 5/16/2019 | IL |
| 273 | P.I.S. Security Company, LLC | 11/8/2019 | NC |
| 302 | Tristate Security Services Corporation | 6/26/2020 | NJ |
| 314 | Bahler Investment Group, Inc. | 8/17/2020 | NV |
| 327 | Varso Enterprises LLC | 10/12/2020 | AR |
| 344 | AP Protective Services LLC | 2/22/2021 | FL |
| 348 | Talon Solutions, Inc. | 4/16/2021 | MA |
| 349 | Talon Solutions, Inc. | 4/16/2021 | MA |
| 350 | Talon Solutions, Inc. | 4/13/2021 | MA |
| 351 | Talon Solutions, Inc. | 4/6/2021 | MA |
| 352 | Talon Solutions, Inc. | 4/16/2021 | CT |
| 356 | Acree Enterprises of CA, Inc. | 5/9/2021 | CA |
| 357 | Blue Goose Security LLC | 6/21/2021 | NY |
| 365 | J.W. Baltazar Investment Group LLC | 9/14/2021 | FL |
| 367 | Patrick Onaphie | 9/22/2021 | NY |
| 368 | ICONE LLC | 9/22/2021 | TX |
| 369 | Zion Protection Services, Inc. | 11/23/2021 | CA |
| 370 | ARJ Holdings LLC | 10/4/2021 | NY |
| 371 | R & B Security LLC | 10/3/2021 | GA |
| 372 | R & B Security LLC | 10/15/2021 | SC |
| 374 | Kush Security Services Inc. | 10/21/2021 | CA |
| 376 | W2K Security LLC | 12/16/2021 | SD |
| 377 | W2K Security LLC | 12/16/2021 | WY |
| 378 | Guardian Security Services LLC | 12/22/2021 | NC |
| 379 | Louisiana Security Partners, LLC | 12/27/2021 | LA |
| 381 | Louisiana Security Partners, LLC | 12/27/2021 | LA |
| 382 | Signal 88 Security ATL LLC | 12/27/2021 | GA |
| 383 | Bourgeois Security, Inc. | 12/27/2021 | LA |
| 384 | Security Consultants of Waco, LLC | 12/28/2021 | TX |

 © 2022 SIGNAL 88, LLC

## FORMER FRANCHISEE CONTACT INFORMATION

## FORMER FRANCHISEE CONTACT INFORMATION FOR TERMINATED FRANCHISES DURING JANUARY 1, 2021 – DECEMBER 31, 2021

| Franchise Number | Legal Entity Name | Franchise Agreement Termination Date | Street Address | State | Postal Code | Business Phone Number |
|---|---|---|---|---|---|---|
| 218 | Total Security Concepts, LLC | 2021-02-28 | 10220 W. Markham Street, Suite 201C | AR | 72205 | (501) 804-8276 |
| 177 | Sig88 OC Corporation | 2021-04-30 | 2230 W Chapman AVE, STE 112 | CA | 92868 | (855) 496-1771 |
| 266 | R&R Security Solutions, Inc. | 2021-03-31 | 1975 Diamond Blvd., Suite E-160 | CA | 94520 | (925) 494-9000 |
| 354 | Goldenstart Security Solutions, Inc. | 2021-11-19 | 6809 Indiana Avenue | CA | 92506 | (951) 335-5950 |
| 30 | Protection First, Inc. | 2021-12-01 | 3190 S Vaughn Way, Suite 550 | CO | 80014 | (720) 737-0888 |
| 159 | A&D Security Solutions | 2021-07-20 | 499 North State Road 434, Suite 1081 | FL | 32714 | (407) 267-5611 |
| 297 | Norwood Holdings LLC | 2021-11-01 | 4000 SW 122nd Street | FL | 32608 | (904) 807-8898 |
| 241 | Signal 88 Security of Atlanta, Inc | 2021-11-30 | 6030 Hwy 19 North | GA | 30533 | |
| 333 | Jbade Johnson | 2021-03-26 | 2750 Nautical Way | GA | 30180 | |
| 277 | Nairn Security Enterprises | 2021-03-02 | 5635 NE 1st Street | IA | 50313 | (515) 499-4542 |
| 251 | Alpha Omega Protection LLC | 2021-01-07 | 652 Oakridge Court | IN | 46123 | |
| 189 | SIG 88 CINCY, LLC | 2021-03-31 | 1717 Dixie Hwy, Ste. 403 | KY | 41001 | (855) 496-1891 |
| 219 | Sig 88 Cincy, LLC | 2021-03-31 | 1717 Dixie Hwy #403 | KY | 41011 | (800) 232-5105 |
| 24 | Brazee Safety and Security Inc. | 2021-03-15 | 933 S. Main Street, | MI | 49221 | (517) 265-8333 |
| 119 | Easton Security LLC | 2021-02-21 | 111 E. Court St. | MI | 48502 | (810) 420-1951 |
| 315 | Agni, LLC | 2021-12-15 | 5121 Oakcliff Drive | MI | 48327 | (810) 288-6496 |
| 322 | Triple C Security, LLC | 2021-06-28 | 1201 Northwest Briarcliff Parkway | MO | 64116 | (816) 945-9550 |
| 252 | The Messenger Group, LLC | 2021-06-30 | 2399 Middleton Court | NC | 28306 | (910) 900-7928 |
| 335 | Carolina Guard and Patrol Services, LLC | 2021-03-12 | 704 Amalfi Drive | NC | 28036 | |
| 176 | SIG 88 ABQ, LLC | 2021-03-31 | 4700 Lincoln Road NE | NM | 87109 | (855) 789-1761 |
| 133 | Signal 88 Security of North Las Vegas, LLC | 2021-09-30 | 3909 S. Maryland Parkway, Suite 417 | NV | 89119 | (702) 802-3164 |
| 71 | Integrated Security Solutions, LLC | 2021-02-28 | 9717 E. 42nd St STE 109 | OK | 74146 | (918) 289-6835 |
| 208 | On-Point Security LLC | 2021-08-31 | 3000 Market Street | OR | 97301 | (971) 600-5800 |
| 324 | Security Partners SLC, LLC | 2021-04-26 | 3390 Mary Street, Ste 116 | UT | 33133 | |
| 195 | FCS and Associates LLC | 2021-02-28 | 9133 Mulder Court | VA | 20111 | (571) 266-5059 |
| 198 | Seeley Enterprises Inc | 2021-02-01 | 19225 Potomac Crest Drive | VA | 22172 | (757) 990-3050 |
| 256 | J&A Security Solutions, LLC | 2021-09-01 | 7051 Brookfield Plaza, Suite 5776 | VA | 22150 | (540) 370-4141 |

## FRANCHISE AGREEMENTS NOT RENEWED DURING JANUARY 1, 2021 – DECEMBER 31, 2021

None

 © 2022 SIGNAL 88, LLC

## FRANCHISES SOLD TO OTHER FRANCHISEES DURING JANUARY 1, 2021 – DECEMBER 31, 2021

| Franchises SOLD in 2021 | | | | | |
|---|---|---|---|---|---|
| Franchise Name | Franchise Agreement Termination Date | Inactive Classification | Business Address | Business Address: State | Business Address: Postal Code |
| 0030 - Aurora, CO | 12/1/2021 | Sold | 3190 S Vaughn Way, Suite 550 | CO | 80014 |
| 0071 - Tulsa, OK | 2/28/2021 | Sold | 9717 E. 42nd St STE 109 | OK | 74146 |
| 0133 - North Las Vegas, NV | 9/30/2021 | Sold | 3909 S. Maryland Parkway, Suite 417 | NV | 89119 |
| 0176 - Albuquerque, NM | 3/31/2021 | Sold | 4700 Lincoln Road NE | NM | 87109 |
| 0177 - Orange County, CA | 4/30/2021 | Sold | 2230 W Chapman AVE, STE 112 | CA | 92868 |
| 0189 - Cincinnati, OH | 3/31/2021 | Sold | 1717 Dixie Hwy, Ste. 403 | KY | 41001 |
| 0195 - Fairfax, VA | 2/28/2021 | Sold | 9133 Mulder Court | VA | 20111 |
| 0198 - Hampton Roads, VA | 2/1/2021 | Sold | 19225 Potomac Crest Drive | VA | 22172 |
| 0208 - Salem, OR | 8/31/2021 | Sold | 3000 Market Street | OR | 97301 |
| 0218 - Little Rock, AR | 2/28/2021 | Sold | 10220 W. Markham Street, Suite 201C | AR | 72205 |
| 0219 - Columbus, OH | 3/31/2021 | Sold | 1717 Dixie Hwy #403 | KY | 41011 |
| 0241 - Augusta, GA | 11/30/2021 | Sold | 6030 Hwy 19 North | GA | 30533 |
| 0252- Greensboro, NC | 6/30/2021 | Sold | 2399 Middleton Court | NC | 28306 |
| 0256 - Fredericksburg, VA | 9/1/2021 | Sold | 7051 Brookfield Plaza, Suite 5776 | VA | 22150 |
| 0266 - Sacramento, CA | 3/31/2021 | Sold | 1975 Diamond Blvd., Suite E-160 | CA | 94520 |
| 0297 - St. Augustine, FL | 11/1/2021 | Sold | 4000 SW 122nd Street | FL | 32608 |
| 0315 - Pontiac/Flint, MI | 12/15/2021 | Sold | 5121 Oakcliff Drive | MI | 48327 |
| 0322 - Kansas City, MO | 6/28/2021 | Sold | 1201 Northwest Briarcliff Parkway | MO | 64116 |
| 0335 - North Charlotte, NC | 3/12/2021 | Sold | 704 Amalfi Drive | NC | 28036 |
| 0313 - Edmonton, AB, Canada | 12/27/2021 | Sold | 104A 3855 Milwoods Road | AB | T6K2L7 |

 © 2022 SIGNAL 88, LLC

**EXHIBIT G**
**(to Franchise Disclosure Document)**

**FINANCIAL STATEMENTS**


© 2022 SIGNAL 88, LLC

# SIGNAL 88, LLC

## CONSOLIDATED FINANCIAL STATEMENTS
## AND
## INDEPENDENT AUDITORS' REPORT

## YEARS ENDED DECEMBER 31, 2021 AND 2020

bland™ & associates
beyond accounting

BlandCPA.com

## Contents


| | Page |
|---|---|
| **INDEPENDENT AUDITORS' REPORT** | 1-2 |
| **CONSOLIDATED FINANCIAL STATEMENTS** | |
| Consolidated Balance Sheets | 3 |
| Consolidated Statements of Income and Changes in Member's Equity | 4 |
| Consolidated Statements of Cash Flows | 5 |
| Notes to Consolidated Financial Statements | 6-15 |

bland & associates
beyond accounting
Certified Public Accountants

# INDEPENDENT AUDITORS' REPORT

To the Member
Signal 88, LLC
Omaha, Nebraska

## Report on the Audit of the Consolidated Financial Statements

### *Opinion*

We have audited the consolidated financial statements of Signal 88, LLC (a Delaware limited liability company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of income and changes in member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Signal 88, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Signal 88, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management of the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Signal 88, LLC's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.



450 Regency Parkway, Suite 340 Omaha, NE 68114 • (402) 397.8822 • f(402) 397.8649 www.BlandCPA.com

**INDEPENDENT AUDITORS' REPORT (Continued)**

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Signal 88, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Signal 88, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

BLAND + ASSOCIATES, P.C.

Omaha, Nebraska
March 21, 2022



450 Regency Parkway, Suite 340 Omaha, NE 68114 • (402) 397.8822 • f(402) 397.8649 www.BlandCPA.com

**SIGNAL 88, LLC**
**CONSOLIDATED BALANCE SHEETS**

| ASSETS | December 31, 2021 | 2020 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash and Cash Equivalents | $ 2,681,427 | $ 4,452,752 |
| Accounts Receivable - Corporate | 218,078 | 242,294 |
| Accounts Receivable - Franchisee Contracts, Net of Allowance for Doubtful Accounts of $100,000 in 2021 and 2020 | 22,190,385 | 18,793,209 |
| Due from Franchisee, Net of Allowance for Doubtful Accounts of $250,000 in 2021 and 2020 | 10,577,377 | 5,203,978 |
| Current Portion of Notes Receivable | 4,160,908 | 2,488,281 |
| Inventory | 274,338 | 94,080 |
| Prepaid Expenses | 596,106 | 496,975 |
| Other Current Assets | 298,066 | 302,860 |
| Total Current Assets | 40,996,685 | 32,074,429 |
| **PROPERTY AND EQUIPMENT** | | |
| Vehicles | 127,134 | 281,673 |
| Office and Computer Equipment | 687,500 | 514,413 |
| | 814,634 | 796,086 |
| Less Accumulated Depreciation | (442,563) | (483,948) |
| Total Property and Equipment | 372,071 | 312,138 |
| **INTANGIBLE ASSETS** | | |
| Franchise Rights and Trademarks | 196,681 | 147,969 |
| Goodwill | 1,102,888 | 1,047,470 |
| | 1,299,569 | 1,195,439 |
| Less Accumulated Amortization | (488,094) | (393,938) |
| Total Intangible Assets | 811,475 | 801,501 |
| **OTHER ASSETS** | | |
| Notes Receivable, Less Current Portion, Net of Allowance for Doubtful Accounts of $350,000 and $300,000 in 2021 and 2020, Respectively | 17,425,391 | 6,613,782 |
| Related Party Receivables | 19,258,853 | 17,617,150 |
| Total Other Assets | 36,684,244 | 24,230,932 |
| | **$ 78,864,475** | **$ 57,419,000** |

| LIABILITIES AND MEMBER'S EQUITY | December 31, 2021 | 2020 |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Accounts Payable - Corporate | $ 68,435 | $ 35,103 |
| Accounts Payable - Franchisee Contracts | 20,873,407 | 17,738,569 |
| Sales Tax Payable | 715,283 | 302,281 |
| Accrued Liabilities | 2,093,318 | 1,308,680 |
| Deferred Revenue - Franchise Fees | 14,576,660 | 6,038,036 |
| Bank Revolving Line of Credit | 10,677,824 | 7,439,824 |
| Current Portion of Long-Term Debt | 3,354,928 | 980,815 |
| Total Current Liabilities | 52,359,855 | 33,843,308 |
| **LONG-TERM LIABILITIES** | | |
| Incentive Plan Payable | 423,386 | - |
| Long-Term Debt, Less Current Portion | 14,871,071 | 18,973,505 |
| Total Long-Term Liabilities | 15,294,457 | 18,973,505 |
| Total Liabilities | 67,654,312 | 52,816,813 |
| **COMMITMENTS AND CONTINGENCIES** | - | - |
| **MEMBER'S EQUITY** | 11,210,163 | 4,602,187 |
| | **$ 78,864,475** | **$ 57,419,000** |

The accompanying notes to consolidated financial statements
are an integral part of these statements

**SIGNAL 88, LLC**
**CONSOLIDATED STATEMENTS OF INCOME AND CHANGES IN MEMBER'S EQUITY**

| | Years Ended December 31, | |
|---|---|---|
| | **2021** | **2020** |
| **REVENUES** | | |
| Security Revenue - Franchisee | $ 165,114,406 | $ 133,237,915 |
| **Total Security Revenue** | 165,114,406 | 133,237,915 |
| **COST OF REVENUES** | | |
| Cost of Service - Franchisee | 149,440,641 | 120,457,665 |
| **Total Cost of Revenues** | 149,440,641 | 120,457,665 |
| **Gross Profit on Security Revenue** | 15,673,765 | 12,780,250 |
| Territory Fee Revenue | 7,786,327 | 3,692,060 |
| Other Revenue | 356,408 | 239,240 |
| **Gross Profit** | 23,816,500 | 16,711,550 |
| **OPERATING EXPENSES** | | |
| Compensation Expense | 7,849,456 | 5,790,357 |
| Selling, General and Administrative Expense | 7,150,007 | 5,944,096 |
| Depreciation and Amortization Expense | 188,041 | 141,861 |
| **Total Operating Expenses** | 15,187,504 | 11,876,314 |
| **INCOME FROM OPERATIONS** | 8,628,996 | 4,835,236 |
| **OTHER INCOME (EXPENSE)** | | |
| Interest Income | 695,464 | 606,814 |
| Other Expense | - | (98,705) |
| (Loss) Gain on Sale of Property and Equipment | (56,158) | 31,531 |
| Loss on Sale of Company-Owned Franchises | (776,631) | (1,223,005) |
| Interest Expense | (1,883,695) | (1,176,504) |
| **Total Other Income (Expense)** | (2,021,020) | (1,859,869) |
| **NET INCOME** | 6,607,976 | 2,975,367 |
| **MEMBER'S EQUITY - BEGINNING OF YEAR** | 4,602,187 | 1,626,820 |
| **MEMBER'S EQUITY - END OF YEAR** | **$ 11,210,163** | **$ 4,602,187** |

The accompanying notes to consolidated financial statements
are an integral part of these statements

**SIGNAL 88, LLC**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | Years Ended December 31, | |
|---|---|---|
| | **2021** | **2020** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net Income | $ 6,607,976 | $ 2,975,367 |
| Adjustments to Reconcile Net Income to Net Cash | | |
| (Used In) Provided By Operating Activities: | | |
| Issuance of Notes Receivable For Territory Sales | (7,395,776) | (3,632,305) |
| Issuance of Notes for Purchase of Territories | 360,288 | 508,965 |
| Depreciation | 74,699 | 58,869 |
| Amortization | 113,342 | 82,992 |
| Increase in Territory Notes Allowance for Doubtful Accounts | 50,000 | - |
| Loss (Gain) on Sale of Property and Equipment | 56,158 | (31,531) |
| Loss on Sale of Goodwill | 65,107 | - |
| (Increase) Decrease in Assets: | | |
| Accounts Receivable | (16,633,009) | (4,597,218) |
| Prepaid Expenses | (99,131) | (188,676) |
| Inventory | (180,258) | (94,080) |
| Other Current Assets | 4,794 | (246,357) |
| Increase in Liabilities: | | |
| Accounts Payable | 3,168,170 | 6,100,211 |
| Sales Tax Payable | 413,002 | 34,505 |
| Accrued Liabilities | 784,638 | 352,079 |
| Incentive Plan Payable | 423,386 | - |
| Deferred Revenue - Franchise Fees | 8,538,624 | 1,004,982 |
| Net Cash (Used In) Provided By Operating Activities | (3,647,990) | 2,327,803 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Advances To Related Party | (1,641,703) | (17,355,155) |
| Payments Received on Notes Receivable | 2,748,190 | 1,833,060 |
| Purchase of Property and Equipment | (218,572) | (129,939) |
| Purchase of Goodwill on Territories | (48,711) | (55,147) |
| Proceeds from Sale of Property and Equipment | 27,782 | 77,689 |
| Net Cash Provided By (Used In) Investing Activities | 866,986 | (15,629,492) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Decrease in Checks Drawn Against Future Deposits | - | (75,192) |
| Net Advances (Payments) on Line of Credit | 3,238,000 | (868,839) |
| Additions to Long-Term Debt | 400,000 | 19,475,803 |
| Payments on Long-Term Debt | (2,628,321) | (977,701) |
| Net Cash Provided By Financing Activities | 1,009,679 | 17,554,071 |
| Net (Decrease) Increase in Cash and Cash Equivalents | (1,771,325) | 4,252,382 |
| **CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR** | 4,452,752 | 200,370 |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | **$ 2,681,427** | **$ 4,452,752** |
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION** | | |
| Interest Paid | $ 1,960,658 | $ 1,090,978 |
| **SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING INFORMATION** | | |
| Issuance of Notes Receivable for Territory Expansions | $ 7,886,650 | $ 521,590 |
| Franchises Purchased Through Issuance of Long-Term Debt | $ 360,288 | $ 508,965 |
| Goodwill on Franchises Purchased Through Issuance of Long-Term Debt | $ 139,712 | $ 220,000 |
| Vehicles Purchased Through Issuance of Long-Term Debt | $ - | $ 133,984 |
| Issuance of Notes Receivable for Vehicles | $ - | $ 112,000 |

The accompanying notes to consolidated financial statements
are an integral part of these statements

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Signal 88, LLC (the Company), is presented to assist in understanding the Company's consolidated financial statements. The consolidated financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

### Nature of Business

The original company, Signal 88 Franchise Group, Inc. (the Franchise Group) was formed in November 2007 with the objective of establishing franchises throughout the United States and Canada that provide security services to its customers. The Company's revenue is derived from its franchisees. On January 1, 2015, the Franchise Group was part of an equity transaction that resulted in a new company structure. Signal 88 Holdings, LLC was formed to own 100% of the Company. In June 2020, the Franchise Group redeemed the common stock of several owners and one individual now owns 100% of the common stock related to the Franchise Group. As a result, the purchase was financed by a loan where the Company was listed as the administrative borrower. The debt incurred from the purchase is summarized in Note F.

### Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Signal 88 Franchises, LLC, Securely Licensed, LLC, Signal 88 of California, Inc., and Fleet Services, LLC. Intercompany transactions and accounts have been eliminated in the accompanying consolidated financial statements.

### Franchise Operations

Continuing royalty and service fees are expected to be determined as a percentage of franchise unit sales. These fees are expected to be recognized as revenue in the period the sales are earned by the franchisees.

Company personnel support franchise unit owners by providing certain administrative, operational, technological, and sales and marketing assistance.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Franchise Operations (Continued)

The following is a summary of changes in the number of franchises for the years ended December 31,:

| | 2021 | 2020 |
|---|---|---|
| Company-owned franchises | | |
| In operation, beginning of year | 1 | - |
| Purchased during the year* | - | 1 |
| Sold during the year* | (1) | - |
| In operation, end of year | - | 1 |
| Individual franchises | | |
| In operation, beginning of year | 185 | 151 |
| New franchises sold during the year | 35 | 44 |
| Ceased operations during the year | (13) | (10) |
| Purchased by the Company during the year | - | - |
| In operation, end of year | 207 | 185 |
| Total in operation, end of year | 207 | 185 |

*On December 31, 2020, the Company purchased a franchise in Atlanta, Georgia. The franchise was sold on January 1, 2021.

### Revenue and Cost Recognition

Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) applies to all contracts with customers, except for customers that are within the scope of other standards, such as leases, insurance, collaboration arrangements and financial instruments. Under Topic 606, the Company recognizes revenue when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfied the performance obligation. The Company only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods and services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, the Company assesses the goods or services and promises within each contract and determines those that are performance obligations. The Company then assesses whether each promised good or service is distinct and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Revenue and Cost Recognition (Continued)

The Company has a direct contractual relationship with its security services contract customers for the services rendered and holds title to the related receivables. These contracts are considered to have a single performance obligation, which is to provide the security services as outlined in the contract. Revenues from these contracts are included in Security Revenue - Franchisee and the related direct costs are included in Cost of Service – Franchisee. Revenue and costs of revenue are recognized at the point in time when the services are provided. Typical payment terms for security service contract customers are net 30. Upon receipt of customer payments, the Company deducts fees for any amounts due to the Company from the related franchisee with respect to franchise fees, territory expansion fees, fleet service fees, royalties, or vehicle lease fees and within 30 days of original receipt remits any remaining funds to the franchisee.

New franchise agreements are considered to have two performance obligations. The first performance obligation is the performance of various pre-opening services (training, licensing, territory selection, system access setup, sales support, access to trademarks, website setup, marketing and lead development, vehicle identification, and sales support). The Company has estimated that these pre-opening services account for 20% of the fixed franchise fee stated in the new franchise agreement. The performance obligation for these pre-opening services is met at the point in time when all pre-opening services have been substantially performed, at which time the related revenue is recognized. The second performance obligation is the ongoing access to the intellectual property of the Company. This performance obligation is met over time as the franchisees consume the benefits of the intellectual property over the term of the agreement. Therefore, the remaining franchise fee is recognized ratably over the term of the franchise agreement as the second performance obligation is fulfilled.

Territory expansion agreements are considered to have one performance obligation, which is ongoing access to the intellectual property of the Company. This performance obligation is met over time as the franchisees consume the benefits of the intellectual property over the term of the expansion agreement. The term of the expansion agreements is the same as the underlying franchise agreement that is in place. Therefore, the remaining franchise fee is recognized ratably over the term of the franchise agreement as the second performance obligation is fulfilled.

Revenue from royalties is recognized in the period in which the underlying sale occurs.

Other revenue consists primarily of revenue from fleet services and vehicle sales to franchisees. Revenue from fleet services is recognized at the point in time when the services are performed. Other revenue from vehicle sales is recognized at a point in time when the vehicle transfers ownership.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Use of Estimates

Management uses estimates and assumptions in preparing these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates used.

### Cash and Cash Equivalents

The Company considers all highly liquid financial instruments with maturities of three months or less to be cash equivalents.

### Accounts Receivable

Accounts receivable are carried at the original invoice amount. Management determines the need for an allowance for doubtful accounts by regularly evaluating the accounts receivable listing and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received**.**

### Related Party Receivables

The Company has receivables with the Franchise Group and Signal 88 Holdings, LLC. The receivables are the result of an equity redemption that occurred with both entities in 2020 whereby the redemptions of ownership were paid by the Company. Further, there are additional ongoing transactions as a result of the equity redemption that will be paid by the Company and will result in additional related party receivables being recorded. Prior to 2020, the Related Party Receivable account reflected an amount due from the Franchise Group for expenses paid by the Company on behalf the Franchise Group.

### Property and Equipment

Property and equipment is recorded at cost. Additions, renewals, and betterments are capitalized if over $1,000, whereas expenditures for maintenance and repairs are expensed as incurred. The cost and related accumulated depreciation of assets retired or sold is removed from the appropriate asset and contra-asset accounts, with the resulting gain or loss recognized.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Property and Equipment (Continued)

Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives using straight-line methods. The estimated useful lives by type are as follows:

| | Years |
|---|---|
| Vehicles | 5 |
| Office and Computer Equipment | 3-10 |

### Franchise Rights and Trademarks

The Company's intangible assets include costs incurred to obtain trademarks and franchising rights for the Company. Franchise rights are amortized using the straight-line method over 15 years. The trademark is determined to have an indefinite life and is therefore not amortized, but instead evaluated annually for impairment.

### Goodwill

The Company began amortizing goodwill prospectively as of January 1, 2014, on a straight-line basis over 10 years. The Company evaluates goodwill for impairment at the entity level when a triggering event occurs that indicates that the fair value of the entity may be below its carrying amount. When a triggering event occurs, the Company first assesses qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs the quantitative test to compare the entity's fair value with its carrying amount, including goodwill. If the qualitative assessment indicates that it is not more likely than not that goodwill is impaired, further testing is unnecessary. The goodwill impairment loss, if any, represents the excess of the carrying amount of the entity over its fair value.

During the years ended December 31, 2021 and 2020, the Company performed assessments to determine if there were any indicators of impairment as a result of the operating conditions resulting from COVID-19. The Company concluded that while there have been events and circumstances in the environment that have impacted the Company, they have not experienced any specific indicators of impairment for goodwill that would require an impairment test.

### Compensated Absences

Employees of the Company are entitled to paid vacation and paid personal time off. The Company's policy is to accrue a liability for the estimated cost of compensated absences when actually earned by the employees and is included with accrued liabilities in the accompanying consolidated balance sheets.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Deferred Revenue – Franchise Fees

Deferred revenues from open and unopened franchise units consisted of the following as of December 31,:

| | 2021 | 2020 |
|---|---|---|
| Open units | $ 12,058,312 | $ 4,278,394 |
| Unopened units | 2,518,348 | 1,759,642 |
| Total | $ 14,576,660 | $ 6,038,036 |

### Income Taxes

The Company has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits. No provision for income taxes is required since the member reports the Company's taxable income or loss on their respective income tax return.

### Advertising

The Company expenses advertising costs as they are incurred. Advertising expense was $416,642 and $425,176 for the years ended December 31, 2021 and 2020, respectively.

### Upcoming Accounting Standard Pronouncements

The Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases* (Topic 842): a revision of the 2010 ASU, *Leases* (Topic 840), which once again revises a previous change to lease accounting standards. The FASB will require an entity to classify the right to use a leased asset as an asset and the obligation to make lease payments as a liability. The revised ASU contains other factors in determining the proper recording of related expenses. The FASB also decided on a dual approach for lessee accounting, with lease classification determined in accordance with the principle in existing lease requirements (that is, determining whether a lease is effectively an installment purchase by the lessee). A lessee therefore would account for most existing capital/finance leases as Type A leases (that is, recognizing amortization of the right-of-use (ROU) asset separately from interest on the lease liability) and most existing operating leases as Type B leases (that is, recognizing a single total lease expense). Both Type A leases and Type B leases result in the lessee recognizing a ROU asset and a lease liability. The new guidance is effective for fiscal years beginning after December 15, 2021.

### Subsequent Events

Management has evaluated subsequent events through March 21, 2022, which is the date the consolidated financial statements were available to be issued.

## NOTE B – CONCENTRATION OF CREDIT RISK

The Company has two types of financial instruments subject to credit risk. The Company maintains cash balances in a financial institution in which the balances sometimes exceed the federally insured limits. The Company's accounts receivable also subject the Company to credit risk.

## NOTE C – NOTES RECEIVABLE

The Company has secured non-interest bearing notes receivable for various franchise territory sales, franchise expansions, and vehicle sales. These notes mature at various dates from 2022 through 2027. Notes receivable consist of the following at December 31,:

| | 2021 | 2020 |
|---|---|---|
| Notes Receivable | $ 21,936,299 | $ 9,402,063 |
| Less: Allowance for Doubtful Accounts | (350,000) | (300,000) |
| Total | $ 21,586,299 | $ 9,102,063 |

The future minimum payments to be received for the years ending after December 31, 2021:

| Years Ending December 31, | Amount |
|---|---|
| 2022 | $ 4,160,908 |
| 2023 | 4,730,552 |
| 2024 | 5,889,772 |
| 2025 | 3,580,266 |
| 2026 | 2,401,566 |
| Thereafter | 1,173,235 |
| Less: Allowance for Doubtful Accounts | (350,000) |
| | $ 21,586,299 |

## NOTE D – INTANGIBLE ASSETS

The Company's intangible assets include franchise rights, trademarks and goodwill. During 2021 and 2020, the Company re-sold several territories resulting in goodwill disposals of $84,295 and $0, respectively. The Company amortizes goodwill over ten years. Amortization expense was $113,342 and $82,992 for the years ended December 31, 2021 and 2020, respectively.

## NOTE D – INTANGIBLE ASSETS (Continued)

Amortization expense for the next five years ended December 31, are expected as follows:

| Years Ending December 31, | Franchise Rights | Goodwill | Total |
|---|---|---|---|
| 2022 | $ 1,629 | $ 110,289 | $ 111,918 |
| 2023 | 1,222 | 110,289 | 111,511 |
| 2024 | - | 110,289 | 110,289 |
| 2025 | - | 70,053 | 70,053 |
| 2026 | - | 66,049 | 66,049 |
| Thereafter | - | 169,412 | 169,412 |
| | $ 2,851 | $ 636,381 | $ 639,232 |

Accumulated amortization for the franchise rights and goodwill was $488,094 and $393,938 as of December 31, 2021 and 2020, respectively.

## NOTE E – BANK REVOLVING LINE OF CREDIT

The Company has a $11,000,000 revolving line of credit financing arrangement with a financial institution. The agreement requires interest payable monthly at the London Interbank Offered Rate (4.00% at December 31, 2021) plus 3.25%, with a floor of 4%, and is secured by substantially all business assets and guaranteed by the chief executive officer of the Company, due in June 2023. The balance was $10,677,824 and $7,439,824 at December 31, 2021 and 2020, respectively.

## NOTE F – LONG-TERM DEBT

Long-term debt consists of the following at December 31,:

| | 2021 | 2020 |
|---|---|---|
| Note payable to a financial institution on behalf of the Franchise Group, as referenced in Note A, payable in monthly installments of $177,000, interest of 8.00%; due in June 2025, secured by substantially all assets of the Company. | $ 16,908,371 | $ 19,091,371 |
| Unsecured non-interest bearing note payable related to a franchise purchase, payable in monthly installments of $14,138, due in January 2024. | 353,448 | 508,965 |
| Unsecured non-interest bearing note payable related to a franchise purchase, payable in monthly installments of $8,000, due in March 2023. | 124,000 | 220,000 |
| Vehicle Loans payable to a financial institution, payable in monthly installments of $463 to $603, interest of 3.69%; due from October 2025 to November 2026, secured by certain vehicles. | 52,297 | 133,984 |

## NOTE F – LONG-TERM DEBT (Continued)

Long-term debt consists of the following at December 31,:

| | | |
|---|---|---|
| Unsecured non-interest bearing note payable related to a franchise purchase, payable in monthly installments of $3,750, due in February 2024. | $ 105,000 | $ - |
| Unsecured non-interest bearing note payable related to a franchise purchase, payable in monthly installments of $3,750, due in February 2024. | 105,000 | - |
| Unsecured non-interest bearing note payable related to a franchise purchase, payable in monthly installments of $6,389, due in February 2024. | 185,278 | - |
| Note payable to a business related to a franchise purchase, payable in monthly installments of $9,394, interest of 6.00%; due in December 2025. | 392,605 | - |
| Total long-term debt | 18,225,999 | 19,954,320 |
| Less current portion of long-term debt | (3,354,928) | (980,815) |
| | $ 14,871,071 | $ 18,973,505 |

The aggregate maturities of long-term debt for the years ending after December 31, 2021 are as follows:

| Years Ending December 31, | Amount |
|---|---|
| 2022 | $ 3,354,928 |
| 2023 | 4,006,891 |
| 2024 | 3,749,859 |
| 2025 | 7,108,260 |
| 2026 | 6,061 |
| | $ 18,225,999 |

## NOTE G – OPERATING LEASE

The Company leases office facilities and equipment under operating leases expiring in various years through 2026. Rent expense totaled $332,075 and $198,241 for the years ended December 31, 2021 and 2020, respectively.

## NOTE G – OPERATING LEASE (Continued)

The future minimum lease payments under noncancelable operating leases as of December 31, 2021 are as follows:

| Years Ending December 31, | Amount |
|---|---|
| 2022 | $ 336,040 |
| 2023 | 336,040 |
| 2024 | 336,040 |
| 2025 | 336,040 |
| 2026 | 224,026 |
| Total | $ 1,568,186 |

## NOTE H – INCOME TAXES

The Company is required to recognize, measure, present and disclose tax positions taken or expected to be taken on a tax return. Management has not taken any positions nor foresees any changes within the next 12 months for which it would be reasonably possible that the total amounts of unrecognized tax benefits will materially increase or decrease. Tax years that remain subject to examination by major tax jurisdictions are fiscal year 2018, 2019, 2020, and 2021.

## NOTE I – BENEFIT PLAN

The Company has a 401(k) profit sharing plan which covers substantially all employees upon completion of six months of service. The company did not make any discretionary contributions during the years ended December 31, 2021 and 2020.

## NOTE J – ECONOMIC DEPENDENCY

The following are the Company's major customers that exceed 10% of total sales and/or exceed 10% of trade accounts receivable at December 31,:

| | Percentage of Total Revenues | | Percentage of Accounts Receivable - Franchisee Contracts | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Customer A | 18% | 20% | 21% | 25% |

## NOTE K – RECLASSIFICATIONS

Certain reclassifications were made to the 2020 financial statements to conform to the 2021 presentation.

# SIGNAL 88, LLC

## CONSOLIDATED FINANCIAL STATEMENTS
## AND
## INDEPENDENT AUDITORS' REPORT

## YEARS ENDED DECEMBER 31, 2020 AND 2019

bland™ & associates
beyond accounting

BlandCPA.com

## Contents


| | Page |
|---|---|
| **INDEPENDENT AUDITORS' REPORT** | 1-2 |
| **CONSOLIDATED FINANCIAL STATEMENTS** | |
| Consolidated Balance Sheets | 3 |
| Consolidated Statements of Income and Changes in Member's Equity | 4 |
| Consolidated Statements of Cash Flows | 5 |
| Notes to Consolidated Financial Statements | 6-15 |

bland & associates
beyond accounting
Certified Public Accountants

# INDEPENDENT AUDITORS' REPORT

To the Member
Signal 88, LLC
Omaha, Nebraska

We have audited the accompanying consolidated financial statements of Signal 88, LLC (a Delaware limited liability company), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of income and changes in member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



450 Regency Parkway, Suite 340 Omaha, NE 68114 • (402) 397.8822 • f(402) 397.8649 www.BlandCPA.com

**INDEPENDENT AUDITORS' REPORT (Continued)**

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Signal 88, LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BLAND + ASSOCIATES, P.C.

Omaha, Nebraska
March 29, 2021



450 Regency Parkway, Suite 340 Omaha, NE 68114 • (402) 397.8822 • f(402) 397.8649 www.BlandCPA.com

**SIGNAL 88, LLC**
**CONSOLIDATED BALANCE SHEETS**

| ASSETS | December 31, 2020 | 2019 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash and Cash Equivalents | $ 4,452,752 | $ 200,370 |
| Accounts Receivable - Corporate | 242,294 | 112,204 |
| Accounts Receivable - Franchisee Contracts, Net of Allowance for Doubtful Accounts of $100,000 and $100,000 in 2020 and 2019, Respectively | 18,793,209 | 12,317,700 |
| Due from Franchisee, Net of Allowance for Doubtful Accounts of $250,000 and $250,000 in 2020 and 2019, Respectively | 5,203,978 | 7,597,845 |
| Current Portion of Notes Receivable | 2,488,281 | 1,659,312 |
| Inventory | 94,080 | - |
| Prepaid Expenses | 496,975 | 308,299 |
| Other Current Assets | 302,860 | 56,503 |
| Total Current Assets | 32,074,429 | 22,252,233 |
| **PROPERTY AND EQUIPMENT** | | |
| Vehicles | 281,673 | 451,580 |
| Office and Computer Equipment | 514,413 | 669,973 |
| | 796,086 | 1,121,553 |
| Less Accumulated Depreciation | (483,948) | (968,311) |
| Total Property and Equipment | 312,138 | 153,242 |
| **INTANGIBLE ASSETS** | | |
| Franchise Rights and Trademarks | 147,969 | 147,969 |
| Goodwill | 1,047,470 | 772,323 |
| | 1,195,439 | 920,292 |
| Less Accumulated Amortization | (393,938) | (310,946) |
| Total Intangible Assets | 801,501 | 609,346 |
| **OTHER ASSETS** | | |
| Notes Receivable, Less Current Portion, Net of Allowance for Doubtful Accounts of $300,000 and $300,000 in 2020 and 2019, Respectively | 6,613,782 | 5,258,020 |
| Related Party Receivables | 17,617,150 | 261,995 |
| Total Other Assets | 24,230,932 | 5,520,015 |
| | **$ 57,419,000** | **$ 28,534,836** |

| LIABILITIES AND MEMBER'S EQUITY | December 31, 2020 | 2019 |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Accounts Payable - Corporate | $ 35,103 | $ 96,311 |
| Accounts Payable - Franchisee Contracts | 17,738,569 | 11,577,150 |
| Checks Drawn Against Future Deposits | - | 75,192 |
| Sales Tax Payable | 302,281 | 267,776 |
| Accrued Liabilities | 1,308,680 | 956,601 |
| Deferred Revenue - Franchise Fees | 6,038,036 | 5,033,054 |
| Bank Revolving Line of Credit | 7,439,824 | 8,308,663 |
| Current Portion of Long-Term Debt | 980,815 | 367,394 |
| Total Current Liabilities | 33,843,308 | 26,682,141 |
| **LONG-TERM DEBT** | | |
| Long-Term Debt, Less Current Portion | 18,973,505 | 225,875 |
| Total Liabilities | 52,816,813 | 26,908,016 |
| **COMMITMENTS AND CONTINGENCIES** | - | - |
| **MEMBER'S EQUITY** | 4,602,187 | 1,626,820 |
| | **$ 57,419,000** | **$ 28,534,836** |

The accompanying notes to consolidated financial statements
are an integral part of these statements

**SIGNAL 88, LLC**
**CONSOLIDATED STATEMENTS OF INCOME AND CHANGES IN MEMBER'S EQUITY**

| | Years Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| **REVENUES** | | |
| Security Revenue - Franchisee | $ 133,237,915 | $ 95,843,420 |
| **Total Security Revenue** | 133,237,915 | 95,843,420 |
| **COST OF REVENUES** | | |
| Cost of Service - Franchisee | 120,457,665 | 86,786,121 |
| **Total Cost of Revenues** | 120,457,665 | 86,786,121 |
| **Gross Profit on Security Revenue** | 12,780,250 | 9,057,299 |
| Territory Fee Revenue | 3,692,060 | 2,592,230 |
| Other Revenue | 239,240 | 226,288 |
| **Gross Profit** | 16,711,550 | 11,875,817 |
| **OPERATING EXPENSES** | | |
| Compensation Expense | 5,790,357 | 4,872,844 |
| Selling, General and Administrative Expense | 5,944,096 | 5,104,521 |
| Depreciation and Amortization Expense | 141,861 | 178,050 |
| **Total Operating Expenses** | 11,876,314 | 10,155,415 |
| **INCOME FROM OPERATIONS** | 4,835,236 | 1,720,402 |
| **OTHER INCOME (EXPENSE)** | | |
| Interest Income | 606,814 | 625,518 |
| Other Expense | (98,705) | (60,806) |
| Gain (Loss) on Sale of Property and Equipment | 31,531 | (25,782) |
| Interest Expense | (1,176,504) | (455,152) |
| Loss on Sale of Goodwill | - | (369,422) |
| (Loss) Gain on Sale of Company-Owned Franchises | (1,223,005) | 18,935 |
| **Total Other Income (Expense)** | (1,859,869) | (266,709) |
| **NET INCOME** | 2,975,367 | 1,453,693 |
| **MEMBER'S EQUITY - BEGINNING OF YEAR** | 1,626,820 | 173,127 |
| **MEMBER'S EQUITY - END OF YEAR** | **$ 4,602,187** | **$ 1,626,820** |

The accompanying notes to consolidated financial statements
are an integral part of these statements

**SIGNAL 88, LLC**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | Years Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net Income | $ 2,975,367 | $ 1,453,693 |
| Adjustments to Reconcile Net Income to Net Cash | | |
| Provided By (Used In) Operating Activities: | | |
| Issuance of Notes Receivable For Territory Sales | (3,632,305) | (4,912,847) |
| Issuance of Note For Purchase of Territory | 508,965 | - |
| Depreciation | 58,869 | 73,422 |
| Amortization | 82,992 | 104,628 |
| Increase in Territory Notes Allowance for Doubtful Accounts | - | 200,000 |
| (Gain) Loss on Sale of Property and Equipment | (31,531) | 25,782 |
| Loss on Sale of Goodwill | - | 369,422 |
| (Increase) Decrease in Current Assets: | | |
| Accounts Receivable | (4,597,218) | (4,695,417) |
| Prepaid Expenses | (188,676) | (79,709) |
| Inventory | (94,080) | - |
| Other Current Assets | (246,357) | (2,420) |
| Increase in Current Liabilities: | | |
| Accounts Payable | 6,100,211 | 1,985,106 |
| Sales Tax Payable | 34,505 | 72,762 |
| Accrued Liabilities | 352,079 | 38,614 |
| Deferred Revenue - Franchise Fees | 1,004,982 | 2,656,693 |
| Net Cash Provided By (Used In) Operating Activities | 2,327,803 | (2,710,271) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| (Advances To) Repayments From Related Party | (17,355,155) | 173,403 |
| Payments Received on Notes Receivable | 1,833,060 | 1,617,677 |
| Purchase of Property and Equipment | (129,939) | (104,019) |
| Purchase of Goodwill on Territories | (55,147) | - |
| Proceeds from Sale of Property and Equipment | 77,689 | - |
| Net Cash (Used In) Provided By Investing Activities | (15,629,492) | 1,687,061 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| (Decrease) Increase in Checks Drawn Against Future Deposits | (75,192) | 75,192 |
| Net (Payments) Advances on Bank Revolving Lines of Credit | (868,839) | 994,591 |
| Additions to Long-Term Debt | 19,475,803 | - |
| Payments on Long-Term Debt | (977,701) | (497,904) |
| Net Cash Provided By Financing Activities | 17,554,071 | 571,879 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 4,252,382 | (451,331) |
| **CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR** | 200,370 | 651,701 |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | **$ 4,452,752** | **$ 200,370** |
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION** | | |
| Interest Paid | $ 1,090,978 | $ 455,517 |
| **SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING INFORMATION** | | |
| Issuance of Notes Receivable for Territory Expansions | $ 521,590 | $ 560,522 |
| Franchises Purchased Through Issuance of Long-Term Debt | $ 508,965 | $ - |
| Goodwill on Franchises Purchased Through Issuance of Long-Term Debt | $ 220,000 | $ - |
| Vehicles Purchased Through Issuance of Long-Term Debt | $ 133,984 | $ - |
| Issuance of Notes Receivable for Vehicles | $ 112,000 | $ 18,000 |

The accompanying notes to consolidated financial statements
are an integral part of these statements

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Signal 88, LLC (the Company), is presented to assist in understanding the Company's consolidated financial statements. The consolidated financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

### Nature of Business

The original company, Signal 88 Franchise Group, Inc. (the Franchise Group) was formed in November 2007 with the objective of establishing franchises throughout the United States and Canada that provide security services to its customers. The Company's revenue is derived from its franchisees. On January 1, 2015, the Franchise Group was part of an equity transaction that resulted in a new company structure. Signal 88 Holdings, LLC was formed to own 100% of the Company. In June 2020, the Franchise Group redeemed the common stock of several owners and one individual now owns 100% of the common stock related to the Franchise Group. As a result, the purchase was financed by a loan where the Company was listed as the administrative borrower. The debt incurred from the purchase is summarized in Note F.

### Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Signal 88 Franchises, LLC, Securely Licensed, LLC, Signal 88 of California, Inc., and Fleet Services, LLC. Intercompany transactions and accounts have been eliminated in the accompanying consolidated financial statements.

### Franchise Operations

Continuing royalty and service fees are expected to be determined as a percentage of franchise unit sales. These fees are expected to be recognized as revenue in the period the sales are earned by the franchisees.

Company personnel support franchise unit owners by providing certain administrative, operational, technological, and sales and marketing assistance.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Franchise Operations (Continued)

The following is a summary of changes in the number of franchises for the years ended December 31,:

| | 2020 | 2019 |
|---|---|---|
| Company-owned franchises | | |
| In operation, beginning of year | - | - |
| Purchased during the year* | 1 | - |
| Sold during the year | - | - |
| In operation, end of year | 1 | - |
| Individual franchises | | |
| In operation, beginning of year | 151 | 118 |
| New franchises sold during the year | 44 | 38 |
| Ceased operations during the year | (10) | (5) |
| Purchased by the Company during the year | - | - |
| In operation, end of year | 185 | 151 |
| Total in operation, end of year | 185 | 151 |

*On December 31, 2020, the Company purchased a franchise in Atlanta, Georgia. The franchise was sold on January 1, 2021.

### Revenue and Cost Recognition

Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) applies to all contracts with customers, except for customers that are within the scope of other standards, such as leases, insurance, collaboration arrangements and financial instruments. Under Topic 606, the Company recognizes revenue when a customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of Topic 606, the Company performs the following five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfied the performance obligation. The Company only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods and services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, the Company assesses the goods or services and promises within each contract and determines those that are performance obligations. The Company then assesses whether each promised good or service is distinct and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Revenue and Cost Recognition (Continued)

The Company has a direct contractual relationship with its security services contract customers for the services rendered and holds title to the related receivables. These contracts are considered to have a single performance obligation, which is to provide the security services as outlined in the contract. Revenues from these contracts are included in Security Revenue - Franchisee and the related direct costs are included in Cost of Service – Franchisee. Revenue and costs of revenue are recognized at the point in time when the services are provided. Typical payment terms for security service contract customers are net 30. Upon receipt of customer payments, the Company deducts fees for any amounts due to the Company from the related franchisee with respect to franchise fees, territory expansion fees, fleet service fees, royalties, or vehicle lease fees and within 30 days of original receipt remits any remaining funds to the franchisee.

New franchise agreements are considered to have two performance obligations. The first performance obligation is the performance of various pre-opening services (training, licensing, territory selection, system access setup, sales support, access to trademarks, website setup, marketing and lead development, vehicle identification, and sales support). The Company has estimated that these pre-opening services account for 20% of the fixed franchise fee stated in the new franchise agreement. The performance obligation for these pre-opening services is met at the point in time when all pre-opening services have been substantially performed, at which time the related revenue is recognized. The second performance obligation is the ongoing access to the intellectual property of the Company. This performance obligation is met over time as the franchisees consume the benefits of the intellectual property over the term of the agreement. Therefore, the remaining franchise fee is recognized ratably over the term of the franchise agreement as the second performance obligation is fulfilled.

Territory expansion agreements are considered to have one performance obligation, which is ongoing access to the intellectual property of the Company. This performance obligation is met over time as the franchisees consume the benefits of the intellectual property over the term of the expansion agreement. The term of the expansion agreements is the same as the underlying franchise agreement that is in place. Therefore, the remaining franchise fee is recognized ratably over the term of the franchise agreement as the second performance obligation is fulfilled.

Revenue from royalties is recognized in the period in which the underlying sale occurs.

Other revenue consists primarily of revenue from fleet services and vehicle leases to franchisees. Revenue from fleet services is recognized at the point in time when the services are performed. Other revenue from vehicle leases is recognized ratably over the lease term.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Use of Estimates

Management uses estimates and assumptions in preparing these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates used.

### Cash and Cash Equivalents

The Company considers all highly liquid financial instruments with maturities of three months or less to be cash equivalents.

### Accounts Receivable

Accounts receivable are carried at the original invoice amount. Management determines the need for an allowance for doubtful accounts by regularly evaluating the accounts receivable listing and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received**.**

### Related Party Receivables

The Company has receivables with the Franchise Group and Signal 88 Holdings, LLC. The receivables are the result of an equity redemption that occurred with both entities in 2020 whereby the redemptions of ownership were paid by the Company. Further, there are additional ongoing transactions as a result of the equity redemption that will be paid by the Company and will result in additional related party receivables being recorded. Prior to 2020, the Related Party Receivable account reflected an amount due from the Franchise Group for expenses paid by the Company on behalf the Franchise Group.

### Property and Equipment

Property and equipment is recorded at cost. Additions, renewals, and betterments are capitalized if over $1,000, whereas expenditures for maintenance and repairs are expensed as incurred. The cost and related accumulated depreciation of assets retired or sold is removed from the appropriate asset and contra-asset accounts, with the resulting gain or loss recognized.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Property and Equipment (Continued)

Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives using straight-line methods. The estimated useful lives by type are as follows:

| | Years |
|---|---|
| Vehicles | 5 |
| Office and Computer Equipment | 3-10 |

### Franchise Rights and Trademarks

The Company's intangible assets include costs incurred to obtain trademarks and franchising rights for the Company. Franchise rights are amortized using the straight-line method over 15 years. The trademark is determined to have an indefinite life and is therefore not amortized, but instead evaluated annually for impairment.

### Goodwill

The Company began amortizing goodwill prospectively as of January 1, 2014, on a straight-line basis over 10 years. The Company evaluates goodwill for impairment at the entity level when a triggering event occurs that indicates that the fair value of the entity may be below its carrying amount. When a triggering event occurs, the Company first assesses qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs the quantitative test to compare the entity's fair value with its carrying amount, including goodwill. If the qualitative assessment indicates that it is not more likely than not that goodwill is impaired, further testing is unnecessary. The goodwill impairment loss, if any, represents the excess of the carrying amount of the entity over its fair value.

During the year ended December 31, 2020, the Company performed an assessment to determine if there were any indicators of impairment as a result of the operating conditions resulting from COVID-19. The Company concluded that while there have been events and circumstances in the environment that have impacted the Company, they have not experienced any specific indicators of impairment for goodwill that would require an impairment test. No triggering events occurred during the year ended December 31, 2019 that required goodwill impairment testing and, accordingly, no impairment loss was recorded.

### Compensated Absences

Employees of the Company are entitled to paid vacation and paid personal time off. The Company's policy is to accrue a liability for the estimated cost of compensated absences when actually earned by the employees and is included with accrued liabilities in the accompanying consolidated balance sheets.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Deferred Revenue – Franchise Fees

Deferred revenues from open and unopened franchise units consisted of the following as of December 31,:

| | 2020 | 2019 |
|---|---|---|
| Open units | $ 4,278,394 | $ 3,601,698 |
| Unopened units | 1,759,643 | 1,431,356 |
| Total | $ 6,038,037 | $ 5,033,054 |

### Income Taxes

The Company has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits. No provision for income taxes is required since the member reports the Company's taxable income or loss on their respective income tax return.

### Advertising

The Company expenses advertising costs as they are incurred. Advertising expense was $425,176 and $357,236 for the years ended December 31, 2020 and 2019, respectively.

### Upcoming Accounting Standard Pronouncements

The Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases* (Topic 842): a revision of the 2010 ASU, *Leases* (Topic 840), which once again revises a previous change to lease accounting standards. The FASB will require an entity to classify the right to use a leased asset as an asset and the obligation to make lease payments as a liability. The revised ASU contains other factors in determining the proper recording of related expenses. The FASB also decided on a dual approach for lessee accounting, with lease classification determined in accordance with the principle in existing lease requirements (that is, determining whether a lease is effectively an installment purchase by the lessee). A lessee therefore would account for most existing capital/finance leases as Type A leases (that is, recognizing amortization of the right-of-use (ROU) asset separately from interest on the lease liability) and most existing operating leases as Type B leases (that is, recognizing a single total lease expense). Both Type A leases and Type B leases result in the lessee recognizing a ROU asset and a lease liability. The new guidance is effective for fiscal years beginning after December 15, 2021.

### Subsequent Events

Management has evaluated subsequent events through March 29, 2021, which is the date the consolidated financial statements were available to be issued.

## NOTE B – CONCENTRATION OF CREDIT RISK

The Company has two types of financial instruments subject to credit risk. The Company maintains cash balances in a financial institution in which the balances sometimes exceed the federally insured limits. The Company's accounts receivable also subject the Company to credit risk.

## NOTE C – NOTES RECEIVABLE

The Company has secured non-interest bearing notes receivable for various franchise territory sales, franchise expansions, and vehicle sales. These notes mature at various dates from 2021 through 2026. Notes receivable consist of the following at December 31,:

| | 2020 | 2019 |
|---|---|---|
| Notes Receivable | $ 9,402,063 | $ 7,217,332 |
| Less: Allowance for Doubtful Accounts | (300,000) | (300,000) |
| Total | $ 9,102,063 | $ 6,917,332 |

The future minimum payments to be received for the years ending after December 31, 2020:

| Years Ending December 31, | Amount |
|---|---|
| 2021 | $ 2,488,281 |
| 2022 | 2,310,418 |
| 2023 | 2,301,655 |
| 2024 | 1,295,701 |
| 2025 | 641,289 |
| Thereafter | 364,719 |
| | $ 9,402,063 |

## NOTE D – INTANGIBLE ASSETS

The Company's intangible assets include franchise rights, trademarks and goodwill. During 2020 and 2019, the Company re-sold several territories resulting in goodwill disposals of $0 and $457,941, respectively. The Company amortizes goodwill over ten years. Amortization expense was $82,992 and $104,628 for the years ended December 31, 2020 and 2019, respectively.

Amortization expense for the next five years ended December 31, are expected as follows:

| Years Ending December 31, | Franchise Rights | Goodwill | Total |
|---|---|---|---|
| 2021 | $ 1,629 | $ 104,747 | $ 106,376 |
| 2022 | 1,629 | 104,747 | 106,376 |
| 2023 | 1,222 | 104,747 | 105,969 |
| 2024 | - | 104,747 | 104,747 |
| 2025 | - | 62,218 | 62,218 |
| | $ 4,480 | $ 481,206 | $ 485,686 |

## NOTE D – INTANGIBLE ASSETS (Continued)

Accumulated amortization for the franchise rights and goodwill was $393,938 and $310,946 as of December 31, 2020 and 2019, respectively.

## NOTE E – BANK REVOLVING LINE OF CREDIT

The Company has a $9,500,000 revolving line of credit financing arrangement with a financial institution. The agreement requires interest payable monthly at the London Interbank Offered Rate (4.00% at December 31, 2020) plus 3.25%, with a floor of 4%, and is secured by substantially all business assets and guaranteed by the chief executive officer of the Company, due in December 2021. The balance was $7,439,824 and $8,308,663 at December 31, 2020 and 2019, respectively.

## NOTE F – LONG-TERM DEBT

Long-term debt consists of the following at December 31,:

| | 2020 | 2019 |
|---|---|---|
| Note payable to a financial institution on behalf of the Franchise Group, as referenced in Note A, payable in monthly installments of $177,000, interest of 8.00%; due in June 2025, secured by substantially all assets of the Company. | $ 19,091,371 | $ - |
| Unsecured non-interest bearing note payable related to a franchise purchase, payable in monthly installments of $14,138 due in January 2024. | 508,965 | - |
| Unsecured non-interest bearing note payable related to a franchise purchase, payable in monthly installments of $8,000 due in March 2023. | 220,000 | - |
| Vehicle Loans payable to a financial institution, payable in monthly installments of $463 to $603, interest of 3.69%; due from October 2025 to November 2026, secured by certain vehicles. | 133,984 | - |
| Note payable to a financial institution, payable in monthly installments of $10,417, interest of 5.96%; due in December 2021, secured by substantially all assets of the Company and guaranteed by the Company's chief executive officer. This note has been paid in full. | - | 341,695 |
| Unsecured non-interest bearing note payable related to a franchise purchase, payable in April 2020. This note has been paid in full. | - | 251,575 |
| Total long-term debt | 19,954,320 | 593,269 |
| Less current portion of long-term debt | (980,815) | (367,394) |
| | $ 18,973,505 | $ 225,875 |

## NOTE F – LONG-TERM DEBT (Continued)

The aggregate maturities of long-term debt for the years ending after December 31, 2020 are as follows:

| Years Ending December 31, | Amount |
|---|---|
| 2021 | $ 980,815 |
| 2022 | 3,119,618 |
| 2023 | 3,760,443 |
| 2024 | 3,577,781 |
| 2025 | 8,495,852 |
| Thereafter | 19,811 |
| | $ 19,954,320 |

## NOTE G – OPERATING LEASE

The Company leases office facilities and equipment under operating leases expiring in various years through 2025. Rent expense totaled $198,241 and $190,858 for the years ended December 31, 2020 and 2019, respectively.

The future minimum lease payments under noncancelable operating leases as of December 31, 2020 are as follows:

| Years Ending December 31, | Amount |
|---|---|
| 2021 | $ 223,010 |
| 2022 | 226,608 |
| 2023 | 227,213 |
| 2024 | 231,758 |
| 2025 | 156,551 |
| Total | $ 1,065,140 |

## NOTE H – LESSOR LEASES

The Company leases vehicles under operating leases expiring in various years through 2021. Rental income totaled $12,225 and $20,214 for the years ended December 31, 2020 and 2019, respectively. The cost of the vehicles being leased are included in the consolidated balance sheets as vehicles and were $66,577 and $122,299 at December 31, 2020 and 2019, respectively. Accumulated depreciation on the leased vehicles was $58,889 and $122,299 at December 31, 2020 and 2019, respectively.

Future minimum rental receipts from vehicle leases as of December 31, 2020 are as follows:

| Year Ending December 31, | Amount |
|---|---|
| 2021 | $ 1,500 |

## NOTE I – INCOME TAXES

The Company is required to recognize, measure, present and disclose tax positions taken or expected to be taken on a tax return. Management has not taken any positions nor foresees any changes within the next 12 months for which it would be reasonably possible that the total amounts of unrecognized tax benefits will materially increase or decrease. Tax years that remain subject to examination by major tax jurisdictions are fiscal year 2017, 2018, 2019, and 2020.

## NOTE J – BENEFIT PLAN

The Company has a 401(k) profit sharing plan which covers substantially all employees upon completion of six months of service. The company did not make any discretionary contributions during the years ended December 31, 2020 and 2019.

## NOTE K – ECONOMIC DEPENDENCY

The following are the Company's major customers that exceed 10% of total sales and/or exceed 10% of trade accounts receivable at December 31,:

| | Percentage of Total Revenues | | Percentage of Accounts Receivable - Franchisee Contracts | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Customer A | 20% | 12% | 25% | 18% |

## NOTE L – PANDEMIC

On March 10, 2020, the World Health Organization declared the coronavirus outbreak to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact of the economies and financial markets of many countries, including the geographical areas in which the Company operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Company, to date, the Company has not experienced any disruptions in daily activities.

## NOTE M – RECLASSIFICATIONS

Certain reclassifications were made to the 2019 financial statements to conform to the 2020 presentation.

**EXHIBIT H**
**(to Franchise Disclosure Document)**

## FRANCHISEE QUESTIONNAIRE ACKNOWLEDGEMENT

As you know, Signal 88, LLC, and you are preparing to enter into a Franchise Agreement for operating a Signal franchised business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you, either orally or in writing, that Signal has not authorized or that may be untrue, inaccurate or misleading, and to help ensure that Signal has complied with its franchise obligations. Please review each of the following questions carefully and provide an honest and complete response to each question.

This Questionnaire is to be completed by each franchisee (if the franchisee is an individual) or each owner of each franchisee (if the franchisee is an entity) immediately prior to signing a Franchise Agreement. Please use as many copies of this Questionnaire as may be necessary for each such person to fill out and sign his own Questionnaire.

1. Have you received and read the Signal Franchise Disclosure Document, including the Franchise Agreement, and all other attachments, for the state where you reside and where your franchised business will be located?

   Yes____ No____

2. Did you receive your Signal Franchise Disclosure Documents at least fourteen (14) calendar days before you paid any money and at least fourteen calendar days before you signed any agreement to buy your franchise?

   Yes____ No____

3. Have you received and read the following agreements (including but not limited to any addenda, exhibits, and other attachments for each such agreement)?

| | | |
|---|---|---|
| Franchise Agreement | Yes____ | No____ |
| Confidentiality Agreement | Yes____ | No____ |
| Security Agreement | Yes____ | No____ |
| Subcontract Agreement | Yes____ | No____ |
| Guaranty | Yes____ | No____ |

4. Were all blanks in the Franchise Agreement, and all related agreements (including but not limited to the agreements listed above), and each attachment (if any), and all inserts and changes (if any) completed and delivered to you in final form at least seven (7) calendar days before you signed them?

   Yes____ No____

5. Have you discussed the benefits and risks of operating a Signal franchise with an attorney, accountant or other professional advisor and do you understand those risks?

   Yes____ No____

 © 2022 SIGNAL 88, LLC

6. If not, did you have the opportunity to do so?

Yes____ No____

7. Do you understand that the success or failure of your franchise will depend in large upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes____ No____

NOTE: Questions 8 through 12 below do not apply to information you may have been given directly by any existing franchisees of Signal.

8. Has any employee or other person speaking on behalf of Signal made any written or oral statement or promise concerning the actual or projected revenues, profits or operating costs of a Signal business (other than what is clearly included in the Franchise Disclosure Document or Franchise Agreement)?

Yes____ No____

9. Has any employee or other person speaking on behalf of Signal made any written or oral statement or promise regarding the amount of money you may earn in operating the franchised business (other than what is clearly included in the Franchise Disclosure Documents or Franchise Agreement)?

Yes____ No____

10. Has any employee or other person speaking on behalf of Signal made any written or oral statement or promise concerning the likelihood of success that you should or might expect to achieve from operating the Signal franchise?

Yes____ No____

11. Has any employee or other person speaking on behalf of Signal made any written or oral statement, promise or agreement concerning the advertising, marketing, training, support services or assistance that Signal will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document or Franchise Agreement?

Yes____ No____

12. Has any employee or other person speaking on behalf of Signal made any other written or oral statement, promise or agreement relating to the Signal franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document or Franchise Agreement?

Yes____ No____

 © 2022 SIGNAL 88, LLC

13. Did any employee or other person speaking on behalf of Signal make any statements, representations, or promises to you that pertain to obligations of Signal or information not stated in the Franchise Agreement or this Franchise Disclosure Document?

Yes____ No____

If you have answered "Yes" to any of questions 8 through 12, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of the foregoing questions, please leave the following lines blank.

_____
_____
_____
_____
_____
_____
_____
_____

Furthermore, to ensure that your decision to purchase a Signal franchise is based upon your own independent investigation and judgment, please read the following statements and, if you agree with all such statements, complete and sign this Acknowledgement.

14. I acknowledge that I am entering into the Franchise Agreement solely as a result of my own independent investigation and not as a result of any representations, statements, or promises made by Signal or its agents that are not contained in the Franchise Agreement.

15. Without limiting the acknowledgment in paragraph 13 above, I specifically acknowledge that am not relying on any representations, statements, or promises of Signal or its agents concerning Signal, the System, the financial performance achieved by other franchisees or company-owned outlets, the financial performance that I might achieve or might expect to achieve, or any other aspect of the franchise offering that are not contained in the Franchise Agreement.

16. I acknowledge that Signal does not furnish and does not authorize its employees or agents to furnish any oral or written information concerning actual performance of existing franchises or other outlets, or actual or potential sales, costs, income, or profits of the Franchised Business, other than what is contained in the Franchise Agreement or the Franchise Disclosure Document Signal gave to me.

17. I have made my own independent determination that I have adequate working capital to develop, open and operate my franchise.

18. I understand that my investment in a Signal franchise has substantial business risks and that there is no guarantee that it will be profitable.

 © 2022 SIGNAL 88, LLC

19. I acknowledge that any representations made to me concerning the financial performance of the Franchised Business are only estimates, and that the success of my Signal franchise depends in large part upon my ability as an independent businessperson and my active participation in the day-to-day operation of the business, as well as local market conditions.

20. I have been advised by Signal and its representatives to seek professional legal and financial advice in all matters concerning the purchase of my Signal franchise.

21. I acknowledge that I have had ample opportunity to consult with my own attorneys, accountants, and other advisors and that the attorneys for Signal have not advised or represented me with respect to this Agreement or the relationship thereby created.

22. I and my advisors have sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise Agreement.

23. The name(s) of the person(s) with whom I dealt in the purchase of my Signal franchise is/are:

_____

_____

24. I acknowledge that neither Signal nor any affiliate, employee, agent, or representative of Signal has guaranteed that I will derive any income from the Franchised Business, or that Signal will refund all or part of the price paid for the Franchised Business or repurchase any of the products, equipment, supplies, or goods supplied by Signal if I am unsatisfied with the Franchised Business.

25. I acknowledge that all material statements, representations, and promises that were made orally prior to the execution of the Franchise Agreement were consistent with the statements, representations, and promises contained in the Franchise Agreement and this Franchise Disclosure Document and did not suggest any additional or different information or grant or impose any additional or different rights or obligations from what are stated in the Franchise Agreement and Franchise Disclosure Document.

26. I understand that my answers are important to Signal and that Signal will rely on them. I also understand that the persons listed above in paragraph 22 and other officers, directors, employees and representatives of Signal (and, if you have had any contact with any Signal 's affiliates, of such affiliates) have acted in a representative and not an individual capacity in all conduct with you; and that none is personally liable for any reason.

27. By signing this Questionnaire, I am representing that I have responded truthfully to the questions and acknowledgements numbered 1 through 27.

 © 2022 SIGNAL 88, LLC

Date:_____

_____
Signature

_____
Printed Name

 © 2022 SIGNAL 88, LLC

**EXHIBIT I**
**(to Franchise Disclosure Document)**

**RELEASE**

You must sign the Release below as a condition to your entry into the Franchise Agreement. The Release, however, only applies to the extent it is not prohibited by applicable law.

 © 2022 SIGNAL 88, LLC

**RELEASE**

This Release ("Release") is entered into effective as of _____, 20____ (the "Effective Date") in favor of Signal 88, LLC, a Delaware limited liability company ("Franchisor") by _____, a/an _____ ("Franchisee"), and _____, and _____ (collectively referred to as "Guarantors"). Terms not otherwise defined herein shall have the meaning attributed to them in the Franchise Agreement (defined below).

1. Recitals. Franchisor and Franchisee have signed that certain Signal Franchise Agreement dated _____ (the "Franchise Agreement"), relating to the Signal business to be located in _____, _____ (the "Business"). Guarantors have executed the Franchise Agreement and agreed to guaranty Franchisee's performance thereunder. The rights related to the Business granted under the Franchise Agreement are referred to herein as the "Franchise". As a condition to the grant of rights to Franchisee and Franchisor's execution of the Franchise Agreement, Franchisor requires that Franchisee and Guarantors release all claims that each of them may have against Franchisor relating to the Franchise, the Franchise Agreement and the Business as of the Effective Date.

2. Release of Franchisor and Related Parties. Franchisee and the Guarantors, for themselves and on behalf of their current and former officers, directors, shareholders, members, partners, affiliates, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Franchisee Releasing Parties"), absolutely and unconditionally waive, release and forever discharge Franchisor and its current and former officers, directors, shareholders, members, partners, affiliates, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Franchisor Released Parties"), from all claims, demands, obligations, liabilities, actions, and causes of actions whatsoever, in law or equity, that any Franchisee Releasing Party has, or may have, arising under or related to the Franchise, the Franchise Agreement, the Business or any other matters between the Franchisor Released Parties and the Franchisee Releasing Parties, whether known or unknown, that occurred on or before the Effective Date, provided that this Release only applies to the extent it is not prohibited by applicable law.

3. Covenant Not to Sue. The Franchisee Releasing Parties agree not to commence any proceeding of any nature against the Franchisor Released Parties based on any claim, demand, agreement, obligation, liability or cause of action whatsoever, in law or equity, that has been released pursuant to Section 2 above. The Franchisee Releasing Parties represent and warrant that they have not assigned to anyone any claim related to the claims described in Section 2 that may now or subsequently be asserted against the Franchisor Released Parties.

4. Voluntary Action. Franchisee and Guarantors represent and warrant to Franchisor that each of them has had the opportunity to consult with independent legal counsel and other professional advisors of their choice with respect to this Release and has concluded on its or his own behalf that the provision of this Release serves its or his own best interests. Franchisee and Guarantors confirm that it or he or she voluntarily entered into this Release of its or his or her own free will and without undue pressure from any source or reliance on any representation or statement of any kind that is not set forth or expressly referred to in this Release.

5. Counterparts. This Release may be executed in multiple counterparts, all of which shall together be deemed to constitute one final agreement, and each such counterpart shall be deemed to be an original, binding the party who subscribed it. A signature transmitted by fax or email/PDF shall be deemed an original signature that is effective and binding for all purposes.

 © 2022 SIGNAL 88, LLC

6. Governing Law; Jurisdiction and Venue. This Release will be governed by and interpreted and enforced in accordance with the laws of the State of Nebraska, disregarding its conflicts of laws principles. The parties mutually agree that jurisdiction and venue to adjudicate any dispute that arises under or with respect to this Release will lie exclusively with and in the state and federal courts sitting in Douglas County, Nebraska.

EXECUTED AND DELIVERED as of the Effective Date.

FRANCHISEE:

_____,
a/an _____

By: _____
Name: _____
Title: _____

GUARANTORS:

_____ _____
Name: _____ Name: _____

**ACKNOWLEDGED AND ACCEPTED BY FRANCHISOR:**

SIGNAL 88, LLC,
A Delaware limited liability company

By: _____
Name: _____
Title: _____


© 2022 SIGNAL 88, LLC

## STATE EFFECTIVE DATES

The following states require that the disclosure document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates.

| STATE | EFFECTIVE DATE |
|---|---|
| California | Pending Registration |
| Florida | Pending Registration |
| Hawaii | Pending Registration |
| Illinois | Pending Registration |
| Indiana | Pending Registration |
| Maryland | Pending Registration |
| Michigan | June 19, 2021 |
| Minnesota | Pending Registration |
| New York | Pending Registration |
| North Dakota | Pending Registration |
| Rhode Island | Pending Registration |
| South Dakota | Pending Registration |
| Utah | March 29, 2022 |
| Virginia | Pending Registration |
| Washington | Pending Registration |
| Wisconsin | Pending Registration |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## RECEIPT

This disclosure document summarizes certain provisions of the Agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Signal offers you a franchise, Signal must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or fourteen calendar days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least ten business days before the execution of any binding franchise agreement or other agreement or the payment of any consideration, whichever occurs first.

If Signal 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, DC 20580 and your State's regulatory agency listed on Exhibit A.

The franchisor is Signal 88, LLC located at 3880 South 149th Street, Suite 102, Omaha, NE 68244. Its telephone number is (877) 498-8494.

The franchise seller for this offering is (i) Reed Nyffeler, or (iv) _____, whose contact information is as follows: at 3880 South 149th Street, Suite 102, Omaha, NE 68144, (877) 498-8494.

Date of Issuance: April 22, 2022.

The name and address of the franchisor's registered agent to receive service of process is listed in Exhibit B.

I have received a disclosure document dated April 22, 2022, that included the following Exhibits:

| | |
|---|---|
| Exhibit A | - Table of State Franchise Authorities |
| Exhibit B | - Agents for Service of Process |
| Exhibit C | - State Addenda to Franchise Disclosure Document |
| Exhibit D | - Franchise Agreement, Exhibits, State Addenda, SBA Addendum |
| Exhibit E-1 | – Financing Agreement (Franchise Fees), Exhibits |
| Exhibit E-2 | – Financing Agreement (Operations Line of Credit), Exhibits |
| Exhibit F | - List of Franchisees and Company-Owned Business Units |
| Exhibit G | - Financial Statements |
| Exhibit H | - Franchisee Questionnaire Acknowledgment |
| Exhibit I | - Release |

**[Signatures appear on next page]**

**PROSPECTIVE FRANCHISEE:**

**If a corporation or other business entity:**

**_____**
**(Name of Entity)**

**By:_____**
**(Signature)**
**Printed Name: _____**

**Title: _____**
**Date: _____**

**If an individual:**

**_____**
**(Printed Name)**

**_____**
**(Signature)**
**Date: _____**

**TWO COPIES OF THIS RECEIPT ARE PROVIDED. PLEASE DATE, SIGN, AND RETURN ONE COPY (BOTH PAGES) TO:**

**SIGNAL 88, LLC**
**3880 S. 149th Street, Ste. 102**
**Omaha, NE 68144**
**Attention: Reed L. Nyffeler**
**rnyffeler@teamsignal.com**
**facsimile - (402) 502-2078**

**PLEASE KEEP ONE COPY OF THIS RECEIPT FOR YOUR RECORDS.**

## RECEIPT

This disclosure document summarizes certain provisions of the Agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Signal offers you a franchise, Signal must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or fourteen calendar days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least ten business days before the execution of any binding franchise agreement or other agreement or the payment of any consideration, whichever occurs first.

If Signal 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, DC 20580 and your State's regulatory agency listed on Exhibit A.

The franchisor is Signal 88, LLC located at 3880 South 149th Street, Suite 102, Omaha, NE 68244. Its telephone number is (877) 498-8494.

The franchise seller for this offering is (i) Reed Nyffeler, or (ii) _____, whose contact information is as follows: at 3880 South 149th Street, Suite 102, Omaha, NE 68144, (877) 498-8494.

Date of Issuance: April 22, 2022.

The name and address of the franchisor's registered agent to receive service of process is listed in Exhibit B.

I have received a disclosure document dated April 22, 2022, that included the following Exhibits:

| | |
|---|---|
| Exhibit A | - Table of State Franchise Authorities |
| Exhibit B | - Agents for Service of Process |
| Exhibit C | - State Addenda to Franchise Disclosure Document |
| Exhibit D | - Franchise Agreement, Exhibits, State Addenda, SBA Addendum |
| Exhibit E-1 | – Financing Agreement (Franchise Fees), Exhibits |
| Exhibit E-2 | – Financing Agreement (Operations Line of Credit), Exhibits |
| Exhibit F | - List of Franchisees and Company-Owned Business Units |
| Exhibit G | - Financial Statements |
| Exhibit H | - Franchisee Questionnaire Acknowledgment |
| Exhibit I | - Release |

**[Signatures appear on next page]**

**PROSPECTIVE FRANCHISEE:**

**If a corporation or other business entity:**

**_____**
**(Name of Entity)**

**By:_____**
**(Signature)**
**Printed Name: _____**

**Title: _____**
**Date: _____**

**If an individual:**

**_____**
**(Printed Name)**

**_____**
**(Signature)**
**Date: _____**

**TWO COPIES OF THIS RECEIPT ARE PROVIDED. PLEASE DATE, SIGN, AND RETURN ONE COPY (BOTH PAGES) TO:**

**SIGNAL 88, LLC**
**3880 S. 149th Street, Ste. 102**
**Omaha, NE 68144**
**Attention: Reed L. Nyffeler**
**rnyffeler@teamsignal.com**
**facsimile - (402) 502-2078**

**PLEASE KEEP ONE COPY OF THIS RECEIPT FOR YOUR RECORDS.**