



## DEALER LOAN AGREEMENT

**Company Name:** \_\_\_\_\_

**Street Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip Code** \_\_\_\_\_

### To Security Equity Partners, LLC (herein called SEP)

WHEREAS undersigned Company (herein called Dealer) regularly sells Security Equipment and desires to offer a plan whereby a qualified customer may elect to purchase Security Equipment from Dealer on a credit account (herein called the Contract). Using information provided by the customer, credit information concerning such customer is completely and accurately obtained by Dealer. A Customer Contract (herein called the Contract) is established by customer execution of the Monitoring & Equipment Contract describing his rights and obligations with respect to the Agreement.

WHEREAS Dealer desires SEP, to loan against contracts at the said price agreed upon between both the Dealer and SEP, as per the terms of this Agreement in an amount equal to: fifteen times (15x) the recurring monthly revenue for a 24-month term; twenty three times (23x) the recurring monthly revenue for a 36-month loan term, twenty seven (27x) the recurring monthly revenue for a 42-month loan term or thirty times (30x) the recurring monthly revenue for a 48-month term.

Whereby SEP will fund the amount described herein as per the Funding Information in this Agreement. Whereby dealer will be responsible for the monitoring service and cost to the dealer's designated central station. SEP will be responsible for the cost of billing and servicing of each contract for the initial term period of the loan.

#### A. It shall be agreed that:

1. By its acceptance of this Agreement, SEP promises that it shall advance on loan, or refuse to advance on loan, each Contract within (3) days after the Contract, properly assigned, has been delivered to SEP. SEP will identify those Contracts it agrees to advance and service and will return those Contracts it refuses.
2. Dealer will provide Buyer with three-day right of recession.
3. Dealer will provide SEP with a duly completed "Monitoring Service Take-over Statement" with each take-over account submitted for funding.
4. Dealer agrees immediately after each customer signs a Contract that the customer copy will be detached and delivered to customer. The original signature copy of the Contract shall be delivered to SEP.
5. Customers will only be billed via Electronic Funds Transfer (EFT or ACH) or Credit Card.
6. SEP will fund dealer within 48 hours following confirmation from the central station that the panel is tested, active and locked down through SEP.
7. Dealer must submit Contracts to SEP within five 5 business days after the customer's system is installed and activated with the Central Station.

8. If SEP employs legal counsel, other than a salaried employee, to collect any liquidated damages or the repurchase price due from Dealer, SEP may charge to Dealer its actual expense for such collection expenses and attorneys fees.
9. SEP's rights, remedies, and powers under this Agreement are cumulative. Any delay or failure by SEP to exercise any right, power, or remedy which SEP may have at any time under the terms of this Agreement shall not constitute a waiver thereof by SEP, and no single or partial exercise by SEP of any right, power, or remedy shall preclude other or further exercise thereof, or any exercise of any other right, powers, or remedies.
10. SEP reserves the right to cancel this Security Dealer Agreement without cause with 30 days written notice to Dealer.

#### **B. Return of Contract.**

1. Upon dealer's fulfillment of contractual obligations totaling twenty four (24) monthly installments on a twenty four (24) month contract, thirty six (36) monthly installments on a thirty six (36) month contract, forty two (42) monthly installments on a forty two (42) month contract or forty eight (48) monthly installments on a forty eight (48) month contract, SEP will cancel the assignment of said Contract and return said Contract to dealer.
2. Dealer agrees to keep loan in good standings at all time. Dealer agrees to replace or repurchase any account that is sold through fraudulent means where SEP believes misrepresentations were made, becomes 91 day delinquent or take-over accounts whereby the previous service and billing are not properly cancelled.
3. At the end of the customers "Contract" term, SEP will continue to provide billing and servicing. A monthly billing fee of \$3.50 including merchant processing fees will be charged for each account and deducted from the proceeds paid to dealer on the 10th day of each month for the previous month of generated revenue. Dealer may elect to opt out of billing and servicing and have the full contract assigned back to the dealer from SEP by sending notice to SEP to do so. Dealer understands and agrees that if SEP is not notified prior to the renewal date, SEP will continue to process customer payments and will deduct \$3.50 per account for servicing until notified. Dealer further agrees to give SEP a 30 day notice to cancel billing and assign contract(s) back to dealer. All payments will be sent to dealer (less \$3.50 per contract) within the cancellation period and no future payments will be processed by SEP without the dealers consent.
4. **In the event dealer becomes insolvent and is no longer capable of rendering services and maintenance to qualified accounts and/or fails to maintain payment on invoices with monitoring company and becomes more than 90 days delinquent, Contracts assigned by Dealer to SEP will become the sole property of SEP. Upon default, SEP reserves the rights to assign and/or sell said contracts to offset the fees and losses for the dealers default. SEP agrees to notify dealer in writing and will send notices at thirty (30) days, sixty (60) days and a final notice at ninety (90) days before SEP takes final action. SEP agrees to refund dealer any proceeds from a sale after the SEP loan portfolio, monitoring fees and technician servicing fees are paid in full. Should fees occur during the 90 days period and Dealer is able to resolve all matters pertaining to default, dealer will be responsible to pay all fees to SEP for any and all charges incurred by SEP for the subcontracting of service or maintenance of the account within 30 days or invoice. Any Contracts pending the release of funds will not be funded to dealer and will be applied to the SEP loan portfolio, the monitoring company or subcontractor to maintain service without interruption.**

- C. **To induce SEP to loan against Dealers Contracts with a replacement provisions to keep the loan in good standing, the undersigned represents and warrants to SEP that:**

1. Dealer has the power to enter into this agreement.
2. There are no outstanding litigations or judgments against Dealer.
3. Dealer shall comply with all applicable federal, state and local laws to engage in the business of the sales, installation and maintenance activities provided for in this Agreement.
4. Dealer is not in default of any municipality regulations or ordinances or laws.
5. If a corporation or Limited Liability Company, Dealer is and will continue to be throughout the term of this Agreement a legal existing entity, qualified to do business in each state in which it is doing business.
6. If required by state law, Dealer and all appropriate employees shall obtain and maintain in full force and effect all licenses and permits necessary to operate Dealer's business.
7. Dealer shall charge, collect and remit to appropriate governmental agencies any applicable sales or other taxes due.
8. Dealer has and will have unrestricted authority to assign Contracts to SEP in accordance with this Agreement, and, if a corporation or Limited Liability Company, Dealer and its Board of Directors or managing Partners or members have done everything necessary to properly assign the Contracts to SEP, including the execution and delivery of all collateral instruments securing payment of the Contracts and any other appropriate instruments.
9. Dealer owns the Contracts to be loaned against and serviced, free of any claims, liens, security interests, charges, or other encumbrances.
10. Each Contract shall be a binding indebtedness arising from a good faith sale as described in the Contract to the person(s), specified as the Buyer(s) and that the Buyer(s) will use the Security Equipment sold, unless otherwise indicated by Dealer and approved by SEP.
11. Each Contract has been or will have been incurred for legally sufficient consideration and all obligations of guarantors, sureties, and other primary and secondary obligors with respect to any and all such Contracts were or will have been validly incurred for legally sufficient consideration and constitute binding obligations of such guarantors, sureties and other primary and secondary obligors, respectively.
12. Dealer shall comply with state and Federal laws relating to Credit Applications, including the Fair Credit Reporting Act and the Equal Credit opportunity Act ("ECOA"). When applying for credit, customers shall be given any notices required by state law. Dealer shall keep written complaints and a log of oral complaints of ECOA violations for 25 months.
13. There is and shall be no effective legal or equitable defenses, set-offs, or counterclaims against any of the Contracts.
14. None of the Contracts have been sold by Dealer prior to being offered to SEP;
15. No obligations with respect to the Contracts shall have been obtained or induced by fraud, false or misleading representations, unfair or deceptive trade practices, or other unlawful conduct.
16. Dealer shall obtain credit information concerning the customer on an appropriate form in compliance with state and federal law. Buyer's/Customer's credit information shall be provided to SEP in complete and accurate form.
17. Each of the Contracts and all fees or other charges included or to be included in the Amount Financed complies or will comply with the requirements of all applicable laws; and Dealer has completed or will have completed all necessary acts with respect to the Contracts;
18. No agreement exists or will exist where any provision of a Contract has or will be varied in any way.
19. Entering into this agreement does not result in SEP liability to pay any commission or finder's fee to dealer.
20. Dealer warrants that by executing this Agreement they are not violating the terms of any existing agreement in force with another company or entity.

21. All statements furnished by Dealer in the Dealer Application are true.
22. Dealer agrees that any Contract assigned by an employee or agent of Dealer will convey full and legal assignment of such Contract and SEP is entitled to rely on such authority.

#### **D. Equipment Installation**

1. Dealer shall take all steps necessary to professionally install all Security Equipment related to Customer Contracts. During the term of the Customer Agreement, Dealer shall promptly carry out any maintenance services necessary to maintain the Security Equipment of a specific Customer Account in a first-class condition.
2. Should Dealer fail to comply with the terms of Paragraph D.1, SEP at its discretion shall send a letter to Dealer documenting non-compliance and allow dealer seventy-two (72) hours to provide the requested maintenance. If following the 72-hour period, Dealer has failed to provide the necessary maintenance; SEP shall have the right to select an independent service technician to provide said maintenance. Dealer shall be responsible to reimburse SEP for all service fees paid by SEP on Contracts assigned by Dealer. SEP will provide Dealer with a written service invoice(s) and Dealer shall make payment to SEP within thirty days (30) of invoice. If payment is not recovered within thirty days (30) of invoice, Dealer authorizes SEP to deduct any service invoice(s) from Dealer's future Contract funding, delay the return of any Contract after the initial Contract term to recover any unpaid service invoices, purchase, and has the right to sell, assign or cancel said contract(s) to recover its losses.
3. Dealer guarantees all performance and extended warranties (including, but not limited to merchantability and fitness) and all service or similar agreements made by Manufacturer, Dealer, or any other person relating to Security Equipment which is the subject of any Contract, even if any such warranty, service, or similar agreements are not immediately effective. Unless such agreement provides otherwise, Dealer agrees to provide repairs and service to Buyer(s) of the Security Equipment at his usual rates of charge.
4. Dealer shall, within ten (10) business days of its receipt provide SEP with a copy of any written complaint from any Buyers(s) relating to any Contract.

#### **E. Indemnification and Insurance**

1. Dealer shall indemnify SEP and hold it harmless from and against all loss, cost, damage, and expense, including reasonable attorneys fees, at any time incurred (i) because of any liability of Dealer, Manufacturer, or any other person or entity (other than SEP) related to any Security Equipment which is the subject of any sale or damage incurred during installation of said Equipment or to any services performed or goods furnished by Dealer, Manufacturer, or any other person or entity to perform such services or furnish goods: (ii) because of any liability of Dealer or any action at any time taken or omitted to be taken by Dealer: or (iii) because of the breach or falsity of any agreements in this Agreement.
2. Dealer shall indemnify SEP and hold it harmless from and against all loss, cost, damage, and expense, including attorney's fees, at any time incurred by SEP because of any violation of state or Federal law or regulation or other illegal or actionable conduct. (i) Resulting from acts or omissions by Dealer or its agents in connection with the sale of Security Equipment or services, or (ii) resulting from the documents used in connection with the transaction, including, but not limited to documents given to the Buyer pertaining to warranties, service agreement, credit disclosures, insurance, and sales application and Contract forms, or (iii) resulting from any liability SEP incurs by reason of Notice included on Contract which is required by FTC Trade Regulation Rule regarding Buyers Claims and Defenses. However, Dealer's liability for sufficiency of document contents does not apply to any document provided by SEP, but shall apply to any other failures or omissions by Dealer or its agents related to any such document furnished by SEP including, but not limited to Dealer's failure in completing any such document, or properly delivering copies to Buyers. SEP's liability to Dealer with

respect to any Contract financed and assigned shall not exceed the paid by SEP to the Dealer in connection to that transaction, and SEP shall in no event be liable for any incidental, consequential, special, punitive, or exemplary damages whatsoever.

3. SEP shall be subrogated to any causes of action or other rights that Dealer may have against Manufacturer, Service Provider or other person or entity to the extent necessary to insure that the SEP is fully indemnified. Default by Buyer whether with or without notice to Dealer shall not impair or void Dealer's obligation under this Agreement.
4. Dealer and all of its subcontractors will at all times during the term of this Agreement maintain in full force and effect policies of general liability insurance on an "occurrence" basis, with coverage of not less than \$500,000 per occurrence. Dealer shall deliver a copy of the certificate of insurance to SEP evidencing such coverage upon the signing of this Agreement and annually thereafter during the term of this Agreement. All such insurance policies are in full force and **effect and Dealer has not been advised by any of its insurance carriers of any defaults by Dealer** or of such carriers' intentions to terminate any of such insurance policies, nor has Dealer failed to comply with any of the material conditions contained in such policies.

#### **F. Non-solicitation and Non-Compete**

1. Dealer agrees that during the period commencing on the date of each Customer Contract and ending after the initial term of 36 and all payments have been paid by the Buyer, or upon return of said Contract to Dealer, neither Dealer nor anyone acting on his behalf, shall take any actions intended to, or having the foreseeable effect of, adversely affecting SEP's or its Affiliates' relationship with any such client or Subscriber.

#### **G. Remedies for Breach**

1. Dealer agrees that:
  - a) The prohibitions and terms of this agreement shall apply to Dealer, any present and future Affiliates, Principals, officers whether present or future, directors, employees and agents of both parties (collectively "Agents");
  - b) Any action taken by Dealer or their Agents in violation of this agreement would result in substantial damages to SEP, and such damages would be very difficult to quantify. As a result, in the event of any violation of Paragraph (N) by a Principal, Dealer or any of their Agents, SEP shall be entitled to damages from Dealer in an amount equal to payments due to SEP under the remainder of the Customer Contract, not to exceed 48 times the total Monthly Fees payable to SEP. Such liquidated damages shall not be deemed to be a penalty and this sum is intended to reflect and compensate SEP for loss of future cash flow, and potential harm to its reputation.

#### **H. Dealer Requirements for Acceptance of Dealer Agreement by SEP:**

1. Signed and Completed Dealer Application and Agreement through SEP.
2. Security Dealers License.
3. Certificate of Liability insurance.
4. Tax ID Number

#### **I. Security Equity Partners Fees to Dealer**

1. A one-time non-refundable dealer application fee of \$99.00 payable to Security Equity Partners, LLC with submission of Dealer Application which includes a complete background check, programming set up and training on platform. A fee in the amount of \$5.00 will be charged for each ACH transaction to Dealer's checking account for account funding.

2. A \$20.00 fee will be charged for any Dealer in request of an overnight package sent by Federal Express or other overnight service.
3. A \$2.00 fee will be charged for each credit report processed by Security Equity Partners. The minimum/maximum monthly fee(s) for credit report processing will be \$20.00 and will be automatically deducted from the method of payment provided by dealer. Dealer may elect out of the program at any time by notify SEP in writing. Dealer understand that by receiving notification to cancel its program access, SEP will remove Dealers access to the underwriting system/platform and payment processing data from Dealers bank account or credit card for credit report processing fees.

This agreement contains the entire agreement between the parties, and all prior representations, promises and conditions, whether oral or written, in connection with the subject matter hereof, are merged herein. The validity, interpretation, enforceability, and performance of this agreement shall be governed by and construed in accordance with the laws of the State of Illinois and/or applicable federal laws, rules, and regulations.

Dealer hereby sells, assigns, and transfers, to SEP, all right, title, and interest of Dealer in and to all Contracts and all other instruments reflecting sales or charges made pursuant thereto made under this Agreement, and Authorizes SEP to do every act and thing necessary to collect and discharge same, including the right to endorse any check or draft made payable to Dealer in connection with this obligation, and to take, in Dealer's name or otherwise, all such legal or other proceeding as Dealer might have taken, but for this Assignment. SEP is now and hereafter authorized and empowered to execute all documents on behalf of any in the same name of Dealer and is expressly empowered and authorized to assign and endorse on behalf of Dealer any and all instruments necessary in the ordinary and usual course of business, which are appropriate to carry out the intent of this Agreement.

SEP's acceptance of this proposal shall constitute the foregoing an Agreement between Dealer and SEP which shall inure to the benefit of and bind their respective heirs, successors and assigns.

Dealer: \_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## ACCEPTANCE

SEP acknowledges receipt of the above Agreement, will rely on the agreements, representation, and warranties contained therein for the financing and assignment of Contracts from the above Dealer, and will perform Security Equity Partner's agreements set forth therein

**Security Equity Partner's, LLC**

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By: James Miller, President

