

FRANCHISE DISCLOSURE DOCUMENT

SECURITY FRANCHISORS, LLC
a Georgia Limited Liability Company
2465 Mercer Avenue, Suite 101
West Palm Beach, Florida 33401
(800) 261-2041
www.Security101.com

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The franchise offered is for the operation of a commercial security business that will provide sales, engineering, installation and monitoring of electronic access control; closed circuit television; and intrusion detection systems for commercial enterprises under the name "SECURITY 101®."

The total initial investment necessary to begin operation of a SECURITY 101 business is from \$103,250 to \$206,000. This includes \$35,000 that must be paid to the franchisor or its affiliate.

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 Steve Crespo at 2465 Mercer Avenue, Suite 101, West Palm Beach, Florida 33401, (800) 261-2041.

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, DC 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.

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STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit B for information about the franchisor, about other franchisors, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES THAT THE FRANCHISEE MEDIATE AND ARBITRATE DISAGREEMENTS WITH THE FRANCHISOR ONLY IN THE STATE OF FLORIDA. OUT OF STATE MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE AND ARBITRATE WITH THE FRANCHISOR IN FLORIDA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW.
3. THE FRANCHISE AGREEMENT REQUIRES THAT THE FRANCHISEE LITIGATE ITS DISAGREEMENTS WITH THE FRANCHISOR ONLY IN THE STATE OF FLORIDA. OUT OF STATE LITIGATION MAY COST MORE THAN LITIGATING IN YOUR HOME STATE. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES.
4. IF YOUR MONTHLY ROYALTY FEE IS LESS THAN YOUR REQUIRED MONTHLY PAYMENT, THEN WE WILL HAVE THE RIGHT TO WITHDRAW FROM YOUR BANK ACCOUNT AN AMOUNT EQUAL TO THE GREATER OF THE MONTHLY MINIMUM PAYMENT.

STATE EFFECTIVE DATES

The following states require that the Franchise 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 Franchise 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:

| <u>STATE</u> | <u>EFFECTIVE DATE</u> |
|--------------|-----------------------|
| CALIFORNIA | |
| FLORIDA | |
| ILLINOIS | |
| INDIANA | |
| MARYLAND | |
| MICHIGAN | |
| MINNESOTA | |
| NEW YORK | |
| NORTH DAKOTA | |
| RHODE ISLAND | |
| SOUTH DAKOTA | |
| UTAH | |
| VIRGINIA | |
| WASHINGTON | |
| WISCONSIN | |

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