

FRANCHISE DISCLOSURE DOCUMENT



Signal 88, LLC, a Delaware limited liability company 3880 S. 149th Street, Suite 102 Omaha, NE 68144 877-498-8494 rnyffeler@signal88.com www.signal88.com

We're Here[®]

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 88 Security. 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 88 Security franchise ranges from \$51,950 and \$218,650. This includes between \$45,000 to \$150,000 which must be paid to the franchisor or 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 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 "<u>A Consumer's Guide to Buying a Franchise</u>," 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.

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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 A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INTIAL 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 YOU TO RESOLVE DISPUTES WITH US BY MEDIATION, AT OUR OPTION, IN DOUGLAS COUNTY, NEBRASKA. OUT-OF-STATE MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE WITH US IN NEBRASKA THAN IN YOUR OWN STATE. THE FRANCHISE AGREEMENT REQUIRES THAT CERTAIN DISPUTES WITH US NOT SUBJECT TO MEDIATION MUST BE RESOLVED BY LITIGATION IN DOUGLAS COUNTY, NEBRASKA. IT MAY COST YOU MORE TO LITIGATE WITH US IN NEBRASKA THAN IN YOUR OWN STATE.
- 2. THE FRANCHISE AGREEMENT STATES THAT NEBRASKA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3. YOUR SPOUSE AND ALL OWNERS/PARTNERS AND THEIR SPOUSE(S) MUST PERSONALLY GUARANTEE ALL OF THE OBLIGATIONS UNDER THE FRANCHISE AGREEMENT WHETHER OR NOT THEY PARTICIPATE IN THE OPERATION OF THE FRANCHISED BUSINESS. SPOUSE(S) MUST SIGN THE GUARANTY AND ASSUMPTION OF OBLIGATIONS AGREEMENT BECOMING JOINTLY AND SEVERALLY LIABLE FOR ALL DEBTS OF THE FRANCHISE. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISEE AND SPOUSE(S) AT RISK.
- 4. 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.
- 5. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.

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