

## **ASSOCIATE AGREEMENT**

This AGREEMENT is made effective by and between “NAT Alarm, Inc.,” a corporation that organized and existing under the laws of the State of Texas with a principal place of business at 3673 Westcenter Drive, Houston, Texas 77042 (hereinafter referred to as “NAT”) and the undersigned individual (hereinafter referred as “Associate”)

### **RECITALS**

**WHEREAS, Associate is desirous of the employment as an independent outside sales person providing home security and alarm system monitoring to prospective customers;**

**WHEREAS, NAT is engaged as an authorized dealer in the business of providing home security and alarm system monitoring for residential and commercial customers on a national scale.**

**WHEREAS, NAT has offered to Associate compensation as set forth under the terms and conditions in this Agreement and NAT commission schedules as amended from time to time, and Associate is willing to associate and be employed with NAT on such terms and conditions.**

**WHEREAS, Associate acknowledges and agrees the association and employment with NAT is on an exclusive basis in that, representation of other dealers or monitoring companies by Associate during the term of this Agreement constitutes a material violation of this Agreement and shall be considered a repudiation and termination of this Agreement by Associate.**

**NOW THEREFORE, in consideration of the above recitals, the mutual promises and agreements contained herein are mutually agreed as follows:**

### **SECTION ONE RELATIONSHIP AND DUTIES**

#### **A. Scope and Duties:**

Associate shall and hereby does associate him/herself with NAT to obtain qualified customers who will apply to NAT to obtain security system and alarm monitoring services for their home or their business. Associate must use the means and manner by which those duties shall be performed, as approved and prescribed by NAT guidelines and procedures. Associate agrees to comply with all rules, regulations, guidelines, instructions, and procedures, either now in existence or issued from time to time.

#### **B. Professional Standards:**

Associate will perform his/her duties under this Agreement in accordance with the

laws of the State of Texas, the United States and any other applicable state and/or Municipal Laws, rules and regulations. In particular, Associate covenants that he or she comply with federal and state regulations. Associate has an obligation to all Customers to ensure that Customers are advised of the various service options available prior to obtaining and submitting customer service agreement to NAT.

**C. Representation of NAT:**

Associate agrees that he/she is not authorized to bind NAT in any agreements including, but not limited to agreements for advertising, marketing, promotions, etc. unless specifically authorized in writing by NAT in writing prior to the execution of such agreements. Associate agrees that all promotional material used referencing NAT, its products, or pricing must be approved by NAT prior to its distribution and unless otherwise agreed upon in writing by NAT, the cost of the promotional material will be the sole responsibility of the Associate except as set forth herein, Associate shall not have any authority, nor hold out to have any authority, to represent or obligate NAT in any manner whatsoever.

**D. Fiduciary Duty:**

Associate acknowledges that NAT, as an authorized dealer, may bear the responsibility to third parties for all actions of its employees. Associate hereby acknowledges and agrees that Associate is responsible for providing satisfactory service to prospective customers. Associate understands that the services and products offered by NAT must be suitable to the need of the customers.

**E. Advertising and Marketing:**

Associate shall have the authority to represent NAT by business cards, advertisements, or other media documents, that Associate is employed by NAT pursuant to obtaining service agreements. Associate shall not engage in any advertising or any media marketing materials that are not approved by NAT.

**F. Other Business Activities:**

Associate may engage in other business activities to the extent such other activities do not interfere or conflict with Associate's employment, responsibilities, loyalties, obligations and duties described herein. Notwithstanding the terms of this Agreement, Associate shall not (i) be associated with, or representative of, or enter into an agreement of any kind with any other home or commercial alarm companies, or ii) provide any home security alarms or commercial security alarms except on behalf of NAT. Further, Associate agrees that before engaging in, investing in or being a part of (in any capacity) any other business or business activities that relate to, conflict with, or arise out of the security alarm business, Associate shall submit a detailed written request to NAT for permission to engage in, invest in, or be a part of (in any capacity) any such other business or business activities requesting written approval from NAT. If written approval is not given by NAT to the Associate, then it is presumed that the Associate is not permitted to engage in, invest in or be a part of in any capacity said business or business activities, and Associate agrees not to do so.

G. Customer Applications:

NAT, in its sole discretion, may reject any customers for any reason, and NAT is under no obligation or requirement to extend its services to these customers.

H. Expenses:

Associate shall promptly pay all expenses relating to the performance of Associate's duties under this Agreement, including but not limited to indebtedness to NAT. Associate shall be solely responsible for all of his/her expenses, including but not limited to travel, entertainment, education, dues, office expenses, subscription, licenses, etc., and shall receive no remuneration or reimbursement of any nature whatsoever other than the commissions referred to herein.

I. Licenses:

Associate shall, if required by state law, obtain the appropriate security alarm license (or any other required licenses) in each jurisdiction in which and from which Associate solicits, offers or obtains services in each jurisdiction, where required by law, in which and from which Associate receives Compensation. Associate will bear the cost of an initial and renewal fees for licensing and registrations. Associate will make payment as instructed by NAT. Associate shall comply with the terms, conditions and restrictions on use contained in any and all license or other contractual agreements between third party product and service providers and NAT. Associate further agrees to comply with the terms of any contractual agreement into which Associate is required to enter with any third party product and service provider approved by NAT.

J. Records:

Associate shall follow company guidelines and policies to maintain accurate and current records of all sales entered into pursuant to this Agreement. Such books and records shall conform to the requirements of federal and state laws, the rules and regulations of appropriate regulatory agencies, and the policies and procedures of NAT. Associate shall maintain an accurate and current file of all commission statements and other records and correspondences received from NAT and notify NAT in writing within Thirty (30) days after NAT making available such statements, records and correspondence, if any of them is inconsistent with Associate's records or, in the opinion of Associate, not accurate. All books and records of Associate and all their transactions shall be maintained for a period of at least three (3) years.

K. Background Information:

The Associate agrees that NAT shall have the right to run credit, employment and other financial and background criminal investigations on the Associate at the time NAT deems useful, whether such investigation is conducted by NAT or by an outside service or third party. The Associate consents to such investigations and consents to the disclosure of any person or entity to NAT of any financial, background and employment information conducted by NAT or by an outside service or third party.

L. Photographs:

The Associate irrevocably consents to and forever authorizes the use by NAT or anyone authorized by NAT, its legal representatives or assigns, the absolute and unqualified right to use all photographs in which the Associate has appeared for NAT and reproductions thereof, in which the Associate has been included in whole or part, made through any media without, in which the Associate has been included in whole or part, made through any media without inspection or approval of the finished product or use to which it may be applied, in any manner NAT may desire, factually or fictionally the right to make adaptation of said material of every and any kind and character. NAT may adopt, arrange, change, dramatize, make musical versions of, interpolate in, transpose, add to, and subtract from such photographs and reproductions to such extent as NAT, in its sole discretion, may desire, and in any form and upon any and all adaptations thereof to renew such copyrights. The Associate releases and discharges NAT, its assigns, agents, or licensees from any and all claims and demands and damages of any kind that the Associate may have, which arise out of or in connection with the use of such photographs or reproductions, including but not limited to, any and all claims of libel, slander, and invasion of privacy.

#### M. NAT's Exclusive Property

Any and all inventions, ideas, improvements, processes, devices, products, new uses, know-how, discoveries, trade secrets, or other information learned, created, discovered or utilized by the Associate resulting from his/her work performed in connection with NAT (including that which Associate alone or jointly with others may conceive, invent, produce, or reduce to practice during his/her work performed in connection with NAT) shall be the exclusive and sole property of NAT and be kept confidential by Associate. Associate acknowledges and agrees the above mentioned shall be the sole and exclusive property of NAT and shall be kept confidential whether patentable or unpatentable. Associate expressly waives any and all rights, interests and claims to any such inventions, ideas, improvements, processes, devices, products, new uses, know-how, discoveries, trade secrets, or other information learned, created, discovered or utilized by the Associate (alone or jointly with others) resulting from his/her work performed in connection with NAT.

## **SECTION TWO GENERAL COVENANT**

In the course of Associate's past and future relationship with NAT, and because of the nature of Associate's responsibilities, Associate has previously acquired, and may in the future acquire additional, valuable trade secrets, proprietary data and other confidential information (collectively, "Confidential Information") with respect to NAT's Customers, competitors and business. Such trade secrets, proprietary data and other confidential information include but are not limited to the following: NAT's existing and contemplated services, products, business and financial methods and practices, plans, pricing, selling techniques, computer hardware and software systems, and special methods and processes involved in providing services, lists of NAT present and prospective Customers, methods of obtaining Customers, credit and financial data of the NAT's present and prospective Customers, particular business requirements of NAT's present and prospective Customers. In addition, Associate on behalf of NAT, has developed, and may in the future further enhance or develop, personal acquaintances and

relationships with NAT's present and prospective Customers, which acquaintances and relationships may constitute NAT's only contact with such persons or entities. As a consequence thereof, the parties agree that Associate occupies or will occupy a position of trust and confidence with respect to NAT's affairs and its products and services. In view of the foregoing and in consideration of the remuneration to be paid to Associate and for his relationship, Associate acknowledges and agrees that it is reasonable and necessary for the protection of the goodwill and business of NAT that Associate make the covenants contained in Section Three herein regarding the conduct of Associate during and subsequent to relationship with NAT, and that NAT will suffer irreparable injury if Associate engages in conduct prohibited thereby. Associate represents that observance of the aforementioned covenants will not cause Associate any undue hardship nor will it unreasonably interfere with Associate's ability to earn a livelihood. The covenants contained herein shall each be construed as a separate agreement independent of any other provision of this Agreement, and the existence of any claim or cause of action of Associate against NAT, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by NAT of any of those covenants.

### **SECTION THREE**

#### **CONFIDENTIALITY; COVENANT NOT TO COMPETE**

A. Acknowledgements by Associate. In consideration of the willingness of NAT to associate itself with the Associate in further consideration of all compensation to be paid to Associate by NAT under the terms and conditions of this Agreement, Associate agrees as follows:

- (1) NAT would not have entered into this Agreement if Associate had not agreed to the terms and provisions of this Section;
- (2) the covenants not to compete set forth in this Section are fair and reasonable, and will not impose any undue hardship on Associate, because Associate has other considerable skills, experience and education which afford Associate the opportunity to derive income from other endeavors;
- (3) the information provided by NAT to Associate is confidential to NAT, and constitutes a valuable, special and unique asset of NAT, with respect to which NAT is entitled to the protections afforded by this Section and to the remedies for enforcement of this Section provided by law or in equity (including, without limitation, those remedies the availability of which may be within the discretion of the court or arbitrator that presides over any action for enforcement of this Section).

#### **B. Confidential Information.**

- (a) Except in the normal and proper course of performing Associate's duties and exercising Associate's rights, Associate and Associate's owners, officers, directors and Affiliates, shall not use for their own account or in any other business, any Confidential Information which Associate may obtain from NAT, its agents, representatives, employees or Affiliates, or otherwise by virtue of Associate's association with NAT.
- (b) Associate shall hold in strict confidence, and shall not disclose to any Person (other than Associate and its employees and agents), any Confidential Information.

Confidential Information may only be divulged with the direct written consent of the President of NAT or if required by a court of law or administrative tribunal, and then only with sufficient prior notice to NAT to enable NAT to seek a protective order.

(c) The foregoing obligations materially affect the successful conduct of the business of NAT and its goodwill. Any breach of the terms of this Section shall constitute a material breach of this Agreement, and, without limitation on other remedies available to NAT, shall constitute immediate grounds for (1) termination of this Agreement and (2) retention by NAT of all sums owed to Associate by NAT.

(d) Upon expiration or termination of this Agreement for any reason, Associate shall remain bound by the provisions of this Section.

C. Return of Confidential Information. Promptly after the termination of the relationship with NAT for any reason and whether or not pursuant to an relationship agreement, Associate will deliver to NAT all originals and copies of all Confidential Information, including but not limited to memoranda, customers lists, samples, records, documents, computer programs, computer hard drives and backup drives and other materials requested by NAT which he has obtained from NAT while serving in any such capacity.

D. Reasonable Assurances. Associate further agrees to do all things reasonably necessary, including implementation of those procedures which may be contained in the Confidential Operations Manuals, to prevent any of the employees, representatives, agents and Affiliates of Associate from disclosing any Confidential Information to any Person, including requiring each employee, representative, agent and Affiliate of Associate to sign a non-disclosure agreement in a form approved by NAT before being authorized by Associate to have access to such information.

E. Covenant Not to Compete. Associate agrees that (i) during the Term of this Agreement and within a geographic area including the entire United States of America and (ii) for Two (2) years following the expiration or termination of this Agreement and within a geographic area including each Territory granted to Associate and Five (5) miles from radius from NAT's office the Associate was assigned:

(1) Associate shall not, either directly or indirectly, for himself, or through, on behalf of, or in conjunction with any other Person or cause any other Person to do any of the following:

(a) divert or attempt to divert any business or borrower of NAT to any competitor, by direct or indirect inducement or otherwise;

(b) employ or seek to employ any Person who is at that time employed by or affiliated with NAT or by any other Associate of NAT, or otherwise directly or indirectly induce or seek to induce such Person to leave his or her employment with NAT; or

(c) own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any interest in any business (including any business operated by Associate prior to entry into this Agreement) specializing, in whole or in part, in providing services and products the same as or similar to any of those offered, sold or provided through NAT or the business of NAT.

(2) Associate shall not engage in any business or be involved in any operation of the same nature as, or of a similar nature to NAT, including the offering of products and/or

services which may be reasonably construed as essentially undifferentiated from those products and or services offered, or actively planned to be offered, by NAT.

(3) Associate shall not accept employment, consult for or participate, directly or indirectly, in the ownership or management of any enterprise engaged in a business similar to or the business of NAT.

(4) Neither Associate, nor any Person with whom Associate is at the time affiliated, shall directly or indirectly, hire or offer to hire or entice away or in any manner persuade or attempt to persuade any officer, employee, agent, representative, supplier or customer of NAT or its Affiliates, or otherwise to discontinue his or her relationship with NAT.

(5) Associate agrees to do all things reasonably necessary to prevent any employees, representatives and agents of Associate from competing with NAT or taking any other action in contravention of this Section including requiring each employee, representative and agent to sign a covenant not to compete in a form approved by NAT before becoming employed by Associate.

F. Remedies. The parties hereby agree that if Associate violates or threatens to violate any of the provisions of this Section it would be difficult to determine the entire cost, damage or injury which NAT would sustain. Accordingly, Associate acknowledges that if he violates or threatens to violate any of the provisions of this Section NAT may have no adequate remedy at law. In that event, NAT shall have the right, in addition to any other rights that may be available, to obtain in any court of competent jurisdiction injunctive relief to restrain any violation or threatened violation by Associate of any provision of this Section or to compel specific performance by Associate of one or more of his obligations under this Section. The seeking or obtaining by NAT of such injunctive relief shall not foreclose or in any way limit their right to obtain a money judgment against Associate for any damage that may result from any breach by the Associate of any provision of this Agreement.

G. Reformation of Covenants. Associate acknowledges that the covenants contained in this Section are reasonable in geographical and temporal scope and in all other respects. If any court determines that any of such covenants, or any part thereof, are unenforceable, then (1) the remainder of such covenants shall not be affected by such determination and (2) those of such covenants that are determined to be unenforceable because of the duration or scope thereof shall be reformed by the court to reduce their duration or scope only to the least extent required to render the same enforceable against the Associate.

H. Non-Solicitation of Customers. Notwithstanding any other Section or provision of this Agreement, during Associate's relationship with NAT, and for a period of two (2) years following termination of Associate's relationship with NAT for any reason whatsoever and within the reasonable geographical territory of five (5) miles radius from NAT's office the Associate was assigned and except in the good faith furtherance of the interests of NAT, Associate will not, without the express written consent of NAT, contact prospective customers or existing NAT members that the associate has come to know because of the relationship with NAT, including any person, firm, association or corporation. Associate will not directly or indirectly make any such contact, either for his

benefit or for the benefit of any person, firm, association or corporation to make any such contact.

I. Non-Interference. Notwithstanding any other Section or provision of this Agreement, during Associate's relationship with NAT, and for a period of two (2) years following termination of Associate's relationship with NAT for any reason whatsoever, Associate shall not induce or encourage, directly or indirectly, (i) any Associate of NAT to leave his or her relationship, or to seek relationship with anyone other than NAT, unless it has been determined by NAT that such Associate's performance or other characteristics or circumstances are such that Associate's leaving NAT is in the best interests of NAT, or (ii) any Customer of NAT to modify or terminate any relationship, whether or not evidenced by a written contract, with NAT unless it has been determined by NAT that such modification or termination is in the best interests of NAT.

#### **SECTION FOUR COMPENSATION**

A. For all services to be rendered hereunder, Associate shall be paid on a commission basis only, in the amounts and at the times set forth on NAT's commission schedules as amended from time to time. Associate's compensation shall be reported on Federal form 1099 as an independent contractor. NAT shall, in its sole and absolute discretion, have the right to change, modify, alter, or decrease any commissions payable pursuant to this Agreement; provided, however, that any changes, modifications, alterations, or decreases shall be effective when amended.

B. Any money and value owed by Associate to NAT, any debt, and any money and value which has been advanced or credited by or on behalf of NAT to, or for the benefit of, Associate, represents a loan and may be offset and deducted by NAT from any commissions or other money or value then or thereafter owed by NAT to Associate pursuant to this Agreement or owed by NAT to Associate. NAT is hereby authorized by Associate to deduct from commissions due the amount of any commissions paid to Associate in connection with any payment or amount that NAT refunds to Associate's Customer.

C. Except as set forth above, Associate shall receive no other compensation of any kind whatsoever under this Agreement. Associate will not receive any fringe benefits under this Agreement whatsoever, including but not limited to insurance benefits, disability income, paid vacation, expense reimbursement or retirement benefits unless otherwise specifically provided for in this Agreement.

#### **SECTION FIVE INDEMNIFICATION**

Associate shall indemnify NAT for and hold it harmless from and against any and all claims, losses, liabilities, damages, taxes, penalties, fines, forfeitures, reasonable and necessary legal fees and expenses, judgments, and other costs and expenses that NAT may sustain arising and/or resulting from any claim, demand, defense or assertion based on or grounded upon, or resulting from a breach of any representation, warranty, or covenant by Associate under this Agreement.

## **SECTION SIX ARBITRATION**

### **A. Mediation.**

THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT (INCLUDING ANY EXHIBIT AND ATTACHMENTS), THE AGREEMENTS CONTEMPLATED HEREBY OR THE RELATIONSHIP CREATED BY THIS AGREEMENT TO NONBINDING MEDIATION PRIOR TO BRINGING SUCH CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL. THE MEDIATION SHALL BE CONDUCTED THROUGH A MEDIATOR AGREED TO BY ALL THE PARTIES, RULES AT NAT'S CORPORATE HEADQUARTERS IN HOUSTON, TEXAS. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING COMPENSATION AND EXPENSES OF THE MEDIATOR (AND EXCEPT FOR THE ATTORNEYS FEES INCURRED BY EITHER PARTY), SHALL BE BORNE BY THE PARTIES EQUALLY. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN THE MATTER SHALL BE SUBMITTED TO ARBITRATION IN ACCORDANCE WITH THE SECTIONS BELOW TO RESOLVE SUCH CLAIM, CONTROVERSY OR DISPUTE UNLESS SUCH TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES. NOTWITHSTANDING THE FOREGOING, NAT MAY BRING AN ACTION (1) FOR MONIES OWED, (2) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF, OR (3) INVOLVING THE POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY IN A COURT HAVING JURISDICTION, WITHOUT FIRST SUBMITTING SUCH ACTION TO MEDIATION OR ARBITRATION.

### **B. Arbitration**

(1) EXCEPT AS PROVIDED IN THIS AGREEMENT, NAT AND ASSOCIATE AGREE THAT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THE BUSINESS, ASSOCIATE'S ESTABLISHMENT OR OPERATION OF THE BUSINESS UNDER THIS AGREEMENT (AND ANY AMENDMENTS THERETO) INCLUDING, BUT NOT LIMITED TO, ANY CLAIM BY ASSOCIATE, OR PERSONS CLAIMING ON BEHALF OF ASSOCIATE, CONCERNING THE ENTRY INTO, THE PERFORMANCE UNDER OR THE TERMINATION OF THE AGREEMENT, OR ANY OTHER AGREEMENT BETWEEN NAT, OR ITS AFFILIATES, AND ASSOCIATE, ANY CLAIM AGAINST A PAST OR PRESENT OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF NAT, INCLUDING THOSE OCCURRING SUBSEQUENT TO THE TERMINATION OF THIS AGREEMENT, THAT CANNOT BE AMICABLY SETTLED AMONG THE PARTIES OR THROUGH MEDIATION SHALL, EXCEPT AS SPECIFICALLY SET FORTH HEREIN BE REFERRED TO ARBITRATION. THE ARBITRATION SHALL BE CONDUCTED BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH THE RULES FOR ARBITRATION, AS AMENDED, EXCEPT THAT THE ARBITRATOR SHALL APPLY THE FEDERAL

RULES OF EVIDENCE DURING THE CONDUCT OF THE HEARING SESSIONS WITH RESPECT TO THE ADMISSIBILITY OF EVIDENCE. IF SUCH RULES ARE IN ANY WAY CONTRARY TO OR IN CONFLICT WITH THIS AGREEMENT, THE TERMS OF THE AGREEMENT SHALL CONTROL. ONLY CLAIMS, CONTROVERSIES OR DISPUTES INVOLVING ASSOCIATE MAY BE BROUGHT HEREUNDER. NO CLAIM FOR OR ON BEHALF OF ANY OTHER ASSOCIATE OR SUPPLIER, OR CLASS, REPRESENTATIVE OR ASSOCIATION THEREOF, MAY BE BROUGHT BY ASSOCIATE HEREUNDER.

(2) THE PARTIES SHALL AGREE ON AN ARBITRATOR WITHIN FIFTEEN (15) DAYS OF THE FILING OF ARBITRATION. THE PARTIES SHALL PETITION THE AMERICAN ARBITRATION ASSOCIATION FOR A LIST OF TEN (10) ARBITRATORS WHO ARE PRACTICING ATTORNEYS OR RETIRED JUDGES LICENSED TO PRACTICE LAW IN THE STATE OF TEXAS AND WHO ARE INDEPENDENT OF THE PARTIES AND THE MATTER(S) IN DISPUTE. ALL OF THE ARBITRATORS SHALL BE EXPERIENCED IN THE ARBITRATION OF DISPUTES BETWEEN ASSOCIATE COMPANIES AND ASSOCIATES AND COMMERCIAL LITIGATION. EACH PARTY SHALL STRIKE ONE (1) ARBITRATOR FROM THE LIST OF TEN (10) ARBITRATORS, IN AN ALTERNATING MANNER, UNTIL THERE IS ONLY ONE (1) ARBITRATOR REMAINING FROM THE ORIGINAL LIST OF TEN (10). THE RESPONDENT TO THE DISPUTE SHALL HAVE THE OPPORTUNITY TO DESIGNATE THE FIRST STRIKE, AND THE COMPLAINANT SHALL HAVE THE OPPORTUNITY TO MAKE THE NEXT STRIKE THEREAFTER, AND SO ON AND SO FORTH. THE ARBITRATION SHALL TAKE PLACE AT NAT'S CORPORATE OFFICES OR THEIR COUNSEL'S OFFICE. THE AWARD OF THE ARBITRATOR SHALL BE FINAL AND JUDGMENT UPON THE AWARD RENDERED IN ARBITRATION MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THE COSTS AND EXPENSES OF ARBITRATION MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. THE ARBITRATOR SHALL BE REQUIRED TO SUBMIT WRITTEN FINDINGS OF FACT AND CONCLUSIONS OF LAW WITHIN THIRTY (30) BUSINESS DAYS FOLLOWING THE FINAL HEARING SESSION OF THE ARBITRATION. THE COSTS AND EXPENSES OF ARBITRATION, INCLUDING COMPENSATION AND EXPENSES OF THE ARBITRATORS, SHALL BE BORNE BY THE PARTIES AS THE ARBITRATORS DETERMINE.

(3) NOTWITHSTANDING THE ABOVE, THE FOLLOWING SHALL NOT BE SUBJECT TO ARBITRATION:

- (i) DISPUTES AND CONTROVERSIES ARISING FROM THE SHERMAN ACT, THE CLAYTON ACT OR ANY OTHER FEDERAL OR STATE ANTITRUST LAW;
  - (ii) DISPUTES AND CONTROVERSIES BASED UPON OR ARISING UNDER THE LANHAM ACT, AS NOW OR HEREAFTER AMENDED, RELATING TO THE OWNERSHIP OR VALIDITY OF THE MARKS;
  - (iii) DISPUTES AND CONTROVERSIES RELATING TO ACTIONS TO OBTAIN POSSESSION OF THE PREMISES OF BUSINESS UNDER LEASE OR SUBLEASE.
- (4) IF NAT SHALL DESIRE TO SEEK SPECIFIC PERFORMANCE OR OTHER

EXTRAORDINARY RELIEF INCLUDING, BUT NOT LIMITED TO, INJUNCTIVE RELIEF UNDER THIS AGREEMENT, AND ANY AMENDMENTS THERETO, OR TO COLLECT MONIES DUE, THEN ANY SUCH ACTION SHALL NOT BE SUBJECT TO ARBITRATION AND NAT SHALL HAVE THE RIGHT TO BRING SUCH ACTION AS DESCRIBED ABOVE.

(5) IN PROCEEDING WITH ARBITRATION AND IN MAKING DETERMINATIONS HEREUNDER, THE ARBITRATOR SHALL NOT EXTEND, MODIFY OR SUSPEND ANY TERMS OF THIS AGREEMENT OR THE REASONABLE STANDARDS OF BUSINESS PERFORMANCE AND OPERATION ESTABLISHED BY NAT IN GOOD FAITH. NOTICE OF OR REQUEST TO OR DEMAND FOR ARBITRATION SHALL NOT STAY, POSTPONE OR RESCIND THE EFFECTIVENESS OF ANY TERMINATION OF THIS AGREEMENT. THE ARBITRATORS SHALL APPLY TEXAS LAW AND THE TERMS OF THIS AGREEMENT IN REACHING THEIR DECISION WITH NO RESOLUTION. WITH RESPECT TO ANY CLAIMS, CONTROVERSIES OR DISPUTES THAT ARE NOT FINALLY RESOLVED THROUGH MEDIATION OR ARBITRATION, OR AS OTHERWISE PROVIDED ABOVE, ASSOCIATE AND THE CONTROLLING PRINCIPALS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF HARRIS COUNTY, TEXAS AND THE FEDERAL DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS, HOUSTON DIVISION. ASSOCIATE HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. ASSOCIATE HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. ASSOCIATE FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE HARRIS COUNTY, TEXAS; *PROVIDED, HOWEVER*, WITH RESPECT TO ANY ACTION (1) FOR MONIES OWED, (2) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF OR (3) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, NAT MAY BRING SUCH ACTION IN ANY STATE OR FEDERAL DISTRICT COURT THAT HAS JURISDICTION. WITH RESPECT TO ALL CLAIMS, CONTROVERSIES, DISPUTES OR ACTIONS, RELATED TO THIS AGREEMENT OR THE RELATIONSHIP CREATED THEREBY, THIS AGREEMENT AND ANY SUCH RELATED CLAIMS, CONTROVERSIES, DISPUTES OR ACTIONS SHALL BE GOVERNED, ENFORCED AND INTERPRETED UNDER TEXAS LAW (EXCEPT FOR TEXAS CHOICE OF LAW RULES).

C Adequacy of Choice of Law and Forum. ASSOCIATE AND NAT ACKNOWLEDGE THAT THE PARTIES' AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH IN THIS AGREEMENT PROVIDE EACH OF THE PARTIES WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP CREATED BY THIS AGREEMENT.

ASSOCIATE AND NAT FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT AND THAT EACH PARTY'S AGREEMENT REGARDING APPLICABLE STATE LAW AND CHOICE OF FORUM HAVE BEEN NEGOTIATED FOR IN GOOD FAITH AND ARE PART OF THE BENEFIT OF THE BARGAIN REFLECTED BY THIS AGREEMENT.

D. Acknowledgement of Forum. ASSOCIATE AND NAT ACKNOWLEDGE THAT THE EXECUTION OF THIS AGREEMENT AND ACCEPTANCE OF THE TERMS BY THE PARTIES OCCURRED IN HOUSTON, TEXAS, AND FURTHER ACKNOWLEDGE THAT THE PERFORMANCE OF CERTAIN OBLIGATIONS OF ASSOCIATE ARISING UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF MONIES DUE HEREUNDER AND THE SATISFACTION OF CERTAIN TRAINING REQUIREMENTS OF NAT, SHALL OCCUR IN HOUSTON, TEXAS.

E. Development of Dispute Resolution Program. WITHOUT LIMITING ANY OF THE FOREGOING, NAT RESERVES THE RIGHT, AT ANY TIME, TO CREATE A DISPUTE RESOLUTION PROGRAM AND RELATED SPECIFICATIONS, STANDARDS, PROCEDURES AND RULES FOR THE IMPLEMENTATION THEREOF TO BE ADMINISTERED BY NAT OR ITS DESIGNEES FOR THE BENEFIT OF ALL ASSOCIATES CONDUCTING BUSINESS UNDER THE SYSTEM. THE STANDARDS, SPECIFICATIONS, PROCEDURES AND RULES FOR SUCH DISPUTE RESOLUTION PROGRAM SHALL BE MADE PART OF THE MANUALS AND IF MADE PART OF THE MANUALS, ON EITHER A VOLUNTARY OR MANDATORY BASIS, ASSOCIATE SHALL COMPLY WITH ALL SUCH STANDARDS, SPECIFICATIONS, PROCEDURES AND RULES IN SEEKING RESOLUTION OF ANY CLAIMS, CONTROVERSIES OR DISPUTES WITH OR INVOLVING NAT OR OTHER ASSOCIATES, IF APPLICABLE UNDER THE PROGRAM. IF SUCH DISPUTE RESOLUTION PROGRAM IS MADE MANDATORY, THEN ASSOCIATE AND NAT AGREE TO SUBMIT ANY CLAIMS, CONTROVERSIES OR DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT (INCLUDING ANY EXHIBITS AND ATTACHMENTS HERETO), THE AGREEMENTS CONTEMPLATED HEREBY OR THE RELATIONSHIP CREATED BY THIS AGREEMENT FOR RESOLUTION IN ACCORDANCE WITH SUCH DISPUTE RESOLUTION PROGRAM PRIOR TO SEEKING RESOLUTION OF SUCH CLAIMS, CONTROVERSIES OR DISPUTES IN THE MANNER DESCRIBED IN THIS SECTION ABOVE (PROVIDED THAT THE PROVISIONS OF SECTION 6 CONCERNING NAT'S RIGHT TO SEEK RELIEF IN A COURT FOR CERTAIN ACTIONS INCLUDING FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF SHALL NOT BE SUPERSEDED OR AFFECTED BY THIS SECTION OR IF SUCH CLAIM, CONTROVERSY OR DISPUTE RELATES TO ANOTHER ASSOCIATE, ASSOCIATE AGREES TO PARTICIPATE IN THE PROGRAM AND SUBMIT ANY SUCH CLAIMS, CONTROVERSIES OR DISPUTES IN ACCORDANCE WITH THE PROGRAM'S STANDARDS, SPECIFICATIONS, PROCEDURES AND RULES, PRIOR TO

SEEKING RESOLUTION OF SUCH CLAIM BY ANY OTHER JUDICIAL OR LEGALLY AVAILABLE MEANS.

F. Waiver of Exemplary Damages. ASSOCIATE HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) AGAINST NAT, ITS AFFILIATES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, AGENTS, REPRESENTATIVES, INDEPENDENT CONTRACTORS, SERVANTS AND EMPLOYEES, IN THEIR CORPORATE AND INDIVIDUAL CAPACITIES, 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, ASSOCIATE SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) SHALL CONTINUE IN FULL FORCE AND EFFECT.

#### **SECTION SEVEN GOVERNING LAW**

(a) It is agreed that this Agreement shall be governed by, construed and enforced in accordance with the Laws of the State of Texas.

(b) Since the parties acknowledge that significant aspects of performance of this Agreement will occur in the State of Texas even though the business activities of the Associate may occur anywhere authorized, provisions of this Agreement will be governed and construed under the law of Texas. If conflict or choice of law rules would choose a law of another jurisdiction, each party waives such rules and agrees the substantive law of Texas shall nonetheless govern. The parties agree that, without waiver of their rights and obligations, unless expressly provided to the contrary in this Agreement, the state and federal courts of Texas shall have exclusive jurisdiction of any litigation between the parties and the Associate expressly submits to the jurisdiction and venue of the federal and state courts sitting in Harris County, Texas with respect to any such litigation.

#### **SECTION EIGHT ENTIRE AGREEMENT**

This Agreement shall constitute the entire Agreement between the parties and any prior understanding of representation of any kind preceding the date of this Agreement shall not be binding upon either party except to the extent incorporated in this Agreement.

#### **SECTION NINE MODIFICATION OF AGREEMENT**

Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if evidenced in writing signed by each party or an authorized representative of each party.

**SECTION TEN  
ASSIGNMENT OF RIGHTS**

This Agreement may be assigned by NAT in the event of a bona fide sale or transfer of ownership or control of the business to another person or entity; provided however, that the assignee shall assume all obligations of NAT herein, in which case NAT shall be released of any further liability to the Associate hereunder. The personal rights and abilities of the Associate are a material inducement to NAT to enter into this Agreement, and the Associate may not assign this Agreement or to assign any rights (including the right to receive commissions).

**SECTION ELEVEN  
NO WAIVER**

The failure of either party to this Agreement to insist upon the performance of any of the terms and conditions of this Agreement, or the waiver of any breach of any of the terms and conditions of this Agreement shall not be construed as thereafter waiving any such terms and conditions, but the same shall continue to remain in full force as if no such forbearance or waiver occurred. No delay, waiver, omission or forbearance on the part of NAT to exercise any right, option, duty or power arising out of any breach or default by Associate under this Agreement shall constitute a waiver by NAT to enforce any such right, option, duty or power against Associate, or as to a subsequent breach or default by Associate. Acceptance by NAT of any payments due to it hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by NAT of any preceding breach by Associate of any terms, provisions, covenants or conditions of this Agreement.

**SECTION TWELVE  
SEVERABILITY; AMENDMENT**

If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws in any jurisdiction, that provision shall be ineffective to the extent of such illegality, invalidity or unenforceability in that jurisdiction and such holding shall not, consistent with applicable law, invalidate or render unenforceable such provision in any other jurisdiction, and the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby, and shall remain in full force and effect in all jurisdictions. Except for those permitted to be made unilaterally by NAT hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed upon by all the parties hereto and executed by their authorized officers or agents in writing.

**SECTION THIRTEEN  
TERM AND TERMINATION**

(a) The parties agree that this Agreement is "AT WILL" and may be terminated by either party for convenience with notice to the other party. Additionally, this Agreement may be

terminated by operation of law or upon the death or disability of Associate.

(b) This Agreement shall continue in effect until Termination.

(c) Upon the termination of this Agreement, all unpaid commissions earned by Associate prior to the effective date of termination of this Agreement shall be paid by NAT to Associate within a reasonable period of time. No further compensation, other than the commissions earned as of the effective date of Associate's termination, shall be payable to Associate under this Agreement after Termination. However, NAT shall have the right to offset against any commissions due to Associate the amount of any indebtedness owed by Associate to NAT. Upon Termination of this Agreement and any debt that may thereafter exist, shall without notice immediately become due and payable and shall bear interest at the highest rate permitted under applicable law until paid.

**SECTION FOURTEEN  
NOTICES**

All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, by facsimile (with receipt confirmed), or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties as follows:

if to NAT:

NAT Alarm, Inc.  
Hao Nguyen, President  
3673 Westcenter Drive  
Houston, Texas 77042  
Phone No.: 713-974-0748  
Fax No.: 713-952-3234

if to Associate:

\_\_\_\_\_

**IN WITNESS WHEREOF** each party to this Agreement has caused it to be executed on the date indicated herein. I signify and acknowledge that I have received, read, understand, and agree to be bound by the rules made by NAT.

Signature: \_\_\_\_\_ Date \_\_\_\_\_  
Printed Name: \_\_\_\_\_