

FRANCHISE DISCLOSURE DOCUMENT



SAFEGUARD FRANCHISE SALES, INC.

a Texas Corporation

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The franchise is for a distributorship in which the Distributor solicits orders for Safeguard products and services, including printed business forms and products, one-write accounting and other financial systems, non-financial one-write systems and other lines of products manufactured by Safeguard Business Systems, Inc. or made available by Safeguard Business Systems, Inc. through strategic alliances with selected vendors.

The total investment necessary to begin operation of a Safeguard Business (defined below) ranges from \$11,080 to \$65,130. These totals include \$1,530 that must be paid to the franchisor or its affiliates.

The disclosure document summarizes certain provisions of your Distributorship 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 Legal Services at 3000 Kellway Drive, Carrollton, Texas 75006 and 214-640-3916.

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 accountant.

Buying a franchise is a complex investment. This 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 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: March 31, 2025

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 Exhibits F-1, F-2, or G.
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 A 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 Safeguard 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 franchisor 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 Safeguard franchisee?	Item 20 or Exhibits F-1, F-2, or G list 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.

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 the 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 H.

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.

Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The distributor agreement requires you to resolve disputes with the franchisor by mediation or litigation only in Texas. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with franchisor in Texas than in your own state.
2. **Financial Condition.** 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.
3. **Sales Performance Required.** 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.

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.

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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor, and any Parents, Predecessors, and Affiliates

The franchisor is Safeguard Franchise Sales, Inc. (“SFS”, “we”, “us”, or “our”). For ease of reference, we may refer to the distributor as “you.” If you are a corporation, partnership, limited liability company, or other entity, certain provisions of the Distributorship Agreement will apply to your owners. These will be addressed in this disclosure document where appropriate.

SFS was incorporated in Texas on September 26, 2014 as a result of a corporate restructuring. SFS’s principal business address is 3000 Kellway Drive, Carrollton, Texas 75006. SFS conducts business under its corporate name and the name “Safeguard.” SFS’s agents for service of process are disclosed in Exhibit I to this disclosure document. SFS began offering distributorships on January 9, 2015.

Prior to January 9, 2015, SFS’s affiliate, Safeguard Franchise Systems, Inc. (“SF Systems”), was the franchisor for the Safeguard business. SF Systems offered Safeguard distributorships from May 2, 2007 until April 30, 2014 and may continue to hold some or all Distributorship Agreements to which it is party. The Safeguard distributorship system will, however, continue to be operated as a single system with services and support being provided to all Safeguard distributors by SBS and other affiliates as described below. As of December 31, 2024, SF Systems had 12 Safeguard distributors in the United States. Safeguard distributors that signed Distributorship Agreements with SF Systems are reported as Safeguard distributors in the applicable charts in Item 20 and are listed in Exhibit F-1. SF Systems shares SFS’s principal business address.

Safeguard Holdings, Inc. (“SHI”) is our immediate parent, and Deluxe Corporation is our ultimate parent. SHI shares our principal business address. Deluxe Corporation’s principal business address is 801 S. Marquette Avenue, Minneapolis, Minnesota 55402. SFS has no predecessors.

SFS’s affiliate, Safeguard Business Systems, Inc., or its predecessors (“SBS”), has manufactured and sold business products, services and systems, primarily to small (fewer than 50 employees), commercial, industrial, government, retail and not-for-profit businesses through a network of independent distributors since 1956. From 1956 through 2007, SBS contracted directly with distributors under agreements that are different from the form of agreement described in this disclosure document. SBS no longer offers distributorships, and distributors operating under those older agreements are called “Pre-Existing Distributors.” As of December 31, 2024, SBS had 86 Pre-Existing Distributors in the United States. The Pre-Existing Distributors as of December 31, 2024 are listed in Exhibit F-2. You and the Pre-Existing Distributors will offer similar products and services. Pre-Existing Distributors may elect to convert to the Distributorship Agreement contemplated by this disclosure document. SBS was incorporated in Delaware on October 30, 1967 and shares SFS’s principal business address.

SFS's affiliate, Safeguard Business Systems Limited ("SBSL") contracted directly with distributors under agreements that are different from the form of agreement described in this disclosure document in Canada from 1984 to 2016. SBSL no longer offers distributorships. There are 27 distributors in Canada.

Except as described above, SFS and its affiliates (“Company-Owned Businesses”), including SF Systems and SBS, are not engaged in any other businesses and have never offered franchises in any other line of business.

The Franchise

Safeguard distributors solicit orders for products and services that carry the Safeguard trademarks (“Marks”), including printed business forms and products, one-write accounting and other financial systems, non-financial one-write systems like gift certificates and visitor pass systems, continuous and laser computer forms and checks, envelopes, tax forms, computer software, records management, full-color printing, business apparel, promotional products, office products, web and design services and related business supplies, and other lines of products manufactured by, or supplied to, SBS by outside vendors or

companies affiliated with SBS (“SBS Products”). Distributors may also solicit orders for ancillary products, like stock tab paper, snap-out forms and envelopes, that are not SBS Products but that are not competitive with SBS Products and that have been approved by SBS (“Sourced Products”). Sourced Products do not carry the Safeguard Marks. (SBS Products and Sourced Products are collectively referred to as “Safeguard Products and Services”).

The form of SFS’s Distributorship Agreement is attached as Exhibit B to this disclosure document. The Distributorship Agreement authorizes you to solicit orders only for the Safeguard Products and Services described in those product and service addenda to the Distributorship Agreement which you accept by initialing, including any new Safeguard Products and Services which you accept by initialing the applicable product or service addendum to the Distributorship Agreement (collectively, “Authorized Safeguard Products and Services”). You are only authorized to solicit orders for Authorized Safeguard Products and Services. SBS decides whether or not to accept the order and make the sale. You will be paid a commission on any sales of Authorized Safeguard Products and Services resulting from orders that you solicit.

Your solicitation of Authorized Safeguard Products and Services pursuant to the Distributorship Agreement is referred to in this disclosure document as the “Safeguard Business.” You may operate your Safeguard Business from a commercial office facility or other facility you choose as long as the location of the facility complies with our Open Territory Policy described in Item 12.

We may make changes in the distributor system (“Distributor Network”) and in the operations, standards, and requirements that apply to the Distributor Network. These changes may require you to make additional investments in your Safeguard Business periodically during the term of the Distributorship Agreement.

We also have the right to delegate our obligations and duties under the Distributorship Agreement to 1 or more designees, including SBS. If we require, you must deal directly with any of our designees in the manner that we prescribe.

We previously operated a program (“Redevelopment Program”) under which an entity affiliated with us, Safeguard Acquisitions, Inc. (“SAI”), acquired existing independent, non-Safeguard businesses that offered products and service similar to the products and services offered by Safeguard Businesses, converted those independent businesses to Safeguard Businesses, and then sold the Safeguard Businesses to third parties to be operated as Safeguard Businesses under Distributorship Agreements or to Pre-Existing Distributors to be operated under their existing agreements. As of December 31, 2021, SAI had acquired 17 independent businesses under the Redevelopment Program. 13 of these independent businesses were sold to Pre-Existing Distributors, and 4 of these independent businesses were sold to new Safeguard distributors. As of the date of this disclosure document, we no longer operate the Redevelopment Program.

Competition

The market in which you will operate is subject to rapid change, and is highly competitive. You will compete with other distributors, direct mail, online sellers, catalogs, retail establishments, manufacturers, and perhaps others, depending upon the types of products offered.

Industry Specific Regulation

You must comply with all laws, and obtain and keep in force all licenses and permits required to operate the Safeguard Business at your own expense. Many of the laws, rules, and regulations that apply to businesses generally, such as the Americans With Disabilities Act, Federal Wage and Hour Laws, and the Occupation, Health and Safety Act, also apply to Safeguard Businesses. You should consider these laws and regulations when evaluating your purchase of this distributorship.

The Payment Card Industry Data Security Standard (PCI-DSS) is the current standard of security requirements for all merchants or service providers that store, process or transmit cardholder data. You are responsible for achieving and maintaining PCI-DSS compliance.

ITEM 2 BUSINESS EXPERIENCE

President and Director: Mark Byers

Mr. Byers has served as President and Director of SFS and SF Systems since March 10, 2020. He also serves as President and Director of SBS and has responsibility for DFS Group, which is the reseller division of Deluxe Small Business Sales, Inc., and serves as the Vice President of the Print Division of Deluxe Corporation since September 2023. Prior to joining SFS, Mr. Byers served as Vice President, Inbound and Outbound Contact Center for Deluxe Corporation since 2010. Mr. Byers has been based in Lenexa, Kansas, while serving in all positions described above.

Tim Stoffel - Vice President of Tax

Mr. Stoffel has served as Vice President, Corporate Tax of Deluxe Corporation based in Atlanta, GA since April 2020 and is based in Minneapolis, Minnesota. Prior to joining Deluxe Corporation, Mr. Stoffel served as Vice President, Corporate Tax for Merrill Corporation from October 2015 to March 2019, based in Minneapolis, Minnesota.

Senior Vice President and Chief Financial Officer William C. Zint

Mr. Zint has served as Senior Vice President and CFO since October 2022 and is based in Minneapolis, Minnesota. Mr. Zint previously served as the VP of Corporate Finance for Deluxe Corporation based in Atlanta, GA from August 2020 to October 2022. He was the VP of Finance and HW CFO for NCR Corp based in Atlanta, GA from January 2019 to August 2020 and served as VP or Corporate Financial Planning & Analysis from May 2017 to January 2019.

Vice President and Secretary: Kevin Skipper

Mr. Skipper has served as Vice President for SFS since July 2020 and as Secretary since May 2017. He is also Senior Counsel for SBS and has held that position since May 2016. Mr. Skipper served as a Staff Attorney for SBS from February 2005 until May 2016.

Senior Manager, Learning and Development, Sales Enablement: Sue Holbert

Ms. Holbert has served as Director Sales Learning & Development since April 1, 2024. Prior to that she served as Senior Manager, Learning and Development, Sales Enablement for Deluxe Corporation based in Atlanta, GA since June 1, 2023. She was also Learning Manager, Technology for Safeguard Business Systems from November 2011 to November 2019. Ms. Holbert has been based in Lenexa, Kansas while serving in all positions described above.

Vice President C.O.D. Sales: Kellye Santos

Ms. Santos has served as SBS's Vice President C.O.D. Sales since October 2019. Ms. Santos served as Safeguard's Vice President of Customer Service from July 1998 to October 2019.

Vice President Franchise Growth and Development and Vice President of SBS, Inc.: Kevin Derella

Mr. Kevin Derella is Vice President Franchise Growth and Development for Safeguard Business Systems since December 2022 and is based on Coral Springs, Florida. He is also Vice President of Safeguard Franchise Sales, Inc., as of February 14, 2023. Mr. Derella was also Executive Director Franchise Development from August 2012 to December 2019.

Director, Business Accountability & Compliance: Tom Ryan

Mr. Ryan has been Director, Business Accountability & Compliance since November of 2018 and is based in Chandler, Arizona. Mr. Ryan served as Regional Sales Support Manager for Safeguard from September of 2005 through November of 2018.

Unless otherwise noted, all personnel listed above are based in Dallas, Texas.

ITEM 3 LITIGATION⁽¹⁾

Past Litigation

Jeff Haulbrook and Jeff Haulbrook, Inc. v. Safeguard Business Systems, Inc., No. DC-21-06526, District Court of Dallas County, Texas. On May 21, 2021, Jeff Haulbrook and Jeff Haulbrook, Inc., one of our Pre-Existing Distributors based in South Carolina (collectively, "Haulbrook"), filed a demand for jury trial against SBS. Haulbrook alleges, among other things, that SBS breached its contractual obligations under the Distribution Agreement by incorrectly tracking commissions generated on certain products and services sales and thus failed to honor and make account protection commission payments to Haulbrook. Further, Haulbrook alleges SBS tortiously interfered with Haulbrook's negotiations and agreements to acquire the distribution businesses of six or more Safeguard distributors. Haulbrook alleges related causes of action for breach of the duty of loyalty, and duty of good faith and fair-dealing, fraud, malice, gross negligence, civil theft, and violation of the South Carolina Unfair Trade Practices Act ("UTPA"). Haulbrook seeks to recover actual damages, exemplary damages, treble damages for violation of the South Carolina UTPA, an accounting, attorneys' fees, costs of suit, pre- and post-judgment interest, and a declaratory judgment that SBS cannot exercise its right of first refusal in its distributor agreements to prevent Haulbrook's acquisition of Safeguard distribution businesses. SBS filed an answer in this case denying all allegations and asserting affirmative defenses to the claims. SBS also filed a counterclaim relating to Haulbrook's breach of an Amended Settlement Agreement between Haulbrook and SBS that was entered into in 2017 after Haulbrook asserted similar claims against SBS as the ones brought in this litigation, as well as a declaratory judgment to declare SBS's right to exercise its contractual rights of first refusal. SBS also seeks recovery of its attorneys' fees for pursuing such claims. The parties reached a confidential settlement whereby Safeguard agreed to purchase the exclusive commission rights held by Haulbrook and for the termination of Haulbrook's distributor agreement. The transaction was completed on September 15, 2022.

Safeguard Forms & Systems, Inc. v. Safeguard Business Systems, Inc., No. DC-19-12024, District Court of Dallas County, Texas. On August 15, 2019, Safeguard Forms & Systems, Inc., one of our Pre-Existing Distributors ("Plaintiff"), filed suit against SBS. Plaintiff alleged that it entered into an Asset Purchase Agreement for the sale by SBS to Plaintiff of the rights to commissions from certain customers located in and around the state of New Jersey. Plaintiff further alleged that SBS breached its contractual obligations by misrepresenting the worth of the business and failing to deliver some \$870,000 in sales. Plaintiff sought actual damages, attorneys' fees and costs of suit. Thereafter, the parties reached a confidential settlement whereby SBS agreed to expand the base of business that would be sold to Plaintiff under a prior settlement agreement ("the Adjustment Amount"). The Adjustment Amount was \$682,068.

T3 Enterprises, Inc., et. al. v. Safeguard Business Systems, Inc., et. al., Case No. CV-OC-1416400 (4th Judicial District Court of the State of Idaho, Ada County, August 26, 2014).⁽¹⁾ On August 26, 2014, T3 Enterprises, Inc. ("T3"), one of the three Pre-Existing Distributors operating in Idaho, filed suit against SBS, SAI, the Secretary and General Counsel of SBS, Michael Dunlap, Idaho Business Forms, Inc. ("IBF"), JDHRS, LLC ("JDHRS"), James Dunn ("Dunn"), Tressa McLaughlin ("McLaughlin"), Jamie McCormick ("McCormick"), and KMMR, LLC ("KMMR") in Idaho state court alleging, among other things, breach of contract, breach of the implied covenant of good faith and fair dealing, and violation of the Texas Deceptive Trade Practices Act ("State Court Action"). On September 16, 2014, T3 amended its complaint

in the State Court Action in order to add Thurston Enterprises, Inc. (“Thurston Enterprises”), another one of the three Pre-existing Distributors operating in Idaho, as a plaintiff (Thurston Enterprises and T3, collectively, “Plaintiffs”). Plaintiffs alleged that as part of SAI’s purchase of IBF’s business under the Redevelopment Program in August 2013, SBS entered into arrangements with members of IBF’s senior management team (McLaughlin, McCormick/KMMR, and Dunn/JDHRS) under which KMMR solicited and sold Safeguard Products and Services to IBF’s customers, and JDHRS continued to service certain of IBF’s customers. Plaintiffs alleged that there was an overlap between Plaintiffs’ customers and IBF’s customers and that these sales/service activities violated Plaintiffs’ customer protection rights under their distributorship agreements with SBS. Plaintiffs sought compensatory damages, attorneys’ fees, and costs and pre-judgment interest. The T3’s claims against SBS were ordered to proceed before an arbitrator (“Arbitration”).

The State Court Action proceeded minus T3’s claims against SBS. On August 26, 2015, Plaintiffs added Deluxe Corporation (“Deluxe”) as a defendant in the State Court Action and asserted claims of tortious interference as to Deluxe. All defendants other than SBS and Deluxe were dismissed from the State Court Action by stipulation or pursuant to motions for summary judgment by October 2016.

On December 5, 2016, the panel of three arbitrators issued a final award in the Arbitration (“Award”). The Award granted T3 \$1,474,707.53 in damages and \$2,886,334.42 in attorneys’ fees and expenses against Safeguard, and declared that the distributor agreement between Safeguard and T3 would terminate upon payment of the Award by SBS. That award was converted to a judgment on May 5, 2017. SBS paid the judgment and costs in full.

The separate State Court Action was tried to a jury. The jury returned a verdict which found Deluxe not liable to Thurston Enterprises or T3 but did find SBS liable to Thurston Enterprises for actual damages of \$1,625,985 and punitive damages of \$4,750,000. T3 recovered nothing against Deluxe in the State Court Action. On January 13, 2017, the Court reduced the punitive damages awarded by the jury by \$341,929 and entered a judgment against SBS based on the jury’s verdict in the State Court Action in favor of Thurston Enterprises for \$6,034,056 (“Initial Judgment”). Deluxe was dismissed with prejudice from the State Court Action by the Initial Judgment.

On May 5, 2017, the Court entered a final judgment totaling \$6,792,649.74 (“Final Judgment”). That Final Judgment was affirmed on appeal. SBS paid the judgment and costs in full.

United Safeguard Distributors Association, Inc. et al v. Safeguard Business Systems, Inc. and Deluxe Corporation, Case No. 2:15-CV-3998 (United States District Court, Central District of California, May 27, 2015).⁽¹⁾ United Safeguard Distributors Association, Inc. v. Safeguard Business Systems, Inc. and Deluxe Corporation, Case No. 2:15-CV-3998 (United States District Court, Central District of California, May 27, 2015). On May 27, 2015, United Safeguard Distributors Association, Inc. (“USDA”), an association of Safeguard distributors, filed suit against SBS and Deluxe in federal court in California requesting a declaratory judgment and injunctive relief. USDA alleges that SBS and Deluxe have engaged in a variety of improper actions against Pre-Existing Distributors, including breach of contract, imposing unfair sourcing and pricing requirements on the Pre-Existing Distributors, and entering onto arrangements with suppliers that require the suppliers to pay rebates to SBS. Plaintiff’s second amended complaint added Safeguard distributors, Greg and Vicki Schob and Schob and Schob, Inc., alleging the same or similar grounds. SBS and Deluxe dispute the allegations. Defendants filed a motion to dismiss against the USDA for, among other things, lack of associational standing and jurisdiction. The USDA claims were dismissed. The parties settled this matter in April 2016 with SBS purchasing from the Schob plaintiffs certain assets for \$3,016,169.44. As part of the settlement, on or about April 5, 2016, the Schob plaintiffs dismissed their claims against Defendants.

Safeguard OKC, Inc., et. al. v. Safeguard Business Systems, Inc., et. al., Cause No. DC-15-00180 (191st Judicial District Court for the State of Texas, Dallas County, January 7, 2015).⁽¹⁾ On January 7, 2015, Safeguard Forms & Systems, Inc. (“F&S”), a Pre-Existing Distributor based in Georgia, Richard Stallings (“Stallings”), F&S’s principal, and Safeguard OKC, Inc. (“OKC”), an affiliate of F&S based in Oklahoma, filed suit against SBS and SAI in Texas state court alleging breach of contract, breach of the duty of good

faith and fair dealing, negligent misrepresentation, fraud and fraudulent inducement and unfair competition. Plaintiffs alleged that SBS and SAI made certain false or negligent representations to them related to 2 Oklahoma businesses that OKC and F&S purchased under the Redevelopment Program in September 2011 and May 2012 and in order to induce plaintiffs to enter into a 1-year management agreement with SBS and SAI for the Oklahoma businesses in September 2013. The plaintiffs sought compensatory, consequential and exemplary damages, specific performance of the distributorship agreement, attorneys' fees, and costs and interest. The parties settled this matter in July 2015 with the plaintiffs returning one of the Oklahoma businesses to SAI that the plaintiffs had purchased and mutually terminating the Distributorship Agreement for that business. Additionally, the parties agreed to terms under which the plaintiffs' debt to SAI for the original purchase of the business would be extinguished over a period of approximately two years if certain conditions are met.

Note (1): The franchisor, Safeguard Franchise Sales, Inc., was not a party to any of the litigation described in Item 3.

Other than the above, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

You must pay \$1,500 for a limited license to use the proprietary CMS program. You are not required to pay this fee until you have begun operation of your Safeguard Business. You must purchase a Safeguard Learning Center ("SLC") user license for a one-time \$30 fee for each active employee of your Safeguard Business, regardless of status or position (such as full-time or part-time). You will not pay the license fee or SLC user license fee directly. Those fees will be deducted from your commissions. These amounts are non-refundable and are uniformly imposed on all distributors.

ITEM 6 OTHER FEES

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Transaction Handling Fee	Reasonable fee based on the cost to provide transaction handling services (currently \$500 per year (payable in monthly installments of \$41.67)).	By the 15 th day of each month for the preceding month	See Note 2
CMS Support Fee	Monthly fee of \$65 and \$4.00 per minute for Safeguard related technical support).	By the 15 th day of each month for the preceding month	See Note 3
Sourced Products and BODP Fee	Currently, an amount based on a percentage of the amount invoiced to the customer for each order processed.	As incurred	See Note 4

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Promotional Products Fee	Currently, an amount based on a percentage of the amount invoiced to the customer for each order processed.	As incurred	See Note 5
Base Connection Services Fee	Currently, \$10,000.00 per year or \$833.00 per month plus 4.5% of revenue generated by the program.	One-half of fee deducted from commissions two times per month	See Note 6
Additional and Ongoing Training Fee	Reasonable fee (currently \$0 to \$4,000 per person).	As incurred	See Note 7
Direct Marketing Services Fees	Reasonable fee (currently, no cost per mailed piece).	As incurred	See Note 8
Promotional Item Cost Sharing	10% to 50% of the cost of promotional or print items.	As incurred	See Note 9
Safeguard Learning Center (SLC) Access Fee	One time \$30 access fee per person. Then you must pay \$30 per month for 4 or fewer users; \$45 per month for 5 to 9 users; and \$75 per month for 10 or more users.	By the 15 th day of each month for the preceding month	See Note 10
Safeguard Live (Conference held at our discretion but no more often than every twelve to twenty-four months) Registration Fee	\$0 to \$1,400 per person (includes lodging) plus travel expenses.	As incurred	See Note 11
Transfer Fee	The greater of \$10,000 or 25% of the then-current initial franchise fee (if applicable).	Prior to or on the effective date of the transaction	See Note 12
Additional Business Base Fee	The greater of \$10,000 or 25% of the then-current initial franchise fee (if applicable).	Prior to or on the effective date of the transaction	See Note 13
Loan Modification Fee	3% of the then-outstanding principal amount at our discretion	On demand	See Note 14
Disposal Fee	An amount equal to the purchase price of inventory including freight costs and applicable sales tax	As incurred	See Note 15

Notes:

1. You are not required to pay any royalty, but there are other fees that you must pay as set forth in the chart above. All fees are imposed by us, are payable to us or our designee, are non-refundable, and are uniformly imposed, unless otherwise noted. All fees are deducted from your commission payments. We have the right to delegate our rights and obligations under the Distributorship Agreement, including our right to receive payments under the Distributorship Agreement, to 1 or more designees, including SBS. In addition to the fees described in this chart, you may incur ongoing license and/or support fees for the Customer Relationship Software (defined below), which we cannot estimate and will vary depending on the brand of software and level of support you select.

2. At your request and subject to our approval, if you transfer or sell your Safeguard Business to a third party, we or our designee will facilitate the payments from the purchaser to you, by withholding amounts owed to you from the purchaser's monthly commission and forwarding the amount to you. This fee is the amount that you must pay for that service.

3. The current cost for support for the CMS program is \$65 per month. This support includes CMS upgrades, revisions, CMS related issues, reporting tool support, and CMS installation support. We also offer support for issues such as Internet access, PC and printer or network systems due to equipment replacement or upgrades, email support, and assistance with computer viruses at the rate of \$4.00 per minute.

4. We or our designee will work with vendors chosen by you and approved by SBS for Sourced Products to ensure that the product orders are accurate and the customer receives correct billing statements, and we will also administer the billing to customers and payment of vendors and manage all sales tax payments and customer receivables. These orders will incur fees for these services based on a percentage of the amount invoiced to the customer, excluding freight charges, for products ordered by the customers. This fee is not paid separately to us but is, instead, collected by us in the form of a reduction of your commission on orders to which the Sourced Products fee applies. The current Sourced Products fees are set forth in the table below.

Sourced Products Fee	
Total Amount Ordered	PL 81 Sourced Fee
\$0.00 to \$999.99	10.00%
\$1,000.00 to \$4,999.99	8.50%
\$5,000 and up	4.50%

If you pay the supplier of Sourced Products directly (Bill Only Distributor Paid or "BODP"), you must pay SBS the BODP fee described in the table below.

BODP Fees	
Total Amount Ordered	PL 89 BODP Fee
\$0.00 to \$999.99	10.50%
\$1,000.00 to \$1,999.99	10.00%
\$2,000.00 to \$4,999.99	8.50%
\$5,000.00 to \$14,999.99	6.50%
\$15,000.00 and up	4.50%

Except as noted above, these fees are uniformly calculated for all distributors and may be increased upon written notice. We designate certain vendors as "Preferred Suppliers." We or our affiliates may receive

rebates from these Preferred Suppliers, and as a result, we may offer a reduction in the Sourced Products fees you incur. We reserve the right to change or eliminate the reduction in Sourced Products fees incurred by you when using a Preferred Supplier without notice.

5. We or our designee will work with vendors chosen by you and approved by SBS for Promotional Products and Apparel to ensure that the product orders are accurate and the customer receives correct billing statements and will also administer the billing to customers and payment of vendors and manage all sales tax payments and customer receivables. You must pay fees for these services based on a percentage of the amount invoiced to the customer, excluding freight charges, for products ordered by the customers. This fee is not paid separately to us but is, instead, collected by us in the form a reduction of your commission on orders to which the fee applies. The current Promotional Products Fees are set forth in the table below.

Promotional Products and Apparel Fee	
Total Amount Ordered	PL 20 and 84 Fee
\$0.00 to \$999.99	10%
\$1,000.00 to \$4,999.99	8.5%
\$5,000 and up	4.5%

You will also have access to the CMS.Net system to assist you to process and track these orders.

6. At your request and subject to our approval, we or our designee will manage your base of business to allow you to devote more time to generate new business. If you choose to use Base Connection, you will forward your telephone lines to the Safeguard Contact Center allowing customers to talk directly with a Safeguard Base Connection representative. Base Connection Services include the processing of new and repeat orders for customers, assistance in the resolution of customer service issues and provision of cross-selling to customers. You must pay an annual fee of \$10,000.00 plus 4.5% of any revenue generated as a result of the efforts of the Base Connection Team. The \$10,000.00 fee will be billed monthly at \$833.00. We generally will not offer the Base Connection Services if gross sales of the Safeguard Business are less than \$50,000 per year. For the purposes of this paragraph, “gross sales revenue” means all revenue from sales of your Safeguard Business.

7. If additional training is required, you must pay a reasonable fee for each training session.

8. We or our designee, provide certain direct marketing services. These services may include sending various programmatic and targeted customer promotional or a la carte for some mailings. Participation is mandatory and you may not opt out. In addition, you have the option to purchase certain advertising and promotional materials from us for a reasonable fee and we also may offer mailings and other advertisements on a co-op basis where Safeguard shares in the cost. These fees may rise as costs for performing these services rise.

9. Periodically, we may provide customers with certain branded print and/or promotional items (e.g., golf shirts, caps, etc.) as an inducement to purchase products or services. We will have sole and absolute discretion to determine what constitutes a branded print and/or promotional item and other terms of the promotions. The costs you pay will range from 10% to 50% of the costs of those items. We reserve the right to deduct these costs from your commissions. Participation in the promotions is mandatory and you may not opt out.

10. If you pay this optional monthly fee we will provide you with access to all content available on the SLC.

11. If you elect to attend our meeting, Safeguard Live, which is held every 12 to 24 months, you must pay a standard registration fee which will range between \$0 and \$1,400 per person attending the meeting, depending on various factors, including whether each person has a single or double occupancy room. The registration fee includes lodging expenses but does not include travel expenses, for which you will be responsible. Early registration discounts may be offered.

12. If you sell your interests in your Safeguard business, you will be required to pay a Transfer Fee.
13. If you acquire additional bases of business from a Safeguard Distributor or a third party seller, you will be required to pay an Additional Business Base Fee.
14. For any loan that we or our affiliates provide to you (e.g., cash advance or a loan of the business purchase price) with respect to which you request a refinancing or other modification, we have the right to charge you a loan modification fee.
15. We or our affiliates may agree to store certain quantities of product and/or stock in inventory to be provided to Safeguard customers at your location. Any write-offs, shrinkage or spoilage will be subject to the Disposal Fee. In addition, unless we mutually agree to a longer duration, a Disposal Fee will be due if inventory remains in stock for more than 365 days. See Inventory Agreement, attached as Exhibit B-1.

Periodically, we may restructure existing service offerings and may offer additional services and bundles of services for which fees will be charged. You may, but need not, use all of these services.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Desktop Computer ¹	\$2,500 to \$6,000	Lump Sum	As Arranged	Third Parties
CMS License Fee ²	\$1,500	Lump Sum	As Arranged	SFS
Other Software Applications ²	\$0 to \$2,500	Lump Sum	As Arranged	Third Parties
Automobile ³	\$0 to \$25,000	Can be financed	As Arranged	Third Parties
Training Costs ⁴	\$30 to \$4,000	Lump Sum	As Incurred	SFS or Third Parties
Safeguard Learning Center User License Fee ⁵	\$30 per user license fee for Safeguard Learning Center	Lump Sum	As Arranged	SBS
Insurance and Licenses ⁶	\$250 to \$4,000	Lump Sum	As Arranged	Third Parties
Telephone Services ⁷	\$270 to \$600	Lump Sum	As Arranged	Third Parties
Materials, Supplies, Other	\$500 to \$1,500	Lump Sum	As Arranged	Third Parties
Additional Funds – For Initial 3-Month Period ⁸	\$6,000 to \$20,000	As Incurred	As Incurred	Third Parties
Total⁹	\$11,080 to \$65,130			

The estimated initial investment described above is for a start-up distributorship and assumes that your office will be in your home and not a separate office facility. If you are purchasing an existing distributorship, your investment could differ significantly from the estimates provided.

Notes:

1. See Item 11 for a description of minimum hardware and software requirements for your desktop computer. You may lease the computer equipment from a third party.
2. The cost of the license for the CMS program is \$1,500. See Item 5. You may wish to purchase other applications to operate and manage your business.
3. You will need an automobile to conduct your business. We estimate that your incremental cost to obtain a vehicle appropriate for use in your Safeguard Business will range from \$0 (if you use a vehicle you already own or lease) to \$25,000.
4. New Safeguard distributors must successfully complete either the “New Distributor Initial Training” (for distributors that have a base of business) or the “Start-Up Distributor Initial Training” (for distributors that do not have a base of business) within the first year of beginning operations of the Safeguard Business. The initial training begins within the first 30 days after the effective date of the Distributorship Agreement. In addition, new Safeguard distributors are encouraged, but are not required, to complete the Ongoing Development Training (which begins within the first 9 to 12 months after the effective date of the Distributorship Agreement). The estimated training costs cover the New Distributor Initial Training or the Start-Up Distributor Initial Training, as applicable. If you elect to complete the Ongoing Development Training, we generally do not charge an additional training fee, but, under certain circumstances and depending on the resources needed to provide such training, we may charge a reasonable additional training fee. You must pay the transportation and living expenses incurred by you or your representatives while attending the initial training. You will not receive compensation during training, except for commissions earned on any orders for Safeguard Products and Services billed while you are attending training. Although Pre-Existing Distributors may participate in these training programs and pay all associated costs, Pre-Existing Distributors that sign a Distributorship Agreement are not required to complete the initial training. The low end of the estimate assumes that you purchase limited, online training.
5. See Item 5.
6. You must maintain all insurance required by law, and by any lease or mortgage covering your office and/or vehicles. The cost of coverages, including your discretionary purchases, varies widely.
7. We recommend that you purchase voice mail/answering service, call waiting and three-way conference call services, and cellular phone with call waiting services from a communications service provider of your choice. We also suggest that you use a handheld wireless e-mail device.
8. These estimates are for an initial start-up period of 3 months. These figures are estimates only, and are based on our experience and the experience of other Safeguard distributors. Other costs and fees are described in Item 6. You should calculate your estimated expenses based on the anticipated costs in your market and consider whether you will need additional cash reserves. In addition to the estimated investment described above, if you are purchasing a new Safeguard distributorship you should be prepared to pay for your personal living expenses for at least the first year and perhaps longer, after you commence operations.
9. We relied on our and SBS’s experience to compile these estimates. Amounts paid to third-party suppliers will be established by those suppliers and may be subject to change.

Except as noted in Item 10, we do not offer any financing for any initial fees or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

You will not purchase Authorized Safeguard Products and Services for resale. Instead, you will solicit customer orders for Authorized Safeguard Products and Services, and, if those orders are accepted by SBS under the Distributorship Agreement, SBS will sell the Authorized Safeguard Products and Services directly to the customer and pay you a commission. You must purchase or lease only those items needed to operate your Safeguard Business. Generally, you have no obligation to purchase or lease those items from us, our affiliates (including SBS), or other designated third party suppliers. However, there are some exceptions, as follows:

CMS Program

You must obtain a license to use the proprietary CMS program to track and manage order entry and customer information from SBS. Attached as Exhibit C to this disclosure document is a copy of the Safeguard CMS License Agreement which must be signed at the same time as the Distributorship Agreement. There is a support service available to Distributors, and you must engage us to provide this support service to you.

SLC User License

You must obtain an SLC user license from SBS. A copy of the current form of SLC License Agreement is attached at Exhibit D to this disclosure document.

Authorized Safeguard Products and Services Orders

You must place all customer orders for Authorized Safeguard Products and Services through us or SBS. We or our designee will administer the billing and direct shipping to customers and the collection of accounts receivable, and all customer payments for Authorized Safeguard Products and Services must be sent directly to us or SBS directly. You must promptly forward to us or SBS any customer payments you may receive. All orders are subject to acceptance by SBS. You will be paid commissions on your sales as described in Item 16.

Purchases According to Specifications

We require that certain products or services you use in your Safeguard Business meet our standards and specifications, including the following:

Signage, Business Cards, Stationery, etc.

All business stationery, business cards, signage, or other non-proprietary aids must conform to our specifications, brand standards, and operating procedures.

Advertising

Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval before you use them. We will endeavor to approve or disapprove such materials within 20 days after our receipt of those materials. We may withdraw our approval at any time. You may not use any advertising or promotional materials that we have disapproved.

Customer Relationship Software

We do not currently require that you install and use any particular brand of Customer Relationship Software, but the Customer Relationship Software that you install and use must meet our standards and specifications. We reserve the right to require that you purchase Customer Relationship Software from a supplier we designate.

Approved Suppliers

You may only solicit orders for Authorized Safeguard Products and Services, the majority of which are manufactured by SBS or made available by SBS through strategic alliances. You may only solicit orders for Sourced Products approved by SBS as an Authorized Safeguard Product or Service. SBS will consider various factors, including whether the product would appeal to Safeguard's target customers, in approving or disapproving the Sourced Product. SBS will not approve Sourced Products which are identical or similar to any product manufactured by SBS or made available by SBS through a strategic alliance. If you wish to introduce or to offer a new product, or line of products as a Sourced Product, you must first obtain SBS's prior written approval. We will approve or disapprove the new product or line of products within 45 days of the date on which we receive all information we request about the proposed supplier. SBS will respond promptly to requests for approval of products not currently or previously approved if you identify the request as an urgent priority due to customer demand, give SBS enough information about the product and circumstances for SBS to make an informed decision, and subsequently confirm your request in writing or by facsimile. SBS does not currently charge a fee for reviewing requests to introduce or offer new product lines as Sourced Products.

None of our officers owns an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers, of the Safeguard distributorship system. From time to time, our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

Purchasing Arrangements

We or our affiliates (including SBS) may negotiate, develop, and maintain strategic alliances and vendor relationships for Safeguard Products and Services produced by affiliates or third parties, including price and other terms, as we or they deem necessary or appropriate in order to promote the overall interests of the Safeguard distributor system and our business interests. We or our affiliates (including SBS) will also work with approved vendors of Sourced Products to ensure accuracy of product orders and billing statements. We do not require you to participate in any purchasing or distribution cooperatives.

We may provide optional marketing services and collateral materials to you periodically for which fees may or may not be charged. Examples of those optional marketing services/goods currently offered include automatic reorder reminder services, customer onboarding, general brand awareness services, and the creation and dissemination of direct mail and email pieces.

We also currently offer a "Quote Center" service under which we will evaluate a product, review pricing and sources, select the appropriate supplier (whether it is SBS, a strategic alliance, a Preferred Supplier or a new vendor). We may derive revenue from providing all of these optional services to distributors.

During the year ending December 31, 2024, SFS's revenues from products or services purchased by distributors were \$84,731.33, which was 1% of our total revenues of \$8,825,259. During the year ending December 31, 2024, our affiliate SBS's revenues from products and services purchased by distributors were \$307,598.13, and there were no revenues from products and services purchased by Pre-Existing Distributors. SBS also derives revenue from the sale of Authorized Safeguard Products and Services to customers. We or our affiliates may receive rebates from approved or designated sources. Rebates received by us and/or our affiliates in our 2024 fiscal year were approximately \$184,547.84. Other than described below, we do not provide material benefits to distributors based upon their use of designated or approved suppliers. We designate certain vendors as "Preferred Suppliers." We or our affiliates may receive rebates from these Preferred Suppliers, and we may offer a reduction in the Sourced Products fees you incur. We reserve the right to change the reduction in Sourced Products fees incurred when using a Preferred Supplier without notice. This fee is not paid separately to us but rather is added to the invoiced amount of the order which may increase the price of the invoice and/or reduce your commission. We estimate that your cost to purchase and maintain a license for the CMS program will account for approximately 0.05% of your total initial cost to establish your business, and approximately 1.0% to 2.0% of your total cost to operate the business on an ongoing basis, based on the circumstances of a typical Safeguard Business as of the date of this disclosure document.

**ITEM 9
FRANCHISEE’S OBLIGATIONS**

This table lists your principal obligations under the Distributorship Agreement and CMS License Agreement. It will help you find more detailed information about your obligations in the Distributorship and CMS License Agreements and in other items of this disclosure document. For purposes of this table, the sections referred to are those in the Distributorship Agreement unless otherwise noted.

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	Not Applicable.	Items 1, 11
b. Pre-opening purchases/leases	Not Applicable.	Items 1, 5, 7, 8
c. Site development and other pre-opening requirements	Not Applicable.	Items 1, 5, 7, 11
d. Initial and Ongoing Training	Section 8(G)	Item 11
e. Opening	Not Applicable.	Item 11
f. Fees	Section 6	Items 5, 6
g. Compliance with Standards and Policies/Operations Manual	Section 8	Item 11
h. Trademarks and proprietary information	Sections 9 and 13; Section 2 of CMS License Agreement	Items 13, 14
i. Restrictions on products/services offered	Sections 1, 3, 8, and Product and Service Addenda	Items 8, 16
j. Warranty and customer service requirements	Section 7(C)	Item 11
k. Territorial development and sales quotas	Sections 2 and 4	Item 12
l. Ongoing product/service purchases	Sections 3 and 8	Item 8
m. Maintenance, appearance, and remodeling requirements	Not Applicable.	Items 11, 17
n. Insurance	Not Applicable.	Item 7
o. Advertising	Section 8(I)	Item 11
p. Indemnification	Section 8(J)	Not applicable.
q. Owner’s participation/management/staffing	Sections 5, 8(G)	Item 15
r. Records and reports	Section 8	Not applicable.
s. Inspections and audits	Section 8	Item 11
t. Transfer	Section 11; Section 8 of CMS License Agreement	Item 17
u. Renewal	Not Applicable.	Item 17
v. Post-termination obligations	Sections 12, 13; Section 6 of CMS License Agreement	Item 17

Obligation	Section in agreement	Disclosure document item
w. Non-competition covenants	Section 13	Item 17
x. Dispute resolution	Section 21	Item 17
y. Other	Not Applicable.	Not Applicable.

**ITEM 10
FINANCING**

Item Financed	Amount Financed	Down Payment	Term	APR %	Monthly Payment	Prepay Penalty	Security Required	Liability on Default
Cash Advance	Varies	None	See Notes 1 and 3	Current corporate borrowing rate, currently 8% to 10%	See Note 1	None	None	Payment of amount owed, plus interest
Business Purchase Price	Varies	Varies	See Notes 2 and 3	Current corporate borrowing rate, currently 8% to 10%	See Note 2	None	Assets acquired, current assets of the purchaser, and ownership interests in the purchasing entity	Payment of amount owed, plus interest

Notes:

1. SBS may offer a cash advance to you when you are subject to a significant chargeback against net commissions. A chargeback may occur when Safeguard Products and Services for which you received a commission are returned or when SBS is unable to collect amounts owed for Safeguard Products and Services which were sold based on orders you solicited. You may also request SBS to collect the chargeback over a period of time as opposed to withholding the entire amount of the chargeback from one monthly commission check. The time period for repayment of the cash advance is determined based on various factors including your total sales over the past 12-month period, total commissions over the past 12 month period and the amount of the chargeback. SBS will charge you an interest rate on the cash advance for the payback period based on its current corporate borrowing rate, which is currently 8% to 10%. Only 1 cash advance may be outstanding at a time. You may prepay the cash advance at any time without penalty. It is in SBS's sole discretion to approve a request for a cash advance. For example, a distributor may request a cash advance for a chargeback equaling 50% or more of the distributor's net monthly commission. A request for a \$6,000 cash advance would be collected over a 3-month period with a current interest rate of between 8% and 10%. A request for a \$12,000 cash advance would be collected over a 6 month period with

a current interest rate of between 8% and 10%. SBS may, in its sole discretion, modify the terms of pre-existing credit arrangements with Distributors.

2. You may be required to make a down payment when purchasing a Safeguard Business, the amount of which may vary depending on the total purchase price and other factors. We may finance up to 100% of the total purchase price. We may require you to offer the assets being acquired, any assets the purchasing entity currently holds, and ownership interests in the purchasing entity as security for this financing. We may require your principal owners to personally guarantee the loan amount and to sign our form of general release (see Exhibit K to this disclosure document), our form of Term Note or Balloon Note (see Exhibit L-1 and L-2 to this disclosure document), and our form of Security Agreement (see Exhibit L-3 to this disclosure document). Other terms of these financing arrangements will vary depending on the circumstances of such acquisition.

3. For any loan or financing that we or our affiliates provide to you with respect to which you request a refinancing or other modification, we have the right to charge you a loan modification fee in an amount equal to 3% of the then-outstanding principal balance on such loan.

Except as described above, neither we, our agents nor our affiliates currently offer, directly or indirectly, any financing arrangements to distributors. We do not guarantee any note, lease or obligation. Other than as described above, there are no waivers of defenses or similar provisions in any note, contract or other instrument signed by Distributors with us or our affiliates. Neither we nor SBS have a practice or intent of selling, assigning, or discounting to a third party, in whole or in part, any note, contract, or other instrument signed by Distributors.

ITEM 11

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

Except as listed below, we are not required to provide you with any assistance.

We have the right to delegate our obligations and duties under the Distributorship Agreement to 1 or more designees, including SBS.

Pre-Opening Obligations: Before you open your Safeguard Business, we will:

1. Provide access to or loan you 1 set of the Manuals. (Distributorship Agreement, Section 8(F))
2. We will provide you with information about the Authorized Safeguard Products and Services you may solicit, through the product or service addenda attached to the Distributor Agreement, and which are made available by SBS through strategic alliances. We do not deliver or install any items. (Distributorship Agreement, Section 1(A))

Site Selection and Typical Length of Time Before You Open Your Business

You may operate your Safeguard Business from a commercial office facility or other facility you choose as long as the location of the facility complies with our Open Territory Policy described in Item 12. We do not impose any other requirements with respect to the location from which you operate your Safeguard Business. We do not assist with locating a site or negotiating the purchase or lease of the site for your Safeguard Business.

The typical length of time between the Distributor's signing of the Distributorship Agreement and the commencement of business operations is approximately 3 to 6 weeks for start-up distributors. This time period may be shorter or longer depending on the modifications that must be made to the office facility to accommodate your Safeguard Business. Distributors that purchase an existing Safeguard Business would commence business operations on the effective date of the purchase of the Safeguard Business and on signing the Distributorship Agreement.

Continuing Obligations: During the operation of your Safeguard Business, we will:

1. Use commercially reasonable efforts to assist you in the solicitation of orders of Authorized Safeguard Products and Services (Distributorship Agreement, Section 7.(A))
2. Use commercially reasonable efforts to ensure customer satisfaction with the Authorized Safeguard Products and Services. (Distributorship Agreement, Section 7.(B))
3. Have sole responsibility for billing and the collection of customer accounts, subject to your reasonable cooperation, where requested, in assisting in the collection efforts. (Distributorship Agreement, Section 7.(C))
4. Provide the initial and ongoing training described below. (Distributorship Agreement, Section 8.(G))
5. Administer the payment of commissions on sales of Authorized Safeguard Products and Services (Distributorship Agreement, Section 6)
6. Indemnify you for all damages for which you are held liable in any proceeding resulting from your use of any of the Marks, so long as your conduct and the conduct of your Principal Owner and all other owners in the proceeding and in the use of the Marks is in full compliance with the terms of the Distributorship Agreement. (Distributorship Agreement, Section 9.(E)).
7. During the operation of your Safeguard Business, SBS will indemnify and hold you harmless from and against all loss which may be asserted against you by a third party arising out of product defects related to the Authorized Safeguard Products and Services, except a loss resulting from your breach of the Agreement, violation of law, or other wrongful conduct. (Product and Service Addenda)
8. To the fullest extent permitted by applicable law, we and SBS may establish maximum, minimum, or other pricing requirements with respect to the Authorized Safeguard Products and Services, including the right to establish different pricing for different customers that purchase the Authorized Safeguard Products and Services. (Distributorship Agreement, Section 1.(D)).

Advertising

Under our current policies, you may develop advertising materials for your own use, at your own cost. We must approve the advertising materials (including print, audio, video, social media and digital media) in advance and in writing and they must comply with our specifications, standards, and operating procedures. We will not unreasonably withhold our consent to use local programs, materials, or media.

You may not advertise, promote, post, or list information relating to your Safeguard Business on the Internet (through the creation of a website or on Facebook, X, Instagram, LinkedIn, or on any blog or other social media site) without our prior written consent and subject to your strict compliance with our guidelines and policies set forth in the Manuals or otherwise in writing. You must comply with any other social media policy for franchisees we may adopt, and we may change any such policy at any time.

We may, but are not required to, provide you advertising and marketing materials in quantities we deem appropriate. You will have the option to purchase such items for a reasonable fee.

Most Safeguard advertising is developed by SBS's personnel and/or an outside advertising agency. Advertising may be disseminated through direct mail, email, telemarketing, print ads, package inserts, statement and invoice stuffers, collateral brochures, radio, television, social media, digital websites, landing pages and other marketing methods, and media coverage may be national, regional, local, or targeted. Currently there is no additional cost for these products and services developed and offered by us, but Safeguard reserves the right to charge a fee for these products and services in the future.

Periodically, we may provide customers with certain branded print and/or promotional items (e.g., golf shirts, caps, etc.) as an inducement to purchase products or services. We will have sole and absolute discretion to determine what constitutes a branded promotional item and other terms of the promotions. The costs you pay will range from 10% to 50% of the costs of those items. We reserve the right to deduct these costs from your commissions. Participation in the promotions is mandatory and you may not opt out.

There may be other sales and marketing services offered at negotiated “volume purchase” discounts, including sales prospecting lists and appending services, paid Social Media, directory listings and review services (currently offered via Uberall’s One List Plus) and managed social media marketing (currently offered via Vende Digital Agency). We may provide online directory services to enhance the consistency of our collective Safeguard business information across the internet. These services are intended to improve online presence, search engine rankings, and business visibility for Safeguard customers and prospects. Additionally, you may be required to link your social media pages related to your Safeguard business to Safeguard Corporate’s page as part of these services. We may employ digital marketing campaigns to promote the Safeguard brand. We may use a variety of digital marketing media that includes social media, online display ads, pay-per-click ads and the like. These services may incur costs for your participation.

We may employ digital marketing campaigns to promote the Safeguard brand. We may use a variety of digital marketing media that includes social media, online display ads, pay-per-click ads, etc. These services may incur costs for participation.

Neither you nor we are required to participate in, or spend additional funds on, specific advertising or sales promotion programs. However, we may engage in certain sales promotions (e.g., discounted pricing on certain items) that may impact your commission. You must use your best efforts to solicit orders for Authorized Safeguard Products and Services. We do not currently have an advertising council.

You are not required to participate in any local or regional advertising cooperatives.

Computer System

You must purchase and maintain a computer at your Safeguard Business that is compatible with, and capable of, running the Customer Management System (“CMS”) and other required and suggested programs. The computer must also be equipped with computer hardware components that include a printer and Internet access that permits you to connect to the Internet and to transmit and receive email. If your computer is Windows based, it must be capable of running Windows 10 or later versions of the Windows operating systems. CMS will operate on a MAC or Windows platform. An Internet browser will be required for both Windows and MAC systems.

The CMS is a database of customers, referral sources and prospective customers. You must use the proprietary CMS program to track and manage order entry and customer information and sign the Safeguard CMS License Agreement. The CMS program enables you to: (1) enter orders and design forms; customer, referral and prospective customer business profiles; customer billing and shipping information; (2) print orders, customer ledgers, sales reports and various telemarketing reports; (3) track sales performance; and (4) generate business management reports. You must install and use customer relationship/information management software (“Customer Relationship Software”) which manages the information in the CMS. There are various brands of Customer Relationship Software that are commercially available. We do not require that you install and use any particular brand of Customer Relationship Software, but the Customer Relationship Software that you install and use must meet our standards and specifications. We reserve the right to require that you purchase Customer Relationship Software from a supplier we designate.

We may suggest that you use certain additional software applications which can be used to receive and report on customer leads, access information on the Safeguard intranet, make presentations to customers and prospective customers, and analyze various aspects of your business. These applications can be obtained from any source.

You must subscribe to establish and maintain Internet service from any reliable Internet service provider.

We estimate the cost of the computer will be approximately \$2,500 to \$6,000 depending on the size of the Safeguard Business. You must also pay an initial software license fee of \$1,500 for the CMS license and a monthly CMS support fee of \$65. You may also incur ongoing license and/or support fees for the Customer Relationship Software, which we cannot estimate and will vary depending on the brand of software and level of support you select.

You must engage us or our designee to provide support for the CMS program. The current cost for support for the CMS program is \$65 per month. This support includes CMS upgrades, revisions, CMS related issues and questions, reporting tool support, and GoSafeguard.com email and setup and Support. We also offer support for Safeguard issues such as Internet access, PC and printer or network systems due to equipment replacement or upgrades, email support, and assistance with computer viruses at the rate of \$4.00 per minute.

Safeguard provides an intranet, called “24/7 on High spot,” which is exclusive to distributors, their staff, and Safeguard personnel. It is the primary resource for information to manage and operate the business, including all business operating systems such as marketing materials, sales tools, manuals, product and service program details and pricing, and similar matters, as well as corporate messages. There is no fee associated with 24/7, and it is accessible at any time. You must obtain a user name and login for each active employee within the distributorship, regardless of whether the employee is part-time or full-time. Access is required on a daily basis to remain current on Safeguard information regarding the business.

Certain software applications and other technology you will use are in the development stage and are likely to change over time. You must install and maintain any future enhancements, substitutions, modifications, and upgrades to the computer system and CMS program that we require. There is no contractual limitation on the frequency or cost of this obligation. We and/or our affiliates, including SBS, will have independent access at the time and in the manner we specify, to all information concerning your Safeguard Business maintained on the CMS system. There is no contractual limitation on our right to access your information.

Manuals

Before you begin operating your Safeguard Business, we will provide you a copy of the Manuals, which may be changed periodically. The table of contents to the Operations Manual is attached as Exhibit E. The total number of pages in the Operations Manual is 170.

Training

Distributors that have a base of business must successfully complete the New Distributor Initial Training to our satisfaction. Distributors that do not have a base of business must successfully complete the Start-Up Distributor Initial Training to our satisfaction. If a Distributor designates representative(s) to attend training, those representatives must approximate 20% of the then-current staffing headcount and must be approved by us prior to beginning the training, and those representative(s) must successfully complete the New Distributor Initial Training or Start-Up Distributor Initial Training, as applicable, and appropriate supplemental session(s). The initial training begins after you sign your Distributorship Agreement. The initial training requires access to the Safeguard Learning Management System known as the Safeguard Learning Center (“SLC”). Therefore, SLC licenses for each active employee of the business, regardless of status or position (such as part-time or full-time status), must be purchased within 30 days after you sign the Distributorship Agreement.

The New Distributor Initial Training or Start-Up Distributor Initial Training, as applicable, begins after the effective date of you signing the Distributorship Agreement. If you have a base of business and are required to complete the New Distributor Initial Training, that training must be successfully completed within 1 year of commencing operations of the Safeguard Business. If you do not have a base of business and are required to complete the Start-Up Distributor Initial Training, that training must be successfully completed within 90 days of commencing operations of the Safeguard Business. The initial training will begin within the 30 days after you sign the Distributorship Agreement.

In addition, new Safeguard Distributors are encouraged, but are not required, to complete the Ongoing Development Training, which begins within the first 9 to 12 months after the effective date of the Distributorship Agreement.

Although Pre-Existing Distributors may participate in training if they pay the applicable fees, Pre-Existing Distributors that sign a Distributorship Agreement are not required to complete the training.

Safeguard training is overseen by Sue Holbert, who is listed in Item 2 and who has over 3 years of training experience and an additional 10 plus years of experience as a technology learning manager. Training may also be conducted by other members of our or SBS’s staff or other authorized training vendors that have experience relevant to the operation of the Safeguard Business. Your employees and sales representatives will be required to sign confidentiality agreements in the form required by us before attending any training.

The New Distributor Initial Training and Start-Up Distributor Initial Training are comprised of comprehensive business and sales management systems designed to deliver a highly-structured framework to assist you in establishing and operating your Safeguard Distributorship. A variety of distinct blended learning solutions, including classroom courses, e-learning modules, and Webinars, are conducted throughout the calendar year. Safeguard may customize a 90-day learning plan to implement and follow. A summary of the New Distributor Initial Training, the Start-Up Distributor Initial Training, and the Ongoing Development Training are set forth in the table below:

TRAINING PROGRAM

New Distributor Initial Training – acquiring or converting an existing base of business

Subject	Hours of Online and Virtual Training (See Note 1)	Hours of On-the-Job Training (See Note 1)	Location
<i>eLearning Tutorials and Instruction</i> SLC Learning Plans by appropriate position must reflect a 70% completion rate within 60 days after the timeframe allocated.	38-57 hours	40-80 hours	Safeguard Learning Center and live webinars
<i>Onboarding</i> Safeguard Overview for distributor and all active staff including systems, product overview, conversion processes and business planning and insourcing	80-120 hours	0	Safeguard Learning Center and live webinars
<i>Written Support Materials</i> Safeguard provides a complete set of business manuals which are available electronically	Included in hours listed above	0	N/A
<i>Communication</i> 24/7 Safeguard Intranet: primary resource for managing and operating the business	Included in hours listed above	0	Internet

Start-Up Distributor Initial Training – no existing base of business

Subject	Hours of Online and Virtual Training (See Note 1)	Hours of On-the-Job Training (See Note 1)	Location
<i>Onboarding</i> Safeguard Overview for distributor and all active staff including	80-120 hours	0	Safeguard Learning Center and live webinars

Subject	Hours of Online and Virtual Training (See Note 1)	Hours of On-the-Job Training (See Note 1)	Location
systems, product overview, conversation processes, business planning and insourcing			
<i>eLearning Tutorials and Instruction</i> SLC Learning Plans by appropriate position must reflect a 70% completion rate within 60 days after the timeframe allocated.	38-57 hours	40-80 hours	Safeguard Learning Center and live webinars
<i>Written Support Materials</i> Safeguard provides a complete set of business manuals which are available electronically	Included in hours listed above	0	N/A
<i>Communication</i> 24/7 Safeguard Intranet: primary resource for managing and operating the business	Included in hours listed above	0	Internet

Ongoing Development Training

Ongoing Development			
<i>In Classroom Instruction & Conferences</i> The Connexion (Regional Meeting)	8-12 hours	0	Dallas, Texas or another location we designate
<i>In Classroom Instruction & Conferences</i> The Exchange (conference held every eighteen months)	32-40 hours	0	Dallas, Texas or another location we designate
<i>eLearning Tutorials and Instruction</i> Completion of courses added to the SLC	8-30 hours	10-40 hours	Safeguard Learning Center
<i>In Classroom Instruction</i> Essentials of Print and Essentials of Apparel	16 hours	0	Dallas, Texas or another location we designate or Safeguard Learning Center
<i>Webinars</i> Participation in Conference Calls and Webinars related to new and/or changes to existing products or services as well as national marketing campaigns	36-50 hours	5-10 hours	Dallas, Texas or another location we designate and Safeguard Learning Center

Note:

1. Approximate hours are given to allow for differing learning styles and speed. Your actual hours may vary from these numbers and in fact may be significantly more or fewer than these estimates. The New Distributor Initial Training and the Start-Up Distributor Initial Training have approximately 38

to 57 hours of online (eLearning and virtual classroom teleconference) training, which may be accessed from any location.

The instructional materials used in training include operations manual, reference guides, models, handouts, videos, communication guides, intranet, checklists, certification, and samples and the SLC.

We estimate that your training costs for the New Distributor Initial Training or the Start-Up Distributor Initial Training, as applicable, may be up to \$4,000 depending on the training needs of the distributor and/or active employees and the amount of marketing, training and other materials and applicable shipping costs. If you elect to complete the Ongoing Development Training, you may be charged additional training and/or registration fees, if applicable.

You are required to purchase an SLC user license for a 1-time \$30 license fee for each active employee of the business, regardless of status (such as part-time or full-time status) or position. A per-month subscription rate of \$30 per month for up to 4 users, \$45 per month for 5 to 9 users, and \$75 per month for 10 or more users will provide unlimited access to all content within the SLC. The SLC fees are deferred for 6 months from your initial start date and payable through the monthly commission deductions.

You must pay for your own transportation and living expenses incurred by you and/or your representatives while attending any training where travel is required. Attendance at all training is restricted to Distributors or their designated representatives due to sensitive or confidential program content.

Periodic and Optional Staff Sales Training and Continuing Education: We may also offer periodic, optional training designed to enhance your abilities in sales, business management, computer skills, and other areas relevant to your Safeguard Business and continuing education programs. Some of these training programs will be offered via eLearning/distance learning or classroom style offered regionally with open enrollment for your staff to attend. Additionally, programs may require pre-work and/or post-course work offered as self-study. Costs to attend these programs will vary depending primarily on content and duration, but typically will range from \$0 to \$4,000 per person, plus travel and living expenses, for each person who attends. You must comply with the laws of your state for compensating your employees or sales representatives while they attend training classes.

Distributor Network Meetings: We suggest that you, but do not require you to, attend meetings we may hold periodically for the benefit of the Distributor Network including, a national business meeting held every 12 to 24 months (Safeguard Live) and periodic online regional business forums (The Virtual Connexion). You are responsible for your and your representatives' costs and expenses to attend these meetings, plus a standard registration fee for Safeguard Live of \$0 to \$1,400 per person. Some early registration discount rates may be offered.

ITEM 12 TERRITORY

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.

The Distributorship Agreement grants you the right to solicit orders of Authorized Safeguard Products and Services anywhere in the United States, except for the exclusive territories described in the Open Territory Policy, as amended (“Open Territory Policy”), the current version of which is attached as Attachment 1 to Exhibit A to the Distributorship Agreement; or any other writing we provide and as further described below. The Open Territory Policy may be terminated, limited, or modified by us upon notice to you at any time in our sole discretion.

You may not represent us or any of our affiliates or solicit orders for Safeguard Products and Services through other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, except under our written policies or guidelines.

We, SBS, any other Company-Owned Business we own or may acquire, and/or others that we authorize are not prohibited or restricted in any way from offering, selling, or soliciting orders for Safeguard

Products and Services (including Authorized Safeguard Products and Services), or products or services which are similar to or different from Safeguard Products and Services under the Marks or under any other trademarks, anywhere, through any means or method of distribution, including through other distributors and other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, without compensating you. We or SBS may refer to you leads we or it develops or receives for prospective customers, but neither we nor SBS are required to do so. Neither we nor our affiliates are restricted from establishing other distributorships or Company-Owned Businesses, that we own or may acquire, or other channels of distribution selling or leasing similar products or services under a different trademark.

During the term of your Distributorship Agreement, you will have the exclusive right to the applicable commissions on sales of Safeguard Products and Services to each customer whose first order of Safeguard Products and Services is credited to you; however, your exclusive right to the commissions will expire if a customer has not purchased and paid for any Safeguard Products and Services within 36 months after the invoice date of the customer's last purchase of any Authorized Safeguard Product or Service.

You must use your best efforts and devote the majority of your time to marketing and solicitation efforts to develop the market for Safeguard Products and Services. We reserve the right to limit your marketing and solicitation using telemarketing, catalog, direct mail, the Internet, or other remote means addressed to customers and prospective customers.

Certain Pre-Existing Distributors have exclusive sales territories, and you may not solicit orders for Safeguard Products and Services from customers or customer locations in an exclusive territory of a Pre-Existing Distributor after we notify you of the existence of the exclusive territory. Pre-Existing Distributors with exclusive territories that choose not to open their exclusive territories will not be allowed to solicit orders outside of their exclusive territories, but those who do open their exclusive territories will be allowed to solicit orders outside their exclusive territory.

You must provide an office or principal business address to us when you sign the Distributorship Agreement. We do not reserve the right to approve the location of your business except as stated above. You may locate and relocate your office or principal business address at any site.

The Distributorship Agreement requires your Safeguard Business to achieve sustained growth in sales. We require you meet or exceed the net sales of Safeguard Products and Services credited to you from year to year. If you do not do so, we may notify you in writing of the deficiency, and such deficiency may result in termination of the Distributorship Agreement. Except as described above, continuation of any of your territorial rights does not depend on the achievement of a certain sales volume, market penetration, or other contingency.

In January 2019, Deluxe Branded Marketing ("Deluxe Marketing"), which is a business unit of our affiliate, Deluxe Small Business Sales, Inc., merged with two of our Company-Owned Businesses. These Company-Owned Businesses now operate under the "Deluxe" name and trademarks and may solicit or accept orders from anywhere. Deluxe Marketing maintains offices and training facilities, some of which are physically separate from the offices and training facilities of our franchise network and some of which share offices and training facilities with our franchise network.

Our affiliate, Deluxe Corporation, and other affiliates may implement additional distribution networks in the future which, either through Company-Owned Businesses and/or franchised operations, offer and sell products under the "Deluxe" name or some other name and which are similar to the products and services offered by Safeguard Businesses. These businesses may solicit or accept orders from anywhere. We have no specific policy for the resolution of conflicts between us or our affiliates and Safeguard Distributors or between Safeguard Distributors and franchisees of Deluxe or its affiliates regarding territory, customers, or franchisor support.

We do not grant any rights of first refusal, options, or similar rights to obtain additional Safeguard Businesses.

**ITEM 13
TRADEMARKS**

We grant you the right to operate the Safeguard Business under the Safeguard trade name and trademarks. We reserve the right to change or discontinue any product or service covered by any of the Safeguard trademarks, and periodically to add to, alter or delete trademarks from the list of marks licensed to you.

SBS has registered the following Marks on the Principal Register in the United States Patent and Trademark Office (“USPTO”). At the appropriate times, SBS intends to renew the registration and to file all appropriate affidavits.

Mark	Register	Registration Number	Registration Date
Safeguard & Design	Principal	3,127,303	8/8/06
Centurion Design (right facing single centurion)	Principal	3,139,468	9/5/06
Safeguard	Principal	3,261,445	7/10/07

There is no currently effective material determination of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, no pending infringement, opposition or cancellation proceedings, and no pending material litigation involving the principal Safeguard trademarks. We know of no superior prior rights or infringing uses that could materially affect your use of the principal Safeguard trademarks in the state in which you will operate the Safeguard Business.

Our rights to the Safeguard trademarks and the system know-how are derived from a nonexclusive license between us and SBS (“Intercompany License”). The Intercompany License is for a 1-year term beginning on October 8, 2014, but it automatically renews for successive 1-year terms, unless either party gives written notice to the other of nonrenewal at least 60 days before the expiration of the then-current term. The Intercompany License grants us the right to use the Safeguard trademarks and the know-how for the purpose of licensing it to Distributors and fulfilling our obligations under the Distributorship Agreement. The license is terminable only for (a) material breach of the license agreement and only if the breaching party does not cure the breach within 60 days after notice or (b) if either party files for bankruptcy or becomes insolvent or ceases to continue business. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

We will indemnify you for all damages for which you are held liable in any proceeding resulting from your use of any of the Marks, so long as your conduct and the conduct of your Principal Owners and other owners in the proceeding and in the use of the Marks is in full compliance with the terms of the Distributorship Agreement. We are not otherwise obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition.

You must promptly notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You and your owners must agree not to communicate with any person other than us, any designated affiliate, and our or their counsel about any infringement, challenge or claim. We or our affiliates have sole discretion to take any action we or they deem appropriate and the right to exclusively control any litigation, or Patent and Trademark Office (or other) proceeding, from any infringement, challenge, or claim concerning any of the Marks. You must sign all instruments and documents and give us any assistance that, in our counsel’s opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding or to otherwise protect and maintain us or our interest in the Marks.

You may not use any of the Marks as part of your corporate or other name except as approved by us. You must also follow our instructions for identifying yourself as a distributor and for filing and maintaining the requisite trade name or fictitious name registrations. You must sign any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your owners may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so.

We have the right to substitute different trade names, service marks, trademarks, and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that the substitution will be beneficial to the System. If we do so, we may require you to discontinue or modify your use of any Mark or use one or more additional or substitute Marks at your expense.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Some Safeguard Products and Services for which you will solicit orders are protected by patents. However, neither we nor our affiliates own patents, or have a patent application covering, any product or procedure that you will use to operate your Safeguard Business.

We or our affiliates do claim copyright protection and proprietary rights in the original materials used in the System, including the CMS program, Manuals, customer lists, pricing information, sales aids, bulletins, correspondence and communications with distributors, training, advertising and promotional materials, and other written materials relating to the operation of Safeguard Businesses and the System “Confidential Information.”

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our or our affiliates’ copyrights. There is no currently effective agreement that limits our right to use and/or license our or our affiliates’ copyrights. We are not obligated by the Distributorship Agreement, or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

We treat all Confidential Information as trade secrets, and you must treat all Confidential Information that we communicate to you confidentially. You and your owners must agree not to communicate or use our Confidential Information for the benefit of anyone else during and after the term of the Distributorship Agreement. You and your owners must also agree not to use our Confidential Information at all after the Distributorship Agreement terminates or expires. You and your owners can disclose our Confidential Information only to your employees who need it to operate your Safeguard Business. You must have your owners and managers and any of your other personnel who have received or will have access to our Confidential Information, sign similar covenants.

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Our current policy is to require the Distributorship Agreement be initially signed by an individual distributor. If the distributor properly forms a business entity to hold the distributorship which is wholly-owned by the distributor, we will permit the distributor to assign the Distributorship Agreement to that entity in accordance with the Distributorship Agreement. If you are an individual, you must personally direct the operation of your Safeguard Business. If you are a corporation, limited liability company or other business entity, you must identify an individual that we approve to personally direct the operation of your Safeguard Business (“Principal Owner”), and all owners must sign a guarantee of performance. The entity must at all times be at least 51% owned by the Principal Owner. You may, at your option, designate a manager to supervise the operation of your Safeguard Business; provided, that you and your Principal Owner will remain fully responsible for the manager’s performance. If you choose to appoint a manager to

assist you in the operation of the Safeguard Business, that manager must be approved by us and attend and successfully complete the initial training. Your managers, employees, and agents must sign confidentiality/noncompete agreements in the form required by us.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY OFFER

The Safeguard Distributorship Agreement grants you a non-exclusive license to solicit orders only for the Authorized Safeguard Products and Services. You will not purchase Authorized Safeguard Products and Services for resale. Instead, you will solicit customer orders for Authorized Safeguard Products and Services, and, if those orders are accepted, SBS will sell the Authorized Safeguard Products and Services directly to the customer and pay you a commission. You may not solicit orders for products or services other than the Authorized Safeguard Products and Services.

The Distributorship Agreement prohibits you from soliciting orders for business support products and services which are similar to or competitive with Safeguard Products and Services. SBS will price Safeguard Products and Services in its discretion. You must place all customer orders for Authorized Safeguard Products and Services through us or SBS. We will administer the billing and direct shipping to customers and the collection of accounts receivable, and all customer payments for Authorized Safeguard Products and Services must be sent directly to us or SBS. You must promptly forward to us or SBS any customer payments you may receive. All orders are subject to acceptance by SBS.

You will be paid commissions on or about the 15th and last business days of each month, with the exception of December where the payment owed on or about the last business day will be deposited the first business day in January, due to tax requirements imposed upon us. The commission payment on or about the last business day of the month will include the Authorized Safeguard Products and Services billed and solicited by you along with standard charges according to the terms and conditions of the Franchise Agreement during the 1st day through the 15th day of the month. The commission payment on or about the 15th day of each month will include the Authorized Safeguard Products and Services billed and solicited by you according to the terms and conditions of the Franchise Agreement during the 16th day through the final day of the preceding month, along with any charges or adjustments incurred for the preceding month. Commission rates are set forth in the product and service addenda attached to the Distributorship Agreement. SBS may change the rates, structure or basis of payments by giving you 90 days' prior written notice, and the change will apply only on orders received by SBS after that date. Any amounts you owe to us or our affiliates may be offset by, and withheld from, your commission payments.

We require you to confine your business to the operation of a Safeguard distributorship soliciting orders for the Authorized Safeguard Products and Services. Your business may be identified only by the trade names and trademarks designated periodically by us. You must offer all of those Authorized Safeguard Products and Services identified in the product or service addenda to your Distributorship Agreement and for which you have been trained by us and for which you have received certification.

Customers from whom you may solicit orders for Safeguard Products and Services also may be restricted by means of account or other protections.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Distributorship and CMS License Agreements. You should read these provisions in the Distributorship and CMS License Agreements attached to this disclosure document. For purposes of this table, the sections referred to are those in the Distributorship Agreement unless otherwise noted.

Provision	Section In Distributorship Agreement & CMS License Agreement	Summary
a. Length of the franchise term	Section 10(A)	10 years
b. Renewal or extension of the term	Section 10(B)	No right to renew.
c. Requirements for franchisee to renew or extend	Section 10(B)	Not applicable. No right to renew.
d. Termination by franchisee	Not applicable.	There is no contractual termination right. You may be permitted to terminate the franchise agreement under applicable law
e. Termination by franchisor without cause	Not applicable.	Not applicable.
f. Termination by franchisor with cause	Sections 10(C) – (H) Section 6 of CMS License Agreement	We may terminate the Distributorship Agreement only if you, your agent, or employees commit and fail to cure one of several defaults, if such default can be cured. SBS may terminate CMS License Agreement if you breach the CMS License Agreement or Distributorship Agreement.
g. “Cause” defined – curable defaults	Sections 10(D) – (H)	Net sales of Authorized Safeguard Products and Services credited to you does not equal or exceed sales from the prior year and is not cure in 30 days; failure to pay approved and/or required vendors or any other vendor SBS requires as required by such vendors and is not cured in 30 days; SBS has the right to rescind any cure period and terminate the Distributorship Agreement immediately if you, your agents, or your employees stop soliciting orders or otherwise stop performing your obligations under the Distributorship Agreement during such cure period.

Provision	Section In Distributorship Agreement & CMS License Agreement	Summary
h. “Cause” defined – non-curable defaults	Sections 10(C)	Abandonment of Safeguard Business by failing to service customers; sell or solicit any products, services or supplies (1) not approved by us or (2) determined by us or SBS to be competitive with any other Safeguard Products and Services or products manufactured by SBS or otherwise made available; sell or represent non-competitive products, services or supplies without our prior written permission; violation of non-disparagement requirements; unethical or disreputable conduct or engage in a pattern of trade practices which directly or indirectly discredits us; insolvency or general assignment for the benefit of creditors or admission of inability to pay obligations as they become due; petition filed for bankruptcy or dissolution; breach of any other agreement between you or your affiliates and us or our affiliates.
i. Franchisee’s obligations on termination/non-renewal	Sections 12, 13 Section 6 of CMS License Agreement	Return of all trade secrets and confidential information and all originals and copies of customer files, cards and records, customer lists, proprietary computer software and related documentation, price books or price lists, product manuals or other product training materials; cooperate in the transfer of customer accounts to us or our representatives; assign to us all business telephone numbers, fax numbers, post office box numbers, and all email addresses and urls used in connection with the Safeguard Business; forward all mail, orders or other correspondence received after date of termination; advise persons who call asking for us of the new telephone numbers at which we can be reached (see also (r) below). For a period of 2 years, you (or your agents or employees) must not solicit, sell, attempt to sell, or assist others in selling systems or services, supplies, or products competitive with systems, services, supplies or products available from Safeguard to any customers from whom you had solicited orders anywhere in the United States or with whom you had otherwise done business. Assign or return all copies of the licensed program to SBS; delete all copies of the licensed program from hard disks or any on-line or back-up storage medium.
j. Assignment of contract by franchisor	Section 11 Section 8 of CMS License Agreement	We have the right to transfer or assign the Distributorship Agreement to any person or entity without restriction. SBS may assign the CMS License Agreement in its sole discretion, without notice.

Provision	Section In Distributorship Agreement & CMS License Agreement	Summary
k. “Transfer” by franchisee – defined	Section 11	Transfer includes selling, assigning, transferring, conveying, giving away, pledging, mortgaging, or otherwise disposing of or encumbering any direct or indirect interest in the Distributorship Agreement, the Safeguard Business, or you. All rights under the Distributorship Agreement must be transferred to us or another person.
l. Franchisor approval of transfer by franchisee	Section 11 Section 8 of CMS License Agreement	You must not transfer any direct or indirect interest in the Distributorship Agreement, the Safeguard Business or you without our prior written consent. We have the right of first refusal (see (n) below). We will not unreasonably withhold our approval. SBS must approve your transfer of the licensed program.
m. Conditions for franchisor approval of transfer	Section 11 Section 8 of CMS License Agreement	You must: be a distributor for at least 5 years; pay a Transfer Fee equal to the greater of \$10,000 or 25% of our then-current initial franchise fee (if applicable); paid all monies or debt owed to Safeguard or made arrangements in writing; be in full compliance with Agreement; be approved in writing by us, execute a written agreement with us and third party containing terms and conditions we may reasonably request. Transferee of CMS License Agreement must be a Distributor in good standing with SBS and us and must agree in writing to be bound by the CMS License Agreement.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 11(E)	Must be offered to effect any transfer of Distributorship Agreement.
o. Franchisor’s option to purchase franchisee’s business	Not applicable.	Not applicable.
p. Death or disability of franchisee	Section 11(F)	Within 6 months after either occurrence, your executor, administrator, or other personal representative must transfer such interest to a third party we approve. We reserve the right to manage the distributor business for our then-current standard management fee during such 6-month period.
q. Non-competition covenants during the term of the franchise	Section 8(A)	You must not solicit orders from customers of other Safeguard distributors (subject to state law).

Provision	Section In Distributorship Agreement & CMS License Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 13	For a period of 2 years, you (or your agents or employees) must not solicit, sell, attempt to sell, or assist others in selling systems or services, supplies, or products competitive with systems, services, supplies or products available from Safeguard to any customers from whom you had solicited orders anywhere in the United States or with whom you had otherwise done business (subject to state law).
s. Modification of the agreement	Section 16(B)	Neither the Distributorship Agreement nor any of its provisions may be amended or waived except by a writing signed by the party against whom enforcement is sought.
t. Integration/merger clause	Section 14 Section 9 of CMS License Agreement	Only the terms of the Distributorship Agreement and other related written agreements are binding (subject to state law). Any representations or promises made outside the disclosure document and Distributorship Agreement may not be enforceable. We may not disclaim representations made in the disclosure document. CMS License Agreement is binding. Any representations or promises made outside the disclosure document and CMS License Agreement may not be enforceable. We may not disclaim representations made in the disclosure document
u. Dispute resolution by arbitration or mediation	Section 21	Disputes must be mediated, except for actions we bring for monies owed, injunctive or other equitable relief, or relief relating to the Marks or our confidential information (subject to state law).
v. Choice of forum	Section 21	Subject to applicable state law, mediation is in Dallas, Texas. Venue for any other proceeding is the state or federal district courts in Dallas County, Texas. In addition to the provisions noted in this chart, the Distributorship Agreement contains a number of provisions that may affect your legal rights, including waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Distributorship Agreement Sections 21(F) and (G). We recommend that you carefully review all of these provisions, and the entire contract, with a lawyer.
w. Choice of law	Section 21	Texas law (subject to applicable state law).

**ITEM 18
PUBLIC FIGURES**

We do not use any public figure to promote the Safeguard Business.

**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 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 performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of Company-Owned or franchised outlets. 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 outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Kevin Skipper, 3000 Kellway Drive, Carrollton, Texas 75006 and 214-640-3916 the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
Systemwide Outlet Summary
For years 2022 to 2024⁽¹⁾**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	36	33	-3
	2023	33	34	+1
	2024	34	34	0
Company-Owned	2022	8	11	+3
	2023	11	11	0
	2024	11	11	0
Total Outlets	2022	44	44	0
	2023	44	45	+1
	2024	45	45	0

Notes:

1. All numbers are as of our fiscal year end, which is December 31 and include Safeguard distributors whose Distributorship Agreements are with SF Systems.

2. A Safeguard branded company-owned outlet converted to a similar business operating under the "Deluxe" name as part of a realignment and rebranding.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024⁽¹⁾

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

Notes:

1. All numbers are as of our fiscal year end, which is December 31 and include Safeguard distributors whose Distributorship Agreements are with SF Systems.

Table No. 3
Status of Franchised Outlets
For years 2022 to 2024⁽¹⁾

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations-Other Reasons	Col. 9 Outlets at End of the Year
Arizona	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Arkansas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
California	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations-Other Reasons	Col. 9 Outlets at End of the Year
Delaware	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Georgia	2022	2	0	0	0	1	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Hawaii	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Idaho	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Indiana	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Iowa	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Kentucky	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations-Other Reasons	Col. 9 Outlets at End of the Year
Maine	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Michigan	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Minnesota	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Mississippi	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Nevada	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
New Jersey	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
New York	2022	2	1	0	0	1	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Ohio	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Oregon	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations-Other Reasons	Col. 9 Outlets at End of Year
Pennsylvania	2022	4	0	0	0	1	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
South Carolina	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Texas	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Utah	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Virginia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Washington	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Wisconsin	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Wyoming	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations-Other Reasons	Col. 9 Outlets at End of the Year
Totals	2022	36	3	3	0	3	0	33
	2023	33	1	0	0	0	0	34
	2024	34	0	0	0	0	0	34

Notes:

1. All numbers are as of our fiscal year end, which is December 31 and include Safeguard distributors whose Distributorship Agreements are with SF Systems.

Table No. 4
Status of Company-Owned Outlets
For years 2022 to 2024⁽¹⁾

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Arkansas	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
California	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Georgia	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Maine	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Minnesota	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Nevada	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
New York	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Oklahoma	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Pennsylvania	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Texas	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Washington	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Wyoming	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Totals	2022	8	0	3	0	0	11
	2023	11	0	0	0	0	11
	2024	11	0	0	0	0	11

Notes:

1. All numbers are as of our fiscal year end, which is December 31.
2. A Safeguard branded company-owned outlet converted to a similar business operating under the "Deluxe" name as part of a realignment and rebranding.

Table No. 5
Projected Openings As Of December 31, 2024

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In the Next Fiscal Year
All States	0	0	0
Totals	0	0	0

The name, business address, and business telephone number of each current distributor on December 31, 2024 are listed on Exhibit F-1. A list of our Pre-Existing Distributors as of December 31, 2024 is attached as Exhibit F-2.

The name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of every distributor who has had a distributorship terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Distributorship Agreement during the most recently completed fiscal year or has not communicated with us within 10 weeks of the date of issuance of this disclosure document are listed on Exhibit G.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of the date of this disclosure document, we are not offering any outlets we control that were previously owned by a distributor. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a supplement to this disclosure document.

As of December 31, 2024, we have no current or former distributors who have signed provisions during the last 3 fiscal years restricting their ability to speak openly to you about their experience with the Safeguard distributorship system.

During the last fiscal year, in some instances, Pre-Existing Distributors signed provisions restricting their ability to speak openly about their experience with the Safeguard distributorship system. You may wish to speak with Pre-Existing Distributors, but be aware that not all such franchisees will be able to communicate with you.

The Pre-Existing Distributors have formed an association known as the United Safeguard Distributors Association which operates independently under its own governing rules. The USDA's web address is www.usdamember.com. We recognize the USDA and meet with the board of the USDA on a regular basis to discuss and exchange information on issues that are of mutual interest. You are not required to be a member of the USDA. Other than the USDA, as of the date of this disclosure document there are no franchisee or distributor organizations sponsored or endorsed by us and no independent franchisee or distributor organizations have asked to be included in this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A are our audited financial statements for our fiscal years ending December 31, 2022, December 31, 2023, and December 31, 2024.

ITEM 22
CONTRACTS

Attached as Exhibits to this disclosure document are the following contracts and their attachments:

1. Distributorship Agreement (including state-specific addenda) (Exhibit B)
2. Inventory Agreement (Exhibit B-1)
3. Safeguard CMS License Agreement (Exhibit C)
4. Safeguard SLC License Agreement (Exhibit D)
5. Form of General Release (Exhibit K)
6. Form of Term Note (Exhibit L-1)
7. Form of Balloon Note (Exhibit L-2)
8. Form of Security Agreement (Exhibit L-3)

ITEM 23
RECEIPT

Attached as the last 2 pages of this disclosure document are duplicate Receipts to be signed by you. Keep 1 for your records and return the other one to us.

EXHIBIT A
FINANCIAL STATEMENTS

Exhibit A

FINANCIAL STATEMENTS

Exhibit A

EXHIBIT B
DISTRIBUTORSHIP AGREEMENT

Exhibit B

EXHIBIT B-1
INVENTORY AGREEMENT

Exhibit B-1

EXHIBIT C

SAFEGUARD CMS LICENSE AGREEMENT

Exhibit C

SAFEGUARD CMS LICENSE AGREEMENT

Name of Licensee: _____

Address of Licensee: _____

Licensed Program: **CMS**

TERMS AND CONDITIONS

1. **Grant.** Subject to the terms and conditions set forth below and payment of published License Fees, Safeguard Business Systems, Inc. (“Safeguard”) grants to Licensee a nonexclusive, nontransferable license to use CMS. Licensee shall have no right to sublicense the Licensed Program.
2. **Proprietary Rights of Safeguard.** Licensee agrees that Safeguard is the sole and exclusive owner of all rights in the Licensed Program, and that Safeguard retains the right, at its discretion, to render the licensed Program inoperable upon the termination of the License. Licensee agrees to not modify the Licensed Program, the underlying source code or any part of the Program. Licensee also agrees to maintain and keep current the information contained in CMS where applicable.
3. **Support.** Safeguard shall provide services to Licensee for the support of the Licensed Program on published terms and conditions by a regular telephone line or email during normal business hours Eastern Time. Safeguard may modify such support services upon written notice to Licensee. Licensee is responsible for maintaining at their own expense an internet connection that is sufficient to run the Licensed Program. Licensee acknowledges that the upload and download speed that is sufficient to run the Licensed Program may increase or decrease from time to time. If Licensee customizes the Licensed Program, Safeguard reserves the right to decline to provide any support services to Licensee.
4. **Enhancements.** If Safeguard provides Licensee with any Enhancements, either for a fee or at no charge, such Enhancements will become part of the Licensed Program and be treated as if they were originally provided with the Licensed Program.
5. **Limited Warranty; Remedy.** Safeguard warrants to Licensee (1) that the Licensed Program and its use does not violate any patent, copyright or trade secret of any third person; and (2) that support to Licensee (if any) shall be furnished in a professional manner by qualified personnel; provided, however, that Safeguard does not promise to provide unlimited support services to Licensee or to support the License Program at all if it has been customized by Licensee, nor does Safeguard guarantee that all of Licensee’s claimed defects will be corrected or that all of Licensee’s problems will be resolved.

EXCEPT AS SPECIFIED ABOVE, SAFEGUARD MAKES NO WARRANTY OF ANY KIND RELATED TO THE PRODUCTS OR SERVICES PROVIDED HEREUNDER, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. SAFEGUARD SHALL NOT BE LIABLE FOR DAMAGES OF ANY KIND, INCLUDING CONSEQUENTIAL DAMAGES, RELATED TO THE PRODUCTS DELIVERED OR LICENSED HEREUNDER, OR THE

Exhibit C

PERFORMANCE OF ANY MAINTENANCE OR SUPPORT SERVICES PROVIDED BY SAFEGUARD FOR THE LICENSED PROGRAM. IN ANY EVENT, SAFEGUARD'S LIABILITY SHALL BE LIMITED TO REFUND OF THE LICENSE FEES PAID IN CONNECTION WITH THIS AGREEMENT, AND ANY CLAIM BY LICENSEE ARISING UNDER THIS AGREEMENT MUST BE BROUGHT WITHIN ONE (1) YEAR FROM THE DATE OF LICENSEE'S RECEIPT OF THE LICENSED PROGRAM.

6. **Termination.** If Licensee breaches this Agreement, or if Licensee's Distributorship Agreement terminates for any reason, voluntary or involuntary, the license granted by this Agreement shall terminate immediately. Licensee must then either promptly assign the Licensed Program to an eligible assignee under Section 8 below or remove the CMS URL from any internet browser it was used on.
7. **Injunctive Relief.** Licensee agrees that, if any unauthorized copies or use of the Licensed Programs are made or occur, Safeguard will have the right to obtain an injunction compelling the removal of such unauthorized copies and prohibiting further unauthorized use of the Licensed Program, in addition to any other rights and remedies to which Safeguard may be entitled.
8. **Assignment.** This Agreement shall bind and inure to the benefit of the successors and assigns of Safeguard. Licensee may not sell, assign, license or otherwise transfer Licensee's copy of the Licensed Program without the prior written consent of Safeguard. Any proposed transferee of the Licensed Program must be a Safeguard Distributor in good standing who is assuming Licensee's Distributorship rights and who must agree in writing to be bound by these terms and conditions.
9. **Entire Agreement.** By using the Licensed Program, Licensee agrees to be bound by these terms and conditions, which constitute the entire agreement between the parties as to the matters described above. provided, however, that nothing in this or any related agreement shall disclaim the representations made in any franchise disclosure document that was furnished to Licensee.

Licensee Distributor # _____

SAFEGUARD BUSINESS SYSTEMS, INC.

By: (signature of authorized person)

By: (corporate signature)

Date: _____

Date: _____

CUSTOMER MANAGEMENT SYSTEM – CMS

Telephone: 800-523-6660 Option 3 or 215-631-7700

Attn: DTG – Distributor Technology Group

US & CN CMS ORDER FORM

Date: _____

1 - DISTRIBUTOR INFORMATION: (Please Print)

Name: _____

Address: _____

City: _____ State/Prov: _____ Zip/Postal Code: _____

Phone #: (_____) _____ - _____

Fax #: (_____) _____ - _____

Distributor Number: _____ E-Mail : _____

2 - PURCHASE AGREEMENT:

CMS.net - \$1500.00 US / \$1900 CN -

“I AUTHORIZE SAFEGUARD TO WITHHOLD FROM MY MONTHLY COMMISSIONS TO PAY THIS CHARGE AND ALL CMS RELATED CHARGES.”

Dist. Number: _____ Signature: _____ Date: _____

3 – SUPPORT CHARGES:

CMS SUPPORT CHARGES - \$65 US / \$85 CN MONTHLY -

NON-Safeguard related technical support available for \$4.00 US / \$5.00 CN Per Minute

DTG will setup the Distributor’s CMS login account. Distributor is responsible for creating and maintaining the CMS login IDs for Associates and office staff. CMS login IDs must be setup using their @gosafeguard.com email addresses **ONLY** because password resets will be returned to the @gosafeguard.com address. Each user should have their **own** login ID. If you need email addresses for your office staff, please complete **Section 4 - Email Accounts & Logins**.

Do NOT setup CMS login IDs until AFTER you have been given the employee’s @gosafeguard.com email address.

Dist. Number: _____ Signature: _____ Date: _____

Please email the completed form to Distributor Technology Group DTG@gosafeguard.com.

4 - EMAIL ACCOUNTS & LOGINS:

Please indicate below those that need a @gosafeguard.com email account and their position in the Distributorship; Distributor (D), Sales Associate (A) or Office Staff (S). Also, please indicate if the person should have a 24/7 Highspot login.

24/7 – Each new user will be given a 24/7 Highspot login which they would need to activate. Their login information will be emailed to them once their setup is complete.

Reporting Tool – DTG will set up the initial distributor user. It is the distributor’s responsibility to setup each user within their office. The distributor should determine the appropriate role that each user should have within the report tool.

Name	Role * D/A/S	24/7 Y/N	Forwarding Email Address - (This is the email address to which the @gosafeguard.com email will be forwarded)
Ex: John Safeguard	A - 10	Y	JSafeguard@gmail.com
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* Role - D = Distributor , A = Associate , S = Staff
-- If Associate, please indicate Associate number.

EXHIBIT D
SAFEGUARD SLC LICENSE AGREEMENT

Exhibit D



SLC LICENSE AGREEMENT

Distributor Number:

Distributor Name:

Phone Number:

Email Address:

1. Grant. Subject to the terms and conditions set forth below, Safeguard Business Systems Inc. (“Safeguard”) grants to User a nonexclusive, but transferable license to use the “seat” license identified herein. The “seat” license that is the subject of this agreement is an authorized access and permission to use the Web-based resource known as “Safeguard Learning Center” or “SLC,” hereinafter referred to as “seat license.” User shall have no right to sublicense these rights. The Licensed Program is licensed for use only by the User and further that each User shall be a Distributor (or a person associated with said distributorship) with an existing Distributor Agreement with Safeguard.

2. Term. The grant of the license more specifically set forth in paragraph 1 above, shall be available for use at all times the Distributor has a Distributor Agreement in effect with Safeguard.

In the event the User desires not to continue with the use of this license, User shall give 60 days written notice to Safeguard of User’s intent to cease the use of the License. Upon receiving said 60-day written notice from User, Safeguard agrees the User’s rights to use said license shall cease.

3. Training. User acknowledges that Safeguard will provide reasonable training as it relates to the use of the “SLC” at no charge. User acknowledges that there will be a charge associated with some of the training offered.

4. Proprietary Rights of and Rights and Obligations of Safeguard. User agrees that Safeguard is the sole and exclusive owner of all rights offered to the holder of the seat license. User will not copy or permit others to copy or use all or any part of the program associated with License. User will use reasonable precautions to prevent the unauthorized copying or use of all or any part of the License. User additionally agrees that included in this continuing obligation to use reasonable precautions to prevent the unauthorized copying or use of all or any part of this license, to use reasonable precautions when using any third party application, in conjunction with the use of applications and/or the customer information. User agrees to not modify the Licensed Program, the underlying source code or any part of the Program.

Exhibit D



5. Limited Warranty; Remedy. Safeguard warrants to User (1) that the rights that are the subject of this License and use thereof does not violate any patent, copyright or trade secret of any third person.

EXCEPT AS SPECIFIED ABOVE SAFEGUARD MAKES NO WARRANTY OF ANY KIND RELATED TO THE PRODUCTS OR SERVICES PROVIDED HEREUNDER,

EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. SAFEGUARD SHALL NOT BE LIABLE FOR DAMAGES OF ANY KIND, INCLUDING CONSEQUENTIAL DAMAGES, RELATED TO THE LICENSE HEREUNDER, INCLUDING BUT NOT LIMITED TO ANY DAMAGES, ALLEGED TO HAVE BEEN CAUSE BY ANY SERVICE OUTAGE OR DISRUPTION OF SERVICES. IN ANY EVENT, SAFEGUARD'S LIABILITY SHALL BE LIMITED TO REFUND OF THE LICENSE FEES PAID IN CONNECTION WITH THIS AGREEMENT, IF ANY, AND ANY CLAIM BY USER ARISING UNDER THIS AGREEMENT MUST BE BROUGHT WITHIN ONE (1) YEAR FROM THE DATE OF USER'S RECEIPT OF THE LICENSE.

6. Reservation of Rights; Fees. The license fee of \$30 per learner is a one-time charge. The fee is not per distributorship, but per learner within the distributorship. All payments will be deducted from distributor's commissions. This document will serve as authorization to deduct fees from commissions. Safeguard reserves the rights to modify the fees associated with this license, provided that at least 30 days notice will be provided to User prior to the implementation of any fee adjustment.

7. Registration; Please list the names, email addresses, and positions below of each staff member for whom you would like to purchase a license. Please choose a position from this list: Distributor, Sales Associate, Sales Representative, Office Manager, or Office Staff.

Name	Position	Email Address

SIGNATURE

I hereby certify that the above statements are true and correct to the best of my knowledge. By signing this document, I am attesting on behalf of myself and my distributorship, that I, and everyone associated with my Safeguard Distributorship, acknowledge and agree with the "License Agreement" that is attached hereto and incorporated herein.

I _____, authorize Safeguard to deduct the fees for the Learning Management System license from commissions otherwise due and owing.

Signature:

Date:

Please sign and email the document to: safeguardlearningcenter@gosafeguard.com

Registration Schedule

Upon receipt of your registration document and payment approval, you will receive an email acknowledgement with program details and login information to begin access to the Safeguard Learning Center.

For any questions, inquiries, or additional information, please contact the Safeguard Learning Center at safeguardlearningcenter@gosafeguard.com

EXHIBIT E

TABLE OF CONTENTS OF OPERATIONS MANUAL

Exhibit E

EXHIBIT F-1

**LIST OF DISTRIBUTORS
AS OF DECEMBER 31, 2024**

**LIST OF DISTRIBUTORS
AS OF DECEMBER 31, 2024**

Note: This list includes Safeguard Distributors whose Distributorship Agreements are with SF Systems.

ARIZONA

B.K. Promotional Strategies
Ben Korn
4574 North 1st Avenue Suite 170
Tucson, AZ 85718
520-721-9644

CALIFORNIA

Majr Solutions, Inc
Raul Vasquez
1331 Danville Boulevard
Alamo, CA 94507-1969
925-838-6840

The Beavers Group, Inc.
Jennifer Johnson
12564-A Central Avenue #374
Chino, CA 91710
909-591-8211

Safeguard Business Systems by the Gastelum
Group
Sergio Gastelum
2413 S. Hoover Street
Los Angeles, CA 90007
213-677-1243

Parlay Data Solutions, Inc.
Michael B. Allen
P.O. Box 688
Lake Forest, CA 92609
(949) 438-7401

Safeguard by Matt Miles
Matt Miles
1035-B West Whitter Blvd
La Habra, CA 90631
310-540-00199

T & W Barrett Enterprises, Inc.
Tracey Barrett
172 S. Main Street #354
Salinas, CA 93901
831-757-3636

DELAWARE

SFA, Inc
Stephen Axt
P.O. Box 1326
Hockessin, DE 19707
610-430-1995

FLORIDA

Safeguard of Central Florida, LLC
Michelle Bowers
119 East 13th Street, Suite B
St. Cloud, FL 34769
407-877-3555

GEORGIA

Norris Imaging Safeguard
Didier Norris
6540 Wheeler Road #109,
Augusta, GA 30909
706-860-4907

HAWAII

Pacific Business Forms
Raul Vasquez
2958 Ualena Street, Suite A
Honolulu, HI 96819
808-597-1717

IDAHO

KMMR, LLC
910 W. Amity
Boise, ID 83705
208-342-3676

ILLINOIS

Deb Moudy
P.O. Box 467
704 2nd Avenue
Mendota, IL 61342
815-539-7279

INDIANA

Safeguard of Fort Wayne, LLC
Chris Meyers
537 Airport N. Office Park
Ft. Wayne, IN 46825
260-489-0889

KDW Marketing, L.L.C
Joyce Jeselskis
6314 W. Stoner Drive
Suite C
Greenfield, IN 46140
317-894-8100

Kress Enterprises, Inc.
Kipp Kress
101 W. Kirkwood Avenue, Suite 230
Bloomington, IN 47404
800 875-9908

IOWA

Brian Maiers
743 Main Street
Holy Cross, IA 52053
815-535-6840

Goody, Inc
Jason and Lisa Goody
105 N. McCoy Street
Mt. Pleasant, IA 52641
888-634-0974

KENTUCKY

Thoroughbred Business Systems, Inc.
Cliff Nahm
901 Lehman Avenue, Suite 6H
Bowling Green, KY 42101
270-782-2134

MINNESOTA

Denhardt Enterprises, Inc.
8929 Aztec Drive, Suite 106
Eden Prairie, MN 55347
952-890-9036

MISSISSIPPI

Scott Bancroft
4824 Poplar Springs Place
Meridian, MS 39305
601-483-2524

NEW YORK

Safeguard Marketing Solutions USA Inc.
c/o WeWork
222 Broadway, Floor 22
New York, NY 10038
(631) 254-6600

Debbie Scholl-Telesca
44 West Lido Promenade
Lindenhurst, NY 11757
(631) 225-2900

OHIO

Camco Promotions, LLC
P.O. Box 495
Springboro, OH 45066
937-242-6045

OREGON

Inspired Results, Inc.
Amy Tiller-Shumway
P.O. Box 230759
Tigard, OR 97281
503-906-4046

PENNSYLVANIA

Innovative Print and Media Group, Inc.
500 Schell Lane
Phoenixville, PA 19460
(610) 489-4800

GL & Associates, LLC
Jerry Lloyd
2106 S. First Avenue
Whitehall, PA 18052
610-443-1616

ML & Associates, LLC
Matt Lloyd
2106 S. First Avenue
Whitehall, PA 18052
610-443-1616

SOUTH CAROLINA

Kelvin Baker
P.O. Box 154
Bishopville, SC 29010
(803) 428-4948

TEXAS

Shawn Kirkland
11080 County RD 359
Hawley, TX 79525
325-944-9355

UTAH

Safeguard Mountain West, LLC
Greg Schauerhamer
594 East 800 South, Suite F
Orem, UT 84097
801-226-2730

VIRGINIA

Safeguard Printing & Promotions, L.L.C
Janice Garton
P.O. Box 110445
Bradenton, FL 34211
800-222-0842

*Note: this distributor moved to Florida, but her
Safeguard Business still operates in Virginia.*

WASHINGTON

SBD Inc.
David Cruzen
2521 West Sylvester Street
Pasco, WA 99301
509-545-8845

WISCONSIN

Paulick Print & Promo, LLC
Emily Paulick
3865 Glenview Lane
Oshkosh, WI 54904
920-231-9922

EXHIBIT F-2

**LIST OF PRE-EXISTING DISTRIBUTORS
AS OF DECEMBER 31, 2024**

EXHIBIT G

LIST OF DISTRIBUTORS WHO HAVE LEFT THE SYSTEM

Exhibit G

**LIST OF DISTRIBUTORS WHO HAVE LEFT THE SYSTEM
DURING THE FISCAL YEAR ENDING DECEMBER 31, 2024**

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

None.

EXHIBIT H

LIST OF STATE ADMINISTRATORS

LIST OF ADMINISTRATORS

CALIFORNIA

Department of Financial Protection and
Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
866-275-2677

CONNECTICUT

Cynthia Antanaitis
Assistant Director
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, Connecticut 06103-1800
(860) 240-8230

FLORIDA

Florida Department of Agriculture &
2005 Apalachee Parkway
Tallahassee, Florida 32399

HAWAII

Business Registration Division
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Chief, Franchise Bureau
Attorney General's Office
500 South Second Street
Springfield, Illinois 62706

INDIANA

Securities Commissioner
Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn.: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913

MINNESOTA

Franchise Examiner
Minnesota Department of Commerce
85 7th Place East
Suite 280
Saint Paul, Minnesota 55101

NEBRASKA

Nebraska Department of
Banking and Finance
1526 K Street, Suite 300
Lincoln, Nebraska 68508

NEW YORK

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
212-416-8222

NORTH DAKOTA

Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor
Bismarck, North Dakota 58505-0510

OREGON

Department of Consumer and
Business Services
Division of Finance and
Corporate Securities
Labor and Industries Building
Salem, Oregon 97301

RHODE ISLAND

Securities Division
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex - Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Franchise Administrator
Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 S Euclid, Suite 104
Pierre, South Dakota 57501

TEXAS

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

UTAH

Director
Division of Consumer Protection
Utah Department of Commerce
160 East 300 South
Salt Lake City, Utah 84111

VIRGINIA

State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

WASHINGTON

Administrator
Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, Washington 98504-1200

WISCONSIN

Franchise Administrator
Division of Securities
Department of Financial Institutions
302 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

EXHIBIT I

LIST OF AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Commissioner of
Department of Financial Protection and
Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344

CONNECTICUT

Banking Commissioner of State of
Connecticut
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, Connecticut 06103-1800

HAWAII

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State
201 State House
200 West Washington
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Commerce,
Corporations and Securities Bureau
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933

MINNESOTA

Commissioner of Commerce
85 7th Place East
Suite 280
Saint. Paul, Minnesota 55101

NEW YORK

Secretary of State
99 Washington Avenue
Albany, New York 12231

NORTH DAKOTA

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - 5th Floor
Bismarck, North Dakota 58505-0510

OREGON

Director
Department of Consumer and
Business Services
Division of Finance and
Corporate Securities
Labor and Industries Building
Salem, Oregon 97301

RHODE ISLAND

Director
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex - Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Director
Department of Labor and Regulation
Insurance Division
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

Clerk of the State
Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON

Director of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN

Commissioner of Securities
Wisconsin Securities Commission
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

EXHIBIT J

STATE-SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

**ADDENDUM TO SAFEGUARD FRANCHISE SALES, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the disclosure document/Distributorship Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Item 1 of the disclosure document is supplemented by the following language:

“SBS had a franchise offering registered in California from 1997 through 1999 for a distributorship that was similar to, but not the same as, the distributorship offered under this disclosure document. SBS never offered or sold any franchises in California under that franchise offering based on a business decision by SBS. Certain individuals that are listed in Item 2 were officers of SBS at the time of that franchise registration, including Michael Dunlap.”

b. Item 3 of the disclosure document is supplemented by the following language:

“Neither we nor any person in Item 2 of the 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.”

2. Item 17 of the disclosure document is amended supplemented by the following language:

- a. California Business and Professions Code Sections 20000 through 20043 provide rights to the distributor concerning termination, transfer or non-renewal of a franchise. If the distributorship agreement contains a provision that is inconsistent with the law, the law will control.
- b. The distributorship agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- c. The distributorship agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- d. The distributorship agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

3. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

4. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH A COPY OF THE DISCLOSURE DOCUMENT.

5. The California Corporations Code 31512 provides that: “Any conditions, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of this law or any rule or order hereunder is void.” The distributorship agreement requires a shortened status

of limitations period. Pursuant to Corporations Code Section 31512, this provision is void, to the extent that it is inconsistent with the provisions of Corporations Code Sections 31303 and 31304. The distributor agreement also limits the type of damages that a franchisee may recover. Pursuant to Corporations Code Section 31300, this provision is void, to the extent that the provision is inconsistent with Section 31512.

6. You must sign a general release if you transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

7. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

**ADDENDUM TO SAFEGUARD FRANCHISE SALES, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII**

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES 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.

**ADDENDUM TO THE SAFEGUARD FRANCHISE SALES, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

1. Illinois law governs the Agreements.
2. In conformance with Section 4 of the Illinois Franchise Disclosure act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Section 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notice requirements for termination of a franchise agreement.
4. Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, along with the compensation requirements.
5. In conformance with section 41 of the Illinois Franchise Disclosure Act, 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.
6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of a Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO SAFEGUARD FRANCHISE SALES, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND**

1. Item 5 of the disclosure document is supplemented by the following language:

“As a condition to becoming registered to offer and sell franchises in the state of Maryland, the Maryland Securities Division has required that we defer your obligation to pay all initial fees (including any initial license fee for the proprietary CMS program and initial training fee) under the disclosure document until your Safeguard Business is open and initial training has been provided. Therefore, notwithstanding anything to the contrary in Item 5 of the disclosure document, during the period that such fee deferral requirement is imposed on us (“Fee Deferral Period”), you will not be required to pay the initial fees until you have been provided with initial training and begin operating your Safeguard Business. Immediately upon notice from us that the Fee Deferral Period has ended, you must pay the initial fees as contemplated by Item 5 of the disclosure document.”

2. (a) The Summary column for Items 17.v., “Choice of Forum” (Distributorship Agreement chart) is amended as follows:

“A distributor may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Except for any rights a distributor has under the Maryland Franchise Registration and Disclosure Law to bring suit in Maryland for claims arising under the Law, mediation of disputes which are subject to mediation will be held at an office of the AAA located nearest to our principal place of business in Dallas, Texas. Except as otherwise required by the Maryland Franchise Registration and Disclosure Law, venue for all proceedings arising under the Distributorship Agreement is the state, county or judicial district in which Dallas, Texas is located, unless otherwise brought by us.”

- (b) Item 17.c., “Requirements for you to renew or extend” (Distributorship Agreement chart) and Item 17.m. “Conditions for our approval of transfer” (Distributorship Agreement chart) are amended by the addition of the following:

“The Code of Maryland Regulations COMAR 02.02.08.16L., states that a general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. This may affect the enforceability of certain provisions in the Distributorship Agreement relating to renewal, sale, assignment or transfer of the Distributorship Agreement.”

- (c) Item 17 is amended to add the following note at the end of that Item:

“Any claims that Distributor may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the distributorship.”

- (d) the addition of the following as the last paragraph of Item 17:

“A provision in the Distributorship Agreement which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101.”

3. Payment of initial franchise fees will be deferred until the we have met all of our initial obligations to Distributor and Distributor has commenced doing business. This financial assurance requirement was imposed by the Maryland Attorney General’s Office due to the our financial status.

4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO SAFEGUARD FRANCHISE SALES, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK**

1. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR 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 ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. 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 THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, the following applies 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 that is 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 ten years 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. Rev. April 2, 2024

(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 the "Summary" sections of Item 17(c), titled "Requirements for a 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; this proviso intends that the nonwaiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by a franchisee": "You may terminate the agreement on any grounds available by law."

5. 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 the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the Rev. April 2, 2024 time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**ADDENDUM TO SAFEGUARD FRANCHISE SALES, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA**

1. Item 5 of the disclosure document is supplemented by the following language:

“Based on our current financial condition, as a condition to becoming registered to offer and sell franchises in the state of North Dakota, the North Dakota Securities Department has required that we defer your obligation to pay the initial license fee for the proprietary CMS program under the Distributorship Agreement until your Safeguard Business is open and initial training has been provided. Therefore, during the period that such fee deferral requirement is imposed on us (“Fee Deferral Period”), you will not be required to pay the initial license fee until your Safeguard Business opens and initial training has been completed. Immediately upon notice from us that the Fee Deferral Period has ended, you must pay the initial license fee as contemplated by Item 5 of the disclosure document.”

2. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

**ADDENDUM TO THE SAFEGUARD FRANCHISE SALES, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA**

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for Safeguard Franchise Sales, Inc. is supplemented by the following:

“Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

2. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

EXHIBIT K
FORM OF GENERAL RELEASE

FORM OF GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (this "Release") is made as of _____, 2012 by and between SAFEGUARD BUSINESS SYSTEMS, INC., a Texas corporation ("Safeguard"), and _____, a Safeguard Distributor ("Distributor").

WHEREAS, Distributor has executed that certain Safeguard Distributorship Agreement (the "Agreement"), granting Distributor the right to operate a Safeguard business; and

WHEREAS, Safeguard and the Distributor has entered into a Purchase Agreement on or about _____ which provides for, among other things, the assignment of certain customer commission rights from Distributor to Safeguard (hereinafter referred to as "Assignments"); and

WHEREAS, Safeguard has conditioned its consent to such Assignments upon Distributor's execution of this Release;

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of Safeguard and Distributor hereby agree as follows:

1. Release by Distributor. Each Distributor hereby unconditionally releases and forever discharges Safeguard, and each of its affiliates, and their respective officers, directors, employees, agents and representatives, and all of their heirs, executors, successors and assigns (collectively, the "Released Parties"), of and from any and all debts, liabilities, claims, demands, actions or causes of action, suits, judgments or controversies of any kind whatsoever, that now exist or that may arise in the future, out of any matter, transaction or event occurring on or prior to the date hereof (collectively, the "Claims"), including without limitation: (i) Claims by Distributor based upon, arising out of or in any way connected with the Agreement, or any other agreement to which Distributor is a party, occurring on or prior to the date hereof, and (ii) any other right, title or interest in, to and under any agreement, arrangement or understanding to which Distributor is a party. Each Distributor further agrees not to file or bring any claim, suit, civil action, complaint, arbitration or administrative action in any city, state or federal court or agency or arbitration tribunal with respect to any Claim.

2. Competency; Release Voluntarily Executed. Each Distributor acknowledges that it has full and complete power and authority to execute this Release, and that their execution hereof shall not violate the terms of any contract or agreement between them or any court order. Each Distributor further acknowledges that this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

3. Governing Law; Choice of Forum. This Release and the rights and obligations of the parties hereunder shall be governed by and construed and enforced in accordance with the substantive laws (but not the principles governing conflict of laws) of the State of Texas. Any dispute relating to this release shall be subject to the forum selection provisions of the Agreement.

4. Counterparts. This Release may be executed in one or more counterparts (including by facsimile) and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same Release.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Safeguard and Distributor have caused this Agreement to be executed have hereunto set their hand and seal, all as of the date first above written.

SAFEGUARD:

SAFEGUARD BUSINESS SYSTEMS, INC., a
Texas corporation

By: _____
R. Scott Sutton, Vice President

Date: _____

DISTRIBUTOR:

_____, a _____

By: _____
_____, _____

Date: _____

**EXHIBIT L-1
FORM OF TERM NOTE**

TERM NOTE

\$ _____

DALLAS, TEXAS

DATED: _____

FOR VALUE RECEIVED, and intending to be legally bound, _____, a [_____] corporation (“Borrower”) whose address is _____, promises to pay to **SAFEGUARD _____, INC.**, a [_____] corporation (“Lender”), whose address is 3000 Kellway Drive, Carrollton, Texas 75006, the sum of _____ AND NO/100 U.S. DOLLARS (\$ _____), in legal and lawful current money of the United States of America, together with interest on all unpaid principal, at the rate hereinafter set forth, accruing from and after the date hereof, payable in the manner set forth herein. This Term Note (this “Term Note”) is delivered pursuant to that certain Asset Purchase Agreement effective of even date herewith between Borrower and Lender as payment of the purchase price for Lender’s rights and interests in certain specified assets of the business located generally in and around _____ (the “Purchase Agreement”).

1. TERMS DEFINED IN THE UCC. Terms used herein without definition that are defined in the Uniform Commercial Code as in effect from time to time in the State of Texas (the “UCC”) shall have the respective meanings set forth therein.**PAYMENTS OF INTEREST AND PRINCIPAL.**

(a) No payment shall be made from the date of this Term Note as set forth above, until on or about _____. This _____ payment shall be made from a Commission Reduction (defined herein) for commissions payable by Lender to Borrower for the commission period covering _____ through _____ which is paid on _____ and _____, respectively.

(b) Interest shall accrue semi-monthly on the outstanding principal and interest of this Term Note at the rate of six percent (6%) per annum until paid in full. Interest shall begin to accrue immediately [or on _____] under this Term Note. Interest shall be computed on the basis of a year of 365 or 366 days, as applicable, and actual number of days elapsed. All payments will be credited first to the accrued interest and then to reduction of principal.

(c) Borrower authorizes Safeguard to deduct the payments described herein from the commissions (as that term is described in the Distributorship Agreement) otherwise due and payable to Borrower from Safeguard under the terms of the Distributorship Agreement dated _____ as has been modified or supplemented from time to time (“Distributorship Agreement”) between Borrower and Safeguard for the making of the payments to Lender.

(d) Beginning on or about _____, Borrower shall make payments of principal and interest to Lender in accordance with the loan amortization schedule attached here to as **Exhibit A** (the “Amortization Schedule”).

(e) Borrower may prepay all or any part of the unpaid principal balance of this Term Note, together with all accrued and unpaid interest, at any time, without premium or penalty.

3. APPLICATION; BUSINESS DAY. Borrower and Lender hereby acknowledge and agree that unless otherwise specified in writing by Lender in its sole discretion, payments required hereunder by Borrower shall be made through the setoff of mid-month and/or end of month commission payments due and payable to Borrower from Lender or any of Lender’s Affiliates and/or assigns (the “Commission Reduction”). Lender shall apply all monthly payments associated with this Term Note to any accrued and unpaid interest then owing, then to any reduction of principal of this Term Note for that month, then to any unpaid late charges or other fees and expenses in such order and in such amounts as Lender may reasonably determine from time to time. If setoff amounts associated with the Commission Reduction do not cover the payments then due by Borrower and owing to Lender (the “Outstanding Setoff Balance”), Borrower agrees to submit to Lender payment for the Outstanding Setoff Balance within five (5) business days of Lender’s notification to Borrower of the Outstanding Setoff Balance, which shall establish the due date related to such Outstanding Setoff Balance. Such payment(s) shall be made in the manner specified by

Lender pursuant to its then-current policies and procedures. Borrower authorizes Lender or Lender's Affiliates to make the Commission Reduction and to process the payment of any Outstanding Setoff Balance (if applicable) on behalf of Lender. For purposes hereof "Affiliate" of Lender means any other corporation, limited liability company or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Lender.

4. EVENTS OF DEFAULT.

(a) The following shall be events of default ("Events of Default"):

(i) Borrower's failure to make any payment of interest or principal within ten (10) days after the date due; or

(ii) Borrower's default under that certain Safeguard Distributorship Agreement or the Security Agreement of even date herewith, or the default, breach and/or termination of any agreement to which Lender, its affiliates and assigns, and Borrower, its affiliates, officers, directors and assigns, are party.

(iii) Borrower shall become insolvent or unable to pay its debts as the same mature, or a petition shall be filed by or against Borrower in bankruptcy or seeking the appointment of a receiver, trustee or conservator for Borrower or for any portion of its property, or for reorganization or to effect a plan or other arrangement with or for the benefit of creditors, and such petition shall not have been dismissed or stayed within sixty (60) days of the commencement, or Borrower shall consent to the appointment of a receiver, trustee, or conservator for Borrower or for any portion of its property.

(b) Upon and following the occurrence of an Event of Default, Lender may, upon notice to Borrower, declare this Term Note to be immediately due and payable in full and may thereafter exercise any or all rights available under [Texas] law.

5. PURPOSE OF NOTE. This Term Note is delivered pursuant to the terms of the Purchase Agreement.

6. PAYMENT OF FEES AND EXPENSES. Borrower agrees to pay, upon demand, costs of collection of all amounts due under this Term Note, including, without limitation, principal, interest and fees, or in connection with the enforcement of, or realization on, any security for this Term Note, including, without limitation, to the extent permitted by applicable law, reasonable attorneys' fees and expenses.

7. COLLATERAL. The payments more fully set out herein are secured by the terms of that certain Security Agreement of even date herewith entered into between Borrower and Lender and Safeguard (the "Security Agreement").

8. INTEREST NOT TO EXCEED MAXIMUM PERMITTED BY LAW. The parties agree and intend to comply with the applicable usury laws and, notwithstanding anything contained herein, the effective rate of interest to be paid on this Term Note (including all costs, charges, and fees which are characterized as interest under applicable law) shall not exceed the maximum contract rate of interest permitted under applicable law as it exists from time to time. Lender agrees not to knowingly collect or charge interest (whether denominated as fees, interest, or other charges) which will render the interest rate hereunder usurious and, if any payments of interest or fees by Borrower to Lender would render this Term Note usurious, Borrower agrees to give Lender written notice of such fact with or in advance of such payment. If Lender should receive any payment which constitutes interest under applicable law in excess of the maximum lawful contract rate permitted under applicable law (whether denominated as interest, fees, or other charges), the amount of interest received in excess of the maximum lawful rate shall automatically be applied to reduce the principal balance, regardless of how such sum is characterized or recorded by the parties.

9. AUTHORIZATION TO FILE UCC STATEMENTS. The Borrower hereby authorizes the Lender, its counsel or designee to file, in the name of the Borrower, any UCC financing and/or continuation statement and to take any other action as Lender in its sole discretion may deem necessary or appropriate to further protect, enforce or maintain the perfection of the security interest.

10. GOVERNING LAW. This Term Note shall be governed by the internal laws of the state of [Texas], without regard to conflict or choice of law principles.

11. GENERAL PROVISIONS.

(a) Borrower waives presentment, demand, notice, protest, and all other demands and notices in connection with delivery, acceptance, performance, or enforcement of this Term Note.

(b) Borrower agrees that in any legal proceeding, a copy of this Term Note kept in Lender's ordinary course of business may be admitted into evidence as an original.

(c) This Term Note is a binding obligation enforceable in accordance with its terms against Borrower and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns.

(d) If a court deems any provision of this Term Note invalid, the remainder of this Term Note shall remain in full force and effect.

(e) No failure by Lender to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by such Lender of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies of Lender hereof as herein specified are cumulative and not exclusive of any other rights or remedies which Lender may otherwise have.

(f) All notices, demands, or other communications hereunder must be in writing and will be effective upon receipt when sent to the address set forth herein or such other address as provided by such party.

12. JURISDICTION AND VENUE. BORROWER KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY (A) CONSENTS IN EACH ACTION AND OTHER LEGAL PROCEEDING COMMENCED BY LENDER AND ARISING OUT OF OR OTHERWISE RELATING TO THIS TERM NOTE TO THE NONEXCLUSIVE PERSONAL JURISDICTION OF ANY COURT LOCATED IN [DALLAS COUNTY, TEXAS] THAT IS EITHER A COURT OF RECORD OF THE STATE OF [TEXAS] OR A COURT OF THE UNITED STATES LOCATED IN THE STATE OF [TEXAS], (B) WAIVES EACH OBJECTION TO THE LAYING OF VENUE OF ANY SUCH ACTION OR OTHER LEGAL PROCEEDING, (C) WAIVES PERSONAL SERVICE OF PROCESS IN EACH SUCH ACTION AND OTHER LEGAL PROCEEDING, (D) CONSENTS TO THE MAKING OF SERVICE OF PROCESS IN EACH SUCH ACTION AND OTHER LEGAL PROCEEDING BY REGISTERED MAIL DIRECTED TO BORROWER AT THE LAST ADDRESS OF BORROWER SHOWN IN THE RECORDS RELATING TO THIS TERM NOTE MAINTAINED BY LENDER, WITH SUCH SERVICE OF PROCESS TO BE DEEMED COMPLETED FIVE (5) DAYS AFTER THE MAILING THEREOF, (E) WAIVES IN EACH SUCH ACTION AND OTHER LEGAL PROCEEDING EACH RIGHT TO ASSERT ANY NON-MANDATORY COUNTERCLAIM, ANY SETOFF OR ANY DEFENSE BASED UPON ANY STATUTE OF LIMITATIONS OR CLAIM OF LACHES, (F) WAIVES EACH RIGHT TO ATTACK ANY FINAL JUDGMENT THAT IS OBTAINED AS A RESULT OF ANY SUCH ACTION OR OTHER LEGAL PROCEEDING AND (G) CONSENTS TO EACH SUCH FINAL JUDGMENT BEING SUED UPON IN ANY COURT HAVING JURISDICTION WITH RESPECT THERETO AND ENFORCED IN THE JURISDICTION IN WHICH SUCH COURT IS LOCATED AS IF ISSUED BY SUCH COURT.

INITIALS OF BORROWER: _____

13. WAIVER OF JURY TRIAL. BORROWER KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVES EACH RIGHT BORROWER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO, AND EACH RIGHT TO ASSERT ANY CLAIM FOR DAMAGES (INCLUDING, BUT NOT LIMITED TO, PUNITIVE DAMAGES) IN ANY ACTION OR OTHER LEGAL PROCEEDING OF ANY NATURE, RELATING TO (A) THIS TERM NOTE, (B) ANY

TRANSACTION CONTEMPLATED BY ANY SUCH DOCUMENTS OR (C) ANY NEGOTIATION, PERFORMANCE OR ENFORCEMENT OF THIS TERM NOTE. BORROWER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL AS NECESSARY AND APPROPRIATE.

INITIALS OF BORROWER: _____

14. REMEDIES; WAIVERS. The remedies of Lender shall be construed as concurrent, and may be pursued singly, successively, or together, at the sole discretion of Lender, and may be exercised as often as occasion therefor shall arise. No act or omission or commission of Lender, including specifically any failure to exercise any right, remedy, or recourse, shall be effective unless set forth in a written document executed by Lender, and then only to the extent specifically recited therein. A waiver or release with reference to one event shall not be construed as continuing or a bar to or as a waiver or release of any subsequent right, remedy, or recourse as to any subsequent event.

15. SEVERABILITY. If any one or more of the provisions contained in this Term Note for any reason shall be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Term Note, and instead this Term Note shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein or therein.

16. ASSIGNMENT. Lender may assign this Term Note to an affiliated corporation or other business entity. Borrower may not transfer or assign this Term Note except with the prior written consent of the Lender, exercisable in its sole discretion. This Term Note shall be binding upon and inure to the benefit of the Lender and the Borrower and their respective successors and permitted assigns.

17. HEADINGS. Section headings appearing in this Term Note are for convenient reference only and shall not be used to interpret or limit the meaning of any provision of this Term Note.

18. TIME OF ESSENCE. Time is of the essence of this Term Note and the payments and performance hereunder.

19. MODIFICATIONS AND EXTENSIONS. This Term Note may not be changed orally, but only by an agreement in writing that is signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

20. ENTIRE AGREEMENT. THIS TERM NOTE REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER OF THIS TERM NOTE.

IN WITNESS WHEREOF, and intending to be legally bound, Borrower has executed and delivered this Term Note on the day and year above first written as a document under seal.

BORROWER: _____

By: _____

LENDER: SAFEGUARD _____, INC.

By: _____
Scott Sutton, Vice President

EXHIBIT A
Amortization Schedule

**EXHIBIT L-2
FORM OF BALLOON NOTE**

___-YEAR BALLOON NOTE

\$ _____

Dallas, Texas

Dated: _____

FOR VALUE RECEIVED, and intending to be legally bound, _____, a [_____] corporation (“Borrower”), whose address is _____, promises to pay to SAFEGUARD _____, a [_____] corporation (“Lender”), whose address is 3000 Kellway Drive, Carrollton, Texas 75006, the sum of _____ AND no/100 Dollars (\$_____), in legal and lawful current money of the United States of America, together with interest on all unpaid principal, at the rate hereinafter set forth, accruing from and after the date hereof, payable in the following manner:

This Balloon Note (this “Balloon Note”) is to be considered a balloon note whereby the principal of this loan is retired through principal payments. On the date of maturity, one (1) large payment consisting of all unpaid principal and accrued and unpaid interest becomes due in full. THIS IS A BALLOON PAYMENT NOTE.

The Maturity Date of this Balloon Note shall be ___ () years, maturing in full on _____ (the “Maturity Date”).

1. TERMS DEFINED IN THE UCC. Terms used herein without definition that are defined in the Uniform Commercial Code as in effect from time to time in the State of Texas (the “UCC”) shall have the respective meanings set forth therein.

2. PAYMENTS GENERALLY.

Interest shall accrue on the principal amount outstanding under this Balloon Note at a rate of six percent (6%) per annum. Interest shall be computed on the basis of a year of 365 or 366 days, as applicable, and actual number of days elapsed. All payments will be credited first to the accrued interest and then to reduction of principal. The principal balance shall be repayable in the following manner:

All interest and principal hereunder shall be repayable on a monthly basis by means of credits applied by Lender at the rate of ___ (%) of customer sales received by Lender or Lender’s Affiliates and associated with Borrower’s insourcing orders¹ that are intended to be insourced/manufactured directly by Lender or Lender’s Affiliate, Deluxe (coded Safeguard Product Lines 01, 02, 04, 05, 07, 11, 33, 57, 73, 80, and 88 in Safeguard’s billing system for customers serviced by Borrower [or “DX” in Borrower’s order entry system]) made: (i) on or after _____ (ii) for all sales entered into Safeguard’s billing system by Borrower that exceed \$ _____ for each regularly-occurring month period that are [shipped and billed] between _____ and _____ (“Insourcing Credit”). For purposes hereof “Affiliate” of Lender means any other corporation, limited liability company or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Lender. Borrower will receive no Insourcing Credit for any order that is sourced through any other manufacturer or means in Lender’s sole discretion or where Lender is unable to collect the full amount due by the customer for which Borrower otherwise would have received an Insourcing Credit.

On the Maturity Date, the entire unpaid principal balance hereof, together with all accrued and unpaid interest thereon, shall become due and payable in full. Both principal and interest shall be payable in legal and lawful current money of the United States of America. Payments shall be made at the address for Lender provided above, or such other address as Lender may from time to time designate.

¹ All as determined in accordance with or respect to that certain Regional Distributor Agreement, dated _____ as amended, restated, supplemented, or otherwise modified from time to time (the “Distributor Agreement”), and the applicable policies set by Safeguard Business Systems, Inc., in relation to the Distributor Agreement.

Notwithstanding anything to the contrary in this Balloon Note, upon a Change in Control (as defined herein) of the Borrower prior to the Maturity Date, the remaining unpaid principal balance hereof, together with all accrued and unpaid interest thereon, shall be due and payable in full. "Change in Control" means the occurrence of either of the following after the date of this Balloon Note: (a) one person or more than one person acting as a group (other than _____), directly or indirectly, acquires ownership of stock of the Borrower that, together with the stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Borrower; or (b) the sale of all, or substantially all, of the Borrower's assets.

3. PREPAYMENTS. Borrower may prepay all or any part of the unpaid principal balance of this Balloon Note, together with all accrued and unpaid interest, at any time without premium or penalty.

4. SECURITY. The payments more fully set out herein are secured by all collateral described in the Security Agreement between Borrower and lender being entered into contemporaneously with this Note, including without limitation, all (i) Accounts (as that term is defined in the Texas Uniform Commercial Code) of Borrower; (ii) General Intangibles (as that term is defined in the Texas Uniform Commercial Code) of Borrower; (iii) Inventory and Instruments (as those terms are defined in the Texas Uniform Commercial Code) of Borrower; (iv) certain Specific Collateral of Borrower as more fully described in the Security Agreement, including but not limited to commissions due and payable to Borrower from Lender; and (v) receivables, tangible and intangible property associated with Borrower's rights as contained within that certain Safeguard Distributorship Agreement between Borrower and Lender's affiliate, Safeguard Franchise Sales, Inc.

5. AUTHORIZATION TO FILE UCC STATEMENTS. The Borrower hereby authorizes the Lender, its counsel or designee to file, in the name of the Borrower, any UCC financing and/or continuation statement and to take any other action as Lender in its sole discretion may deem necessary or appropriate to further protect, enforce or maintain the perfection of the security interest.

6. EVENTS OF DEFAULT.

(a) Lender may, at its discretion and without notice to Borrower, call this Balloon Note immediately due and payable, and pursue any and all other remedies available to Lender at law or in equity, in the event of: (i) default, breach, or termination of the Distributor Agreement, (ii) default, breach, or termination of any other agreement to which Lender or its affiliates or assigns and Borrower or its affiliates, officers, directors, or assigns are a party, (iii) any failure by the Borrower to perform, or comply with, any material term or condition contained in this Balloon Note and (iv) this Balloon Note ceases to be in full force and effect or Borrower contests the validity or enforceability of any provision of this Balloon Note or the Liens granted herein. Lender's failure to do so at any time shall not constitute a waiver of the right to do so at any other time or constitute a waiver of the right to exercise it in the event of any subsequent defaults or triggering events.

(b) Upon Borrower's insolvency or business failure, the appointment of a receiver of all or any part of Borrower's property, an assignment for the benefit of creditors of Borrower, a calling of a meeting of creditors of Borrower, the commencement of any proceeding under any bankruptcy, insolvency, or debtor relief laws by or against Borrower, the unpaid principal balance, together with all accrued and unpaid interest thereon, of the Balloon Note, and all other sums payable with regard to this Balloon Note, shall automatically and immediately become due and payable, in all cases without any action on the part of the Lender.

(c) Upon any default in the payment of any sum of money or interest due hereunder, Lender may, by written notice to Borrower declare the unpaid balance of principal under this Balloon Note to be immediately due and payable and pursue any and all other remedies available to Lender at law or in equity. Lender's failure to do so at any time shall not constitute a waiver of the right to do so at any other time or constitute a waiver of the right to exercise it in the event of any subsequent defaults or triggering events.

7. INTEREST NOT TO EXCEED MAXIMUM PERMITTED BY LAW. The parties agree and intend to comply with the applicable usury laws and, notwithstanding anything contained herein, the effective rate of interest to be paid on this Balloon Note (including all costs, charges, and fees which are characterized as interest under applicable law) shall not exceed the maximum contract rate of interest permitted under applicable law as it exists from time to time. Lender agrees not to knowingly collect or charge interest (whether denominated as fees, interest, or other charges) which will render the interest rate hereunder usurious and, if any payments of interest or fees by Borrower to Lender would render this Balloon Note usurious, Borrower agrees to give Lender written notice of such fact with or in advance of such payment. If Lender should receive any payment which constitutes interest under applicable law in excess of the maximum lawful contract rate permitted under applicable law (whether denominated as interest, fees, or other charges), the amount of interest received in excess of the maximum lawful rate shall automatically be applied to reduce the principal balance, regardless of how such sum is characterized or recorded by the parties.

8. TAXES.

(a) The Borrower shall make all payments, whether on account of principal, interest, fees or otherwise, free of and without deduction or withholding for any present or future taxes, duties or other charges (“Taxes”). If the Borrower is compelled by law to deduct or withhold any Taxes, it shall promptly pay to the Lender such additional amount as is necessary to ensure that the net amount received by the Lenders is equal to the amount payable by the Borrower had there been no deduction or withholding.

(b) Lender acknowledges that although this Balloon Note does not provide for payment of interest by Borrower, some portion of the amounts credited toward repayment of the loan may be recharacterized as interest for tax purposes. Such recharacterization shall not increase the stated principal amount of this Balloon Note or constitute an event of default by Borrower or give rise to any claim of any nature against Borrower. Any payment recharacterized as interest may be deducted by Borrower for tax purposes if such deduction is otherwise allowed.

9. BORROWER WAIVER; INDEMNITY. Borrower: (a) promises to pay all costs of collection of this Balloon Note, including all cost of enforcing this section and a reasonable attorney’s fee, whether incurred in connection with collection, trial, appeal, or otherwise, all of which shall bear interest at the rate of six percent (6%) per annum from the date said expenses are incurred until the date Lender is reimbursed for said expenses; (b) except as expressly set forth herein, waives all notices of any kind or character, including demands, presentments, protests of demand, notices of protest, notices of intent to accelerate, notices of acceleration, maturity, and nonpayment; (c) waives the right of exemption under the constitution and the laws of Texas; and (d) authorizes Lender to apply the Insourcing Credits as a set-off to the indebtedness evidenced by this Balloon Note to reduce the principal amount and interest due hereunder.

10. JURISDICTION AND VENUE. BORROWER KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY (A) CONSENTS IN EACH ACTION AND OTHER LEGAL PROCEEDING COMMENCED BY LENDER AND ARISING OUT OF OR OTHERWISE RELATING TO THIS TERM NOTE TO THE NONEXCLUSIVE PERSONAL JURISDICTION OF ANY COURT LOCATED IN [DALLAS COUNTY, TEXAS] THAT IS EITHER A COURT OF RECORD OF THE STATE OF TEXAS OR A COURT OF THE UNITED STATES LOCATED IN THE STATE OF TEXAS, (B) WAIVES EACH OBJECTION TO THE LAYING OF VENUE OF ANY SUCH ACTION OR OTHER LEGAL PROCEEDING, (C) WAIVES PERSONAL SERVICE OF PROCESS IN EACH SUCH ACTION AND OTHER LEGAL PROCEEDING, (D) CONSENTS TO THE MAKING OF SERVICE OF PROCESS IN EACH SUCH ACTION AND OTHER LEGAL PROCEEDING BY REGISTERED MAIL DIRECTED TO BORROWER AT THE LAST ADDRESS OF BORROWER SHOWN IN THE RECORDS RELATING TO THIS TERM NOTE MAINTAINED BY LENDER, WITH SUCH SERVICE OF PROCESS TO BE DEEMED COMPLETED FIVE (5) DAYS AFTER THE MAILING THEREOF, (E) WAIVES IN EACH SUCH ACTION AND OTHER LEGAL PROCEEDING EACH RIGHT TO ASSERT ANY NON-MANDATORY COUNTERCLAIM, ANY SETOFF OR ANY DEFENSE BASED UPON ANY STATUTE OF LIMITATIONS OR CLAIM OF LACHES, (F) WAIVES EACH RIGHT TO

ATTACK ANY FINAL JUDGMENT THAT IS OBTAINED AS A RESULT OF ANY SUCH ACTION OR OTHER LEGAL PROCEEDING AND (G) CONSENTS TO EACH SUCH FINAL JUDGMENT BEING SUED UPON IN ANY COURT HAVING JURISDICTION WITH RESPECT THERETO AND ENFORCED IN THE JURISDICTION IN WHICH SUCH COURT IS LOCATED AS IF ISSUED BY SUCH COURT.

INITIALS OF BORROWER: _____

11. WAIVER OF JURY TRIAL. BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE THIS BALLOON NOTE. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS BALLOON NOTE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY BORROWER, AND BORROWER HEREBY ACKNOWLEDGES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY AN INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT.

INITIALS OF BORROWER: _____

12. REMEDIES; WAIVERS. The remedies of Lender shall be construed as concurrent, and may be pursued singly, successively, or together, at the sole discretion of Lender, and may be exercised as often as occasion therefor shall arise. No act or omission or commission of Lender, including specifically any failure to exercise any right, remedy, or recourse, shall be effective unless set forth in a written document executed by Lender, and then only to the extent specifically recited therein. A waiver or release with reference to one event shall not be construed as continuing or a bar to or as a waiver or release of any subsequent right, remedy, or recourse as to any subsequent event.

13. SEVERABILITY. If any one or more of the provisions contained in this Balloon Note for any reason shall be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Balloon Note, and instead this Balloon Note shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein or therein.

14. ASSIGNMENT. Lender may assign this Balloon Note to an affiliated corporation or other business entity. Borrower may not transfer or assign this Balloon Note except with the prior written consent of the Lender, exercisable in its sole discretion. This Balloon Note shall be binding upon and inure to the benefit of the Lender and the Borrower and their respective successors and permitted assigns.

15. HEADINGS. Section headings appearing in this Balloon Note are for convenient reference only and shall not be used to interpret or limit the meaning of any provision of this Balloon Note.

16. TIME OF ESSENCE. Time is of the essence of this Balloon Note and the payments and performance hereunder.

17. MODIFICATIONS AND EXTENSIONS. This Balloon Note may not be changed orally, but only by an agreement in writing that is signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

18. ENTIRE AGREEMENT. THIS BALLOON NOTE REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER OF THIS BALLOON NOTE.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, Borrower and Lender have executed and delivered this instrument on the day and year first above written.

By: _____

SAFEGUARD _____

By: _____
R. Scott Sutton, Vice President

EXHIBIT L-3
FORM OF SECURITY AGREEMENT

SECURITY AGREEMENT

This Security Agreement (“**Agreement**”) is entered into and made effective as of _____, by and between _____, an _____ corporation, with an address of _____ (the “**Debtor**”) and SAFEGUARD _____, INC., a _____ corporation with an address of 3000 Kellway Drive, Carrollton, Texas 75006 (the “**Secured Party**”).

1. **Indebtedness Secured.** Debtor hereby acknowledges that it is indebted to the Secured Party in the amount of _____ (\$ _____) as evidenced by that certain Term/Balloon Note dated of even date herewith, as such Term/Balloon Note may be amended from time to time (the “**Note**”), which represents a portion of the payment of the Purchase Price in connection with Debtor’s purchase of certain Assets of the Secured Party pursuant to the terms of that certain Asset Purchase Agreement by and among the Debtor, the shareholders of Debtor, and the Secured Party (the “**Asset Purchase Agreement**”). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Asset Purchase Agreement. The amounts described in this Section 1, together with any costs of collection of all amounts due under Note, including, without limitation, principal, interest and fees, or in connection with the enforcement of, or realization on, the security provided in this Agreement and including, without limitation, to the extent permitted by applicable law, reasonable attorneys’ fees and expenses, shall be referred to collectively herein as the “**Indebtedness.**”

2. **Security Interest.** Debtor hereby grants to the Secured Party a security interest in those certain Assets of Debtor as acquired by Debtor from the Secured Party under the Asset Purchase Agreement, as described with greater particularity under Article I of the Asset Purchase Agreement, and all additions, substitutions, replacements and proceeds thereof and any and all other assets of Debtor (the “**Collateral**”). The Collateral includes, without limitation, the Fixed Assets, the Assumed Contracts, the shares in Debtor’s entity and the identified list of customers. This security interest shall secure the payment of the Debtor’s obligations under the Note and shall be released upon full satisfaction of the Note. [or the Note and (b) the \$ _____ Term//Balloon Note as of the date hereof. (*if multiple notes exist*)]

3. **Representations and Warranties.** Debtor represents and warrants to the Secured Party that:

(a) **Title to Collateral.** Assuming the accuracy of the representations and warranties of the Secured Party in the Asset Purchase Agreement, Debtor has good and marketable title to the Collateral free and clear of all liens, security interests, restrictions and adverse claims (collectively, “**Encumbrances**”), other than Encumbrances in favor of the Secured Party.

(b) Neither the execution and delivery of this Security Agreement by Debtor nor the consummation of the transactions herein contemplated nor the fulfillment of the terms hereof will result in a breach of any of the terms or provisions of, or constitute a default under, or constitute an event which with notice or lapse of time or both will result in a breach of or constitute a default under, any agreement, indenture, mortgage, deed of trust, equipment lease, instrument or other document to which Debtor is a party, or conflict with any law, order, rule, or regulation applicable to Debtor of any court or any federal or state government, regulatory body, or administrative agency, or any other governmental body having jurisdiction over Debtor or its properties.

(c) Debtor has the power and authority to enter into this Security Agreement and to pledge the Collateral as security for payment of the Indebtedness.

4. **Covenants of Debtor.** Debtor covenants as follows:

(a) By execution of this Agreement, Debtor authorizes Secured Party to file an initial UCC-1 Financing Statement to perfect the Secured Party’s security interest in the Collateral, together with any amendments thereto that Secured Party determines are necessary to continue perfection for so long as the Indebtedness has not been satisfied;

(b) Debtor will not change its name, organizational structure, principal place of business, or the location of its chief executive offices without having first caused all UCC-1 filings in favor of Secured Party to be amended to reflect the change;

(c) Debtor will, within five (5) days of receipt of a request by Secured Party, procure or execute and deliver any document, give any notices, and execute and file any further financing statements or other documents, all in form and substance satisfactory to Secured Party and take any other actions which are necessary or, in the judgment of Secured Party, desirable to perfect or continue the perfection and priority of Secured Party's security interest in the Collateral, to protect the Collateral against the rights, claims, or interest of third persons or to effect the purposes of this Security Agreement. If Debtor shall fail to fulfill its obligations described in this subsection within the time periods provided herein, Secured Party is hereby authorized to sign, deliver and file any such documents, notices, financing statements or other writings as it deems necessary or advisable as Debtor's agent and attorney-in-fact.

(d) Debtor shall exercise due care in preserving and protecting the Collateral and shall maintain adequate insurance with respect to the Collateral;

(e) Debtor will not, without the prior written consent of Secured Party, in any way hypothecate or create or permit to exist any Encumbrance on the Collateral other than the interest of Secured Party created by this Security Agreement, nor will Debtor sell, transfer, assign, exchange, lease, or otherwise dispose of the Collateral. If the Collateral, or any part thereof is sold, transferred, assigned, leased, exchanged, or otherwise disposed of in violation of these provisions, the security interest of Secured Party shall continue in such Collateral or part thereof notwithstanding such sale, transfer, assignment, lease, exchange or other disposition, and Debtor will hold the proceeds thereof in a separate account for Secured Party's benefit. Debtor will, at Secured Party's request, transfer such proceeds to Secured Party.

(f) Debtor will pay and discharge any taxes, assessments and governmental charges or levies against the Collateral prior to delinquency thereof and will keep the Collateral free of all unpaid charges whatsoever; provided however, that Debtor shall have the right to contest any such taxes, assessments, charges or levies.

(g) Within forty five (45) days after the end of Debtor's fiscal year, upon Secured Party's request, until all obligations of Debtor hereunder have been satisfied in full, Debtor shall deliver to the Secured Party the balance sheet and income statements of the Debtor (together, "**Financial Statements**") as of the end of such fiscal year. Debtor shall also deliver Financial Statements to the Secured Party as of the mid-year date of the Debtor's fiscal year within forty five (45) days of such mid-year date, upon Secured Party's request.

5. **Events of Default.** Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions ("**Events of Default**"): (a) an Event of Default occurs under the Note, which Event of Default is not cured within the time provided for cure thereunder; (b) the failure of any warranty or representation of Debtor in this Agreement to be true when made or furnished or the breach of any covenant of Debtor in this Agreement and such failure or breach is not cured within thirty (30) days after Secured Party notifies Debtor in writing of such failure; (c) an Encumbrance other than an Encumbrance to which Secured Party has granted consent attaches to the Collateral; (d) the seizure, or taking of any of the Collateral by any third party pursuant to any legal action, security interest, lien or other encumbrance therein; or (e) a Change in Control. As used herein, a "**Change in Control**" of the Debtor will be deemed to have occurred at such time as:

(i) The shares or other equity interests of Debtor shall (on a fully diluted basis after giving effect to the exercise of any outstanding rights or options to acquire any equity interests of the Debtor) cease to constitute at least 51% of the aggregate equity interests or shares of the Debtor;

(ii) There is consummated any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of Debtor; or

(iii) There is consummated any consolidation or merger of Debtor in which Debtor is not the continuing or surviving entity.

6. **Remedies Upon Occurrence of Event of Default.** Immediately upon the occurrence of an Event of Default hereunder, Secured Party may, at its option, do any one or more of the following:

(a) Declare the Indebtedness to be immediately due and payable, whereupon all unpaid amounts and interest on said amounts shall become and be immediately due and payable;

(b) Exercise any or all of the rights and remedies provided for by the applicable Uniform Commercial Code;

(c) Recover attorneys' fees and other expenses incurred by Secured Party in connection with (i) the enforcement of this Security Agreement, or (ii) in connection with Debtor's foreclosure, redemption or sale of the Collateral;

(d) Proceed by an action or actions at law or in equity to recover the amounts secured hereunder or to foreclose this Security Agreement and reclaim or sell the Collateral, or any portion thereof, pursuant to a judgment or decree of a court or courts of competent jurisdiction; or

(e) Enforce one or more remedies hereunder, successively or concurrently, and such action shall not operate to estop or prevent Secured Party from pursuing any other or further remedy which it may have, and any repossession or sale of the Collateral pursuant to the terms hereof shall not operate to release Debtor until full and final payment of any deficiency has been made in cash.

Secured Party shall be entitled to apply for and obtain injunctive relief compelling actions by Debtor should Debtor fail to honor its commitments hereunder. Subject to the further understandings set forth below, Debtor hereby appoints Secured Party as Debtor's agent and attorney-in-fact to execute, deliver and file such assignments and other documents as are reasonably deemed necessary or advisable to cause the Collateral to be restored and returned to Secured Party upon occurrence of an Event of Default. Provided, however, that Secured Party shall not exercise its rights as agent and attorney-in fact under this paragraph unless Secured Party has first delivered to Debtor written notice of the occurrence of the Event of Default and Debtor has not, within ten (10) calendar days of delivery of said notice and request, either assigned all of the Collateral to Secured Party or obtained an injunction from a court of competent jurisdiction preventing exercise of Secured Party's rights as agent and attorney-in-fact because (and only because) Debtor has demonstrated to the court's satisfaction that an Event of Default has not occurred.

In the event Secured Party recovers possession of all or any part of the Collateral pursuant to a writ of possession or other judicial process, whether prejudgment or otherwise, Secured Party may thereafter retain, sell or otherwise dispose of such Collateral in accordance with this Security Agreement or the applicable Uniform Commercial Code, and following such retention, sale or other disposition, Secured Party may voluntarily dismiss without prejudice the judicial action in which such writ of possession or other judicial process was issued. Debtor hereby consents to the voluntary dismissal by Secured Party of any such judicial action, and Debtor further consents to the exoneration of any bond that Secured Party may file in such action. The rights of Secured Party are cumulative.

7. **Termination of Agreement.** This Security Agreement shall terminate upon full and final payment and performance of all Indebtedness secured hereunder. At such time, Secured Party shall release to Debtor its interest in all of the Collateral. Such release shall be without warranty by or recourse to Secured Party, except that Secured Party shall warrant that the Collateral shall be free and clear of any liens or encumbrances caused by it. Once the Security Agreement is terminated, Debtor shall be authorized to file a Termination of the UCC-1 Financing Statement related to Secured Party's interest in the Collateral. The preparation of the release and Termination Statement shall be at the expense of Debtor. Both parties shall reasonably provide the other with requested documentation and filings with respect to such release and Termination Statement.

8. **Miscellaneous.**

(a) **Expenses.** Except as otherwise provided in this Agreement, each party to this Agreement will bear its or his respective fees and expenses incurred in connection with the preparation, negotiation, execution and performance of this Agreement.

(b) **Notices.** All notices, consents, waivers and other communications required or permitted by this Agreement shall be in writing and shall be deemed given to a party when (i) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (ii) sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment; or (iii) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the following addresses, facsimile numbers or e-mail addresses and marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, e-mail address or person as a party may designate by notice to the other parties):

If to Debtor:

Attn:
E-mail:

with a copy to:

Attn:
Fax:
Email:

If to Secured Party:

3000 Kellway Drive
Carrollton, Texas 75006
Attn: President
E-mail:mbyers@gosafeguard.com

with a copy to:

Safeguard
3000 Kellway Drive
Carrollton, Texas 75006
Attn: Legal Department
E-mail:kskipper@gosafeguard.com

(c) **Waiver; Remedies Cumulative.** The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither any failure nor any delay by any party in exercising any right, power or privilege under this Agreement or any of the documents referred to in this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law, (i) no claim or right arising out of this Agreement or any of the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (ii) no waiver that may be given by a party will be applicable except in

the specific instance for which it is given; and (iii) no notice to or demand on one party will be deemed to be a waiver of any obligation of that party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

(d) **Entire Agreement and Modification.** This Agreement supersedes all prior agreements, whether written or oral, between the parties with respect to its subject matter (including any letter of intent and any confidentiality agreement between the Secured Party and Debtor) and along with the Note, Asset Purchase Agreement and all other ancillary documents related thereto constitutes a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended, supplemented, or otherwise modified except by a written agreement executed by the party to be charged with the amendment.

(e) **Assignments, Successors and No Third-Party Rights.** No party may assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other party.

(f) **Severability.** If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

(g) **Construction.** The headings of sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to “sections” refer to the corresponding Sections of this Agreement. This Agreement was negotiated by the parties with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any party shall not apply to any construction or interpretation hereof.

(h) **Time of the Essence.** With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

(i) **Governing Law.** This Agreement will be governed by and construed under the laws of the State of [Texas] without regard to conflicts-of-laws principles that would require the application of any other law.

(j) **Execution of Agreement.** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by electronic or facsimile transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile shall be deemed to be their original signatures for all purposes.

[Remainder of page left intentionally blank. Signature Page Follows]

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

DEBTOR:

By: _____
Name:
Its:

SECURED PARTY:

SAFEGUARD _____, INC.

By: _____
Name:
Its:

New York Insert

This disclosure document is amended by the addition of the following sentence:

Franchisor represents that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

EXHIBIT M
STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the states, 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 Document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

State	Effective Date
California	[Pending]
Hawaii	[Pending]
Illinois	April 1, 2025
Indiana	April 15, 2025
Maryland	[Pending]
Michigan	[Pending]
Minnesota	May 13, 2025
New York	[Pending]
North Dakota	April 1, 2025
Rhode Island	April 5, 2025
South Dakota	April 1, 2025
Virginia	April 1, 2025
Washington	May 12, 2025
Wisconsin	[Pending]

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulated the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Safeguard Franchise Sales, Inc. offers you a franchise, it 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, or sooner if required by applicable state law. Applicable state laws in (a) Connecticut and Michigan require us to provide you the disclosure document at least 10 business 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, (b) New York requires us to provide you the disclosure document at the earlier of the first personal meeting or 10 business 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, and (c) Iowa and Maine require us to provide you the disclosure document at the earlier of the first personal meeting or 14 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.

If Safeguard Franchise Sales, Inc. 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency.

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number

Issuance Date: March 31, 2025

I received a disclosure document dated March 31, 2025. The disclosure document included the following Exhibits and Attachments:

- | | | | |
|-----|---|-----|---|
| A | Financial Statements | H | List of State Administrators |
| B | Distributorship Agreement | I | Agents for Service of Process |
| B-1 | Inventory Agreement | J | State Specific Addenda To Franchise Disclosure Document |
| C | Safeguard CMS License Agreement | K | Form of General Release |
| D | Safeguard SLC License Agreement | L-1 | Form of Term Note |
| E | Table of Contents of Operations Manual | L-2 | Form of Balloon Note |
| F-1 | List of Distributors | L-3 | Form of Security Agreement |
| F-2 | List of Pre-Existing Distributors | M | State Effective Dates |
| G | List of Distributors Who Have Left the System | | |

Dated: _____

Individually and as an Officer of the company or of a company to be formed and designated below on formation

Printed Name

of _____

(a) _____ Corporation)

(a) _____ Partnership)

(a) _____ Limited

Liability Company)

[Keep this page for your records.]

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Dated: _____

Individually and as an Officer of the company or of a company to be formed and designated below on formation

Printed Name

of _____

(a _____ Corporation)

(a _____ Partnership)

(a _____ Limited

Liability Company)

[Sign and return this page.]