

## FRANCHISE DISCLOSURE DOCUMENT

Retirement Income Source, LLC  
A Delaware limited liability company  
500 West Cypress Creek Rd., Suite 250  
Fort Lauderdale FL 33309  
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info@retirementincomesource.com  
www.retirementincomesource.com/  
retirement-income-source



The franchise is to operate an investment management services business under the trade name “Retirement Income Source.”

The total investment necessary to begin operation of a Retirement Income Source franchise is \$100,400 to \$225,500. This includes \$25,000 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC- HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW. Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://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.

Issuance date: March 13, 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:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	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 Exhibit F.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Retirement Income Source business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Retirement Income Source franchisee?</b>	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 A.

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 franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Florida. Out-of-state arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate, or litigate with the franchisor in Florida than in your own state.
2. **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.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's ability to provide services and support to you.
4. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments regardless of your sales levels. Your inability to make these payments may result in 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.

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
 G. Mennen Williams Building, 7th Floor  
 525 W. Ottawa Street  
 Lansing, Michigan 48909  
 Telephone Number: (517) 373 7117

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## **EXHIBITS**

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Form of General Release
- D. Financial Statements
- E. Operating Manual Table of Contents
- F. Current and Former Franchisees
- G. Investment Management Services Agreement
- H. IRA Rollover Suitability Form
- I. State Addenda to Disclosure Document
- J. State Addenda to Franchise Agreement
- State Effective Dates
- Receipt (2 copies)

## Item 1

### THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, “we”, “us,” or “our” refers to Retirement Income Source, LLC. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

#### Us, Any Parents, and Certain Affiliates

Our name is Retirement Income Source, LLC (“Retirement Income Source” or “RIS”). Our principal business address is 500 West Cypress Creek Rd., Suite 250, Fort Lauderdale FL 33309. We do not have any affiliates that offer franchises in any line of business. We do have affiliates that provide products or services to our franchisees. We previously did business under the name “Retirement Income Store, LLC”, a Delaware limited liability company, which was formed April 19, 2019. On January 11, 2023, an amendment was filed to change the name to our current name “Retirement Income Source, LLC”.

Our affiliate, Sound Income Strategies, LLC (“SIS”), a Florida limited liability company, was formed in 2014. This affiliate’s business address is 500 West Cypress Creek Road, Suite 290, Fort Lauderdale, FL 33309. SIS is a Registered Investment Advisory firm (“RIA”) with the Securities and Exchange Commission (“SEC”). Most franchisees will process their Investment Advisory Services, including any sub advisory services that involve acting as an “investment adviser” within the meaning of the Investment Advisers Act, in your franchise through SIS. This affiliate does not now, nor has it ever, offered franchises in any line of business.

Our affiliate, Sound Income Academy, LLC (“SIA”), a Delaware limited liability company, will process all fixed insurance products and fixed annuities offered by our franchisees and was founded on January 31, 2007. This affiliate has the same business address as us. SIA is an insurance marketing organization (“IMO”), also referred to as a field marketing organization (“FMO”). This affiliate does not now, nor has it ever, offered franchises in any line of business.

Our parent company, or holdings company, was originally formed as Scranton Financial Holdings, LLC, a Delaware limited liability company in December 2015 but changed names in the state of Delaware to Advisors’ Academy Holdings, LLC in May 2019, then to Sound Income Group in 2022. Sound Income Group is the 100% owner of us, SIS and SIA, and is the owner of our primary trademark, which they license to us to use.

#### Our Predecessors

We do not have any predecessors.

#### Our Business Name

We use the names “Retirement Income Source, LLC” and “Retirement Income Source” along with the name of the pre-existing operating brands, “Sound Income Strategies, LLC” and



“The Advisory’s Academy, LLC” which will be co-branded. We do not intend to use any other names to conduct business.

### Agent for Service of Process

Our agent for service of process in Florida is Patrick Farrell, and the agent’s principal business address is 500 West Cypress Creek Rd., Suite 250, Fort Lauderdale FL 33309. Our agents for service of process in other states are disclosed in Exhibit A.

### Business Organization

We are a Delaware limited liability company. We were formed on April 22, 2019.

### Information About Our Business and the Franchises Offered

We do not operate businesses of the type being franchised, but our affiliates SIS and SIA do.

We do not have any other business activities. We have not offered franchises in other lines of business.

If you sign a franchise agreement with us as a Class 1, Class 2, or Class 3 franchisee, you will develop and operate a full service, fee based, investment management and advisory services business for retirees and soon-to-be retirees under the trade name Retirement Income Source. As a Retirement Income Source franchisee, you will be responsible for utilizing investments such as mutual funds, ETFs, individual stocks and bonds (the “Products”), offered through our affiliate SIS, and fixed insurance products, offered through our affiliate SIA. The Products will be offered nationally. For Class 3 Franchisees referenced below, other RIA’s and FMO’s may be approved as vendors.

The general market for our services are private individuals moving towards retirement, or are already retired, generally over the age of 50 and focused on more conservative investing to generate income. This market is fairly well-developed as far as retirement services go, however assisting retirees in investment advisory services is a newer phenomenon. Sales and revenue are not seasonal.

You will compete against national chains, regional chains, and independent owners. Some of these competitors are franchised.

### Laws and Regulations

There are a wide range of laws and regulations that pertain to offering investment opportunities including nationally registered securities filings and certifications you will need to have before operating the franchised business, including the Investment Advisor’s Act.

You will be required to have a Series 65 or Series 7 and 66 Investment License, or be exempt from having a Series 65 or Series 7 and 66 Investment License, as well as a State Insurance and Fixed Annuity License. You must have good standing with state regulators who are involved

with the financial services industry and are relevant to the operation of the franchised business. If you are registered as an Investment Advisor Representative with SIS, SIS will assist you in obtaining approval with the custodian firms Charles Schwab, or Fidelity; there are no fees for this service. If you operate your own RIA, then the responsibility of obtaining approval with at least one of the previously mentioned custodian firms lies with your own firm.

We offer three levels for franchisees to join into our System: Class 1, Class 2, and Class 3. These three classes will be categorized as follows:

### **Class 1 Franchisee (“C1F”)**

A Class 1 Franchisee is one who is an investment advisor representative (“IAR”) through our affiliate, Sound Income Strategies. Class 1 Franchisees must process all their investment advisory business through Sound Income Strategies. Class 1 Franchisees will be supervised by, and registered as investment adviser representatives with, Sound Income Strategies. Class 1 Franchisees will only be able to act under the authority of Sound Income Strategies’ license, as SIS is the only party registered as a registered investment advisor (“RIA”) with the SEC.

Additionally, a Class 1 Franchisee, who is also insurance licensed, is required to place all their Fixed Annuity (“FA”) business and Fixed Indexed Annuity (“FIA”) business through our affiliated FMO Advisors’ Academy.

### **Class 2 Franchisee (“C2F”)**

A Class 2 Franchisee is an investment advisor who is independently registered with either a state or the SEC as an investment advisor. Class 2 Franchisees will use Sound Income Strategies as a sub-manager (a/k/a sub-adviser) of their registered investment advisory firm.

If you are a Class 2 Franchisee, we do not require that you utilize the franchise system for any existing business you have; however, any products or services sold during the Term of the franchise must be sold through our affiliate, Sound Income Strategies. Class 2 Franchisees are not subject to the supervision and control of Sound Income Strategies; however, Sound Income Strategies will have the right to inspect the franchised business for compliance purposes. You, as a Class 2 Franchisee, must also provide Sound Income Strategies with copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity.

Additionally, a Class 2 Franchisee, who is also insurance licensed, is required to place all their Fixed Annuity (“FA”) business and Fixed Indexed Annuity (“FIA”) business through our affiliate, Advisors’ Academy.

Class 1 Franchisees may decide to become Class 2 Franchisees at any time during the Term of the Franchise, provided they meet the requirements for Class 2 Franchisees, without any additional costs imposed by RIS.

### **Class 3 Franchisee (“C3F”)**

A Class 3 Franchisee is a Class 2 Franchisee who has made the election to utilize other approved vendors to process their investment advisory business, instead of placing all their investment advisory business and insurance business with our affiliated companies, Sound Income Strategies and Advisors’ Academy.

More specifically, a Class 3 Franchisee may elect to process all or a portion of their investment advisory business through an approved RIA vendor other than Sound Income Strategies. However, the new RIA vendor must first be reviewed and approved in writing by us before any business can be conducted with the new vendor.

A Class 3 Franchisee may also elect to process all or a portion of their insurance business through another FMO vendor instead of Advisors’ Academy. However, the new FMO vendor must first be reviewed and approved in writing before any business can be conducted with the new vendor.

Should you select to become a Class 3 Franchisee, you will be required to pay RIS a Monthly Service Fee (“MSF”) as set forth in Item 6 of this Disclosure Document.

No matter what class level you elect, you will be required to register as an investment advisor representative to conduct securities transactions and business with the investing public with the state your business will be operating in. All states require that investment advisor representatives register with the states, or that they qualify for an exemption from registration, including the Securities Act of Washington, as applicable. All current and continuing FINRA and state registration fees are obligations of the representatives. Franchisees are permitted to change their current Class, provided they meet the applicable requirements for the new Class and obtain our prior written approval.

You should also investigate and comply with all applicable laws. You should consult with a legal advisor about legal requirements that may apply to your business. If you fail to apply for all required licenses, are ineligible for all required licenses, or lose any required license, we may terminate your franchise agreement immediately, with no right to cure. If our affiliate fails to apply for or loses any required license which prevents you from being able to perform your responsibilities under the franchise agreement, you may terminate the franchise agreement only after providing us, or our affiliate, with written notice to cure or make substantial progress toward curing the violation within 30-days after notice from you.

### **Prior Business Experience**

We have offered franchises since May 2019. None of our affiliates have offered or do offer franchises in this or any other lines of business. Our affiliates do provide some products or services to our franchisees.

**Item 2**  
**BUSINESS EXPERIENCE**

**David Scranton: Chief Executive Officer**

David Scranton has been our Founder and CEO since our inception. He also founded Advisors Academy Press, LLC in Fort Lauderdale, FL, in 2015. Additionally, he has also been the Owner and CEO of our affiliate, Sound Income Strategies, LLC in Fort Lauderdale, FL, since 2014. He has also been the Founder of our affiliate, Sound Income Academy, LLC in Fort Lauderdale, FL, since 2006. He has also been the Owner and CEO of Scranton Financial Group in Westbrook, CT since 1987. Finally, Mr. Scranton was the owner of the holding company Advisor Academy Holdings LLC which originated in 2015 and changed its name to Sound Income Group LLC in 2022.

**Patrick Farrell: President**

Patrick Farrell has been President of Retirement Income Source, LLC since May 9, 2023. Patrick Farrell has been President of our parent/holding company, Sound Income Group, LLC, since January 2022. Prior to that, he was a Financial Advisor for Associated Investor Services, Inc. in Miami, FL from January 2021 to January 2022. Patrick was also CEO & President of Investacorp, Inc. in Miami, FL from October 2007 to February 2020; and before that, he served as CFO/COO of Investacorp, Inc. from February 1985 to October 2020.

**Rana Chandler: Chief Technology Officer**

Rana Chandler has been Chief Technology Officer of our affiliate, Sound Income Group, LLC since January 2022. He has also been the Chief Operating Officer of our affiliate, Sound Income Strategies, LLC, since January 2022. Prior to that, he was a Digital Enablement Officer for Advisor Group in Phoenix, AZ from August 2020 to June 2021. Rana was also the Chief Information Officer & Chief Operating Officer of Investacorp, Inc in Miami, FL from August 2015 to August 2020.

**Charles Radlauer: Chief Compliance Officer**

Charles Radlauer has been Chief Compliance Officer of our affiliate, Sound Income Strategies, LLC in Fort Lauderdale, FL, since 2018. Previously, he was the Chief Supervisory Officer for Newbridge Securities Corporation in Boca Raton, FL from November 2016 to May 2018.

**Eric Lutton: Chief Investment Officer**

Eric Lutton has been Chief Investment Officer of our affiliate, Sound Income Strategies, LLC in Fort Lauderdale, FL, since September 2014.

**Teresa Mariconda, Director of Coaching & Training**

Teresa Mariconda has been Director of Coaching & Training of Retirement Income Source, LLC since January 2025. Since March 2019, she has been self-employed as a personal training in

Fort Lauderdale, FL. Since June 2006, she has also served as Director of Coaching for our affiliate, Advisors Academy, LLC, (which was renamed, Sound Income Academy, LLC in 2024) in Fort Lauderdale, FL. Since May 2004, she has also served as Director of Agency Development at Scranton Financial Group, LLC in Westbrook, CT.

### **Item 3 LITIGATION**

No litigation is required to be disclosed in this Item.

### **Item 4 BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

### **Item 5 INITIAL FEES**

Upon execution of the franchise agreement, you must pay us a lump sum of \$25,000 as the initial franchise fee. This fee is not refundable and uniform.

### **Item 6 OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty	0% of your gross sales	Not Applicable	There are no Royalty Fees.
Monthly Service Fee (“MSF”)	C1F and C2F: \$0 per month.  C3F: \$10,000 per month.	Monthly	Only Class 3 Franchisees must pay the Monthly Service Fee. See Note 3.
Required Spending	15% of Gross Sales or \$60,000 per year	Annually	You must spend at least 15% of Gross Sales or \$60,000 per year on marketing the Business, whichever is greater

Type of Fee	Amount	Due Date	Remarks
Market Cooperative Contribution	Currently, 0% of your gross sales	Not Applicable	There are no marketing cooperative contributions. We have the right to establish local or regional advertising cooperatives. There is no maximum on the contribution determined by the co-op, however it will not be less than 1% of Gross Sales. If we, or our affiliates, own any location within the cooperative, we or they will on the same basis as other members.
Replacement / Additional Training fee	Currently, \$1,000 per day	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.
Third party vendors	Pass-through of costs, plus reasonable administrative charge. Currently, none.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors. No markup will be charged if we collect payment on behalf of third parties.
Non-compliance fee	\$500	On demand	Should your business fail to comply with our system specifications or the terms of the franchise agreement, and you do not rectify the non-compliance within 30 days of receiving notice, a fee of \$500 may be levied. Thereafter, a weekly fee of \$250 may be imposed until the non-compliance is rectified.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.

Type of Fee	Amount	Due Date	Remarks
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, plus our expenses. Currently, \$1,000 per day.	On demand	In the event we provide in-person support at your request, a fee may be charged in addition to any out-of-pocket expenses incurred by us, including but not limited to travel, lodging, and meal expenses for employees providing onsite support.
Customer complaint resolution	Our expenses		We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period.
Special inspection fee	Currently \$1,000, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.

Type of Fee	Amount	Due Date	Remarks
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	\$25,000 plus any broker fees and other out-of-pocket costs we incur	When transfer occurs	Payable if you sell your business.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.
Liquidated Damages	The average Royalty Fees and Marketing Fund Contributions that Franchisee owed to Franchisor under this Agreement for the 24-week period preceding the effective date of termination; multiplied by the lesser of (1) 104 or (2) the number of weeks remaining in the then-current term of this Agreement.	On demand	If Franchisor terminates this Agreement based upon Franchisee's default (or if Franchisee terminates this Agreement without permission), then within 10 days thereafter Franchisee shall pay liquidated damages to Franchisor.



All fees are payable only to us (other than software subscription charges). All fees are imposed by us and collected by us (other than software subscription charges). All fees are non-refundable. All fees, with the exception of the Monthly Service Fee, are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

#### Notes

1. “Gross Sales” is defined in our franchise agreement as the total dollar amount of all sales, commissions and fees generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business.
2. All fees and other amounts due to us by pre-authorized bank draft. However, we can require an alternative payment method.
3. Although only C3Fs are required to pay the Monthly Service Fee, we obtain revenue from C1Fs and C2Fs use of our affiliates for their investment or insurance businesses, and those affiliates pay RIS a periodic marketing/consulting fee.

### **Item 7 ESTIMATED INITIAL INVESTMENT**

#### **YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of expenditure</b>	<b>Amount</b>	<b>Method of payment</b>	<b>When due</b>	<b>To whom payment is to be made</b>
Initial franchise fee (see Note 1)	\$25,000 - \$25,000	Check or wire transfer	Upon signing the franchise agreement	Us
Rent and Lease Security Deposit (see Note 2)	\$10,000 - \$30,000	Check	Upon signing lease	Landlord
Utilities	\$3,000 - \$5,000	Check, debit, and/or credit	Upon ordering service	Utility providers
Leasehold Improvements	\$5,000 - \$50,000	Check	As incurred or when billed	Contractors
Market Introduction Program	\$20,000 - \$30,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Furniture, Fixtures, and Equipment	\$10,000 - \$25,000	Check, debit, and/or credit	As incurred	Vendors and suppliers

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Computer Systems	\$1,000 - \$3,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Insurance	\$1,400 - \$2,500	Check	Upon ordering	Insurance company
Signage	\$500 - \$5,000	Check, debit, and/or credit	Upon ordering	Vendor
Office Expenses	\$500 - \$1,000	Check, debit, and/or credit	As incurred	Vendors
Licenses, Fees, and Permits	\$1,500 - \$3,000	Check	Upon application	FINRA; State & Federal Government
Professional Fees (lawyer, accountant, etc.)	\$1,500 - \$3,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Travel, lodging and meals for initial training	\$1,000 - \$3,000	Cash, debit or credit	As incurred	Airlines, hotels, and restaurants
Additional funds (for first 3 months) (see Note 3)	\$20,000 - \$40,000	Varies	Varies	Employees, suppliers, utilities
Total (see Note 4)	\$100,400 - \$225,500			

### Notes

1. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. We may, at our discretion, finance up to 100% of your initial franchise fee (see Item 10). All financing decisions are subject to our internal credit and risk assessment criteria.

2. Our estimates in this table you are based on the assumption that you will pay one month's rent plus a security deposit prior to commencing operations. There is no minimum size for your office space, however, we recommend that it does not exceed 5,000 sq. ft. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different.

3. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a Retirement Income Source business by our affiliate, and our general knowledge of the industry.

4. These figures are estimates, and we cannot guarantee that you will not have additional, or higher, expenses. You should review these figures carefully with a business advisor before making any decision to purchase a franchise.

## **Item 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

At least annually, we reserve the right to audit, or cause to be audited, the clients and client accounts of Class 1 and 2 franchisees for whom we are acting as the RIA or a sub-manager for any business opened during the term of the franchise agreement. Such audits shall be conducted at our discretion and expense, and you agree to cooperate fully with any such audit and provide all requested information and documentation in a timely manner.

#### Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications.

B. Insurance. We recommend, but do not require, that you obtain insurance as described in the Franchise Agreement and in our Manual. The recommended insurance coverage includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of \$1,000,000, (v) Errors and Omissions Insurance covering you and your business for \$1,000,000, and (vi) Workers Compensation coverage as required by state law. If you obtain insurance, your policies (other than Workers Compensation) must list us and our affiliates as additional insureds, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

D. Licenses Required. Series 65 or Series 7 and 66, or exempt from registration, and State Insurance and Fixed Annuity Licensure and Fixed Annuity License as required by your market are needed. Franchisee will be required to pass background and credit checks. If you are a C1F, SIS will file the ADV with the SEC. A C2F RIA will have to file a Form ADV with the

SEC or the state securities authorities. A C3F will have their ADV filed by their managing RIA firm.

### Us or our Affiliates as Supplier

We are a supplier of goods and services that you may, but are not required to, purchase as part of the franchised business model. Those services include placing your investment advisory business with our affiliates. C3Fs may seek approval to utilize an outside third-party RIA and/or FMO upon receipt of written approval from us.

### Ownership of Suppliers

Outside of your requirement to invest your client's funds with our affiliates, none of our officers owns an interest in any supplier to our franchisees.

### Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. If you request a substitute supplier, the criteria for approval would be based on their fee structure and perspective related to investment strategy and how this aligns with our core mission. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

### Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

### Revenue to Us and Our Affiliates

Our affiliates, Sound Income Academy, LLC and Sound Income Strategies, LLC may derive revenue from the purchases by franchisees, however we do not have any required purchases or leases for franchisees.

### Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 0% to 75% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 0% to 80% of your total purchases and leases of goods and services to operate your business.

### Payments by Designated Suppliers to Us

We or our Affiliates may receive payments from some designated suppliers based on purchases by you or other franchisees. Our affiliates, Sound Income Strategies, LLC and Sound Income Academy, LLC, may share a fee with franchisees based on basis points for each client transaction. During our previous fiscal year ending December 31, 2024, neither we nor our affiliates received any revenue from franchisee purchases from designated suppliers.

### Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

### Negotiated Arrangements

We do negotiate purchase arrangements with some suppliers, including price terms, for the benefit of franchisees. This includes items like marketing collateral, lead generation marketing and media placement.

### Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

## **Item 9 FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.**

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
a. Site selection and acquisition/lease	§§ 6.1, 6.2	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 5.4, 6.4, 7.6	Items 5, 6, 8 and 11

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
e. Opening	§§ 6.5, 6.6	Items 7, 8 and 11
f. Fees	Article 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 14.5, 15.2, 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.9 – 7.13, 7.15, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.3, 7.8, 7.9	Item 8
k. Territorial development and sales quotas	Not applicable	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 3.2, 7.12, 7.13, 15.2	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner's participation/management/staffing	§ 2.4	Items 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§ 3.2	Items 17
v. Post-termination obligations	Article 13, § 14.3	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

## Item 10 FINANCING

Except as provided below, we do not offer direct or indirect financing. We do not guarantee your note, lease or obligations.

We will agree to finance 100% your initial franchise fee for up to 36 months from the Effective Date of the Franchise Agreement. If you pay your initial franchisee fee in full within 12

months from the Effective Date of the Franchise Agreement, we will not charge any interest. If your initial franchise fee is not paid in full within 12 months from the Effective Date of the Franchise Agreement, you must repay all amounts plus interest at the prime rate on or before the date that is 36 months from the Effective Date of the Franchise Agreement. We will not assess any other finance charges. We will not sell, assign, or discount to a third party any of the financing we provide to you.

If you choose to accept this financing, you will sign our form of Promissory note and Personal Guaranty, which are attached as Attachment 4 to the Franchise Agreement and our form of Security Agreement, attached as Attachment 5 to the Franchise Agreement. If you default in any payment under the Promissory Note, and fail to cure the default in the time prescribed under the Promissory Note and the notice of default, we may terminate your Franchise Agreement. If we terminate your Franchise Agreement for cause, any amount you still owe us under the Promissory Note will become immediately due and payable, and will be in addition to any money you may owe us under the Franchise Agreement. You agree that we may debit your bank account or charge your credit card for your monthly payments.

The Promissory Note must be signed by you, or an authorized officer, if you are an entity. The Personal Guaranty must be signed by each shareholder, officer, director, general partner, manager and member of Franchisee, as the case may be, to jointly and severally guarantee your payment of the Promissory Note in favor of us. Under the Promissory Note you waive your right to a jury trial in any action on or related to the enforcement of the Promissory Note and you waive presentment, demand, protest, dishonor and all other notices and demands in connection with the delivery, acceptance, performance default or endorsement of the Promissory Note. Under the Personal Guaranty, you waive the notice of acceptance; the right to a jury trial; presentment, demand and protest of any notice, including a notice of default; all other notices or formalities to which you would be entitled to by law or otherwise; and all rights of setoff. You are not required to waive any of your other legal rights under the Promissory Note and Personal Guaranty. Under the Security Agreement, you will grant us a security interest in the assets of your Franchised Business.

If an “Event of Default” occurs under the Promissory Note, we will have the right to declare all unpaid amounts under the Promissory Note to be immediately due and payable, and we may require you pay interest on any unpaid amount at the maximum contract rate permitted by applicable law. You are responsible for all costs and expenses we incur, including attorneys’ fees, to enforce our rights under the Promissory Note, and we may terminate your Franchise Agreement. An “Event of Default” includes (a) your failure to make any payment of principal of or interest on the Note on its due date; (b) if any judgment, attachment, levy or execution against you is not fully paid and/or discharged or released within 30 days; (c) you become insolvent and unable to pay your debts; (d) you make an assignment for the benefit of creditors, declare bankruptcy or permit a trustee or receiver to be appointed for you and this continues undischarged for 30 days; or (e) you breach any representation, warranty or covenant contained in the Franchise Agreement.

**Item 11**  
**FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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

**Our Pre-Opening Obligations**

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations that you submit to us. (Section 5.4). We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

- (i) We generally do not own your premises.
- (ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.
- (iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.
- (iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you may be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. In such case, we will work with you to agree upon a reasonable extension of the deadline. If we cannot agree on an extension, and you fail to meet the original deadline, you will be in default and we may terminate your franchise agreement. If the franchise agreement is terminated due to our inability to agree on a site, you will be refunded the Franchise Fee in full.
- (v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Constructing, remodeling, or decorating the premises.* We will advise you with our standard specifications. (Section 5.4)

C. *Hiring and training employees.* We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), operational instructions in the Manual which you can use as part of training new employees (Section 5.3), and our initial training program described below. Our opening support (as described below) includes



assisting you in training employees. All hiring decisions and conditions of employment are your sole responsibility.

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.4) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

E. *Operating Manual.* We will give you access to our Operating Manual, which has a total of 242 pages. (Section 5.1).

F. *Initial Training Program.* We will conduct our initial training program. (Section 5.4). The current initial training program is described below.

G. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Section 5.4)

H. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.4)

I. *On-site opening support.* We will have a representative provide on-site support for at least 1 day in connection with your new business development, generally 6-12 months from the date you open the franchised business. (Section 5.4)

### Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 1-3 months. Factors that may affect the time period include your ability to obtain a lease, obtain financing, develop your location, obtain business permits and licenses, and hire employees.

### Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees.* We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), and operational instructions in the Manual which you can use as part of training new employees (Section 5.3). All hiring decisions and conditions of employment are your sole responsibility. Employees of your business must pass our specific process requirements and go through the processes as defined in the Operations Manual.

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$1,000 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.5)

D. *Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Section 5.5). We have the right to require you to offer products and services at specific prices we determine if we are promoting such products and services on a national, regional, or local market basis, for the duration of the promotion (but only to the extent permitted by applicable law).

E. *Establishing and using administrative, bookkeeping, accounting procedures.* We will advise you from time to time on our recommended procedures for administration, bookkeeping, accounting (Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We have not established and do not intend to establish a marketing fund; however, we reserve the right to establish a Marketing Fund in the future. (Section 9.3)

G. *Website.* We will maintain a website for the Retirement Income Source brand, which will include your business information and telephone number. (Section 5.5)

H. *Approvals.* If you are registered as an Investment Advisor Representative with SIS, we will assist you in obtaining approval with the custodial firms Charles Schwab, or Fidelity. There is no cost for this service.

### Advertising

*Our obligation.* We do not currently have a Marketing Fund, nor do we have plans to establish one.

We do not have a Marketing Fund. Therefore, we did not spend any money from the Marketing Fund in our most recently concluded fiscal year of 2024.

*Your own advertising material.* You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose related to the Retirement Income Source brand, without any payment to you.

*Advertising council.* We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

*Local or Regional Advertising Cooperatives.* We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or

regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% of gross sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. If our outlets have controlling voting power, there is no maximum on fees that could be imposed. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged..

*Market introduction plan.* You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business.

*Required spending.* After you open, you must spend at least 15% of gross sales each calendar year or \$60,000, whichever is greater on marketing your business.

#### Point of Sale and Computer Systems

We do not require you to buy (or lease) a point-of-sale system or computer system, however we recommend you consider the following:

Red Tail CRM  
Morningstar Subscription  
Computer  
Smart Phone  
QuickBooks

\*May add additional software or technology in the future which you will be required to purchase.

The system provides management tools, operating equipment and the core of what you will be using every day to manage the day to day business. These systems will generate or store data such as customer contact information, presentation materials and financial data you will use as part of the operating the franchised business.

We estimate that these systems will cost between \$1,000 and \$3,000 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party, but we reserve the right to do so.

You must upgrade or update any system when we reasonably determine it to be necessary. The frequency and cost of this obligation will be subject to reasonable limits as set out in the Franchise Agreement.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$500 to \$1,500 per year.

You must give us independent access to the information that will be generated or stored in these systems for any clients generated through The Retirement Income Source, LLC, subject to state law regarding disclosure of client information. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

### Operating Manual

See Exhibit E for the table of contents of our Operating Manual as of the date this disclosure document, with the number of pages devoted to each subject and the total number of pages in the Operating Manual.

### Training Program

Our training program consists of the following:

#### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Establishing the Franchised Business <ul style="list-style-type: none"> <li>- The Financial Planning Market</li> <li>- Our Position</li> <li>- The Brand</li> <li>- Your Tools and Resources</li> <li>- What we stand for / Culture</li> <li>- Our Relationship</li> </ul>	4	4	Our Location, Fort Lauderdale, FL or Your Location
SEAP (Scranton Education Advisory Process)	8	8	Our Location, Fort Lauderdale, FL or Your Location
Compliance	4	0	Our Location, Fort Lauderdale, FL or Your Location
Marketing and Promotion <ul style="list-style-type: none"> <li>• Lead Generation</li> <li>• Selling</li> <li>• Closing New Business</li> </ul>	4	8	Our Location, Fort Lauderdale, FL or Your Location

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Operations <ul style="list-style-type: none"> <li>• Managing Client Expectations</li> <li>• Communications with Clients</li> <li>• Documentation</li> <li>• Reporting</li> <li>• Planning</li> </ul>	8	0	Our Location, Fort Lauderdale, FL or Your Location
<b>TOTALS:</b>	24	16	

New franchisees must complete our training program at least four (4) weeks before opening their franchised business. Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training classes four to six times per year. Training will be held at our offices and business location in Fort Lauderdale, Florida. We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program.

The instructional materials consist of the Operating Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training classes will be led or supervised by Mr. David Scranton and Mr. Andrew Thorpy, or another authorized trainer who has at least 2 years of experience within the industry or through us or our affiliates. David has 35 years of experience in our industry, and 23 years of experience with us or our affiliates. Andrew has been the Director of Coaching for our affiliate, Sound Income Academy, LLC in Fort Lauderdale, FL, since 2014.

There is no fee for up to 2 people to attend training. You must pay the travel and living expenses of people attending training. We do not anticipate holding annual conferences.

You must attend training. You may send any additional persons to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business.

Your business must at all times be under the on-site supervision of a general manager who has completed our training program. This person may be you or a designated general manager. If you need to send a new general manager to our training program, we will charge a fee, which is currently \$1,000 per day. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

## **Item 12**

### **TERRITORY**

#### Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval.

#### Open Territory

You will have no protected or exclusive territory granted under this franchise offer, however the franchisor will not allow another physical office to be located within a defined geographical region, described in terms of either (i) zip codes or (ii) a specified radius of no less than one-half (1/2) mile from your physical office location. This will be referred to as your “territory.”

You may solicit and service customers anywhere without limitation. You will not have exclusive rights to the customers. You understand that franchisees’ Territories may vary in size and that you will not have any exclusivity or protection as to any specific geographic location or defined territory.

#### Relocation; Establishment of Additional Outlets

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee’s business on case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

You do not have the right to establish additional franchised outlets.

#### Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

#### Geographical Protection

In your territory, we will not open another Retirement Income Source outlet, nor license or franchise another party to open a Retirement Income Source outlet. We will not establish either a company-owned or a franchised outlet selling the same or similar goods and/or services under the same or similar trademarks or services marks in your 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.

### Minimum Performance Requirements

To maintain your rights under the franchise agreement, you must add minimum assets (which includes both annuity sales and assets under management) within your franchised business portfolio, in addition to any assets you manage at the time of signing this Franchise Agreement, as follows:

Year 3 – at least \$10,000,000 in new assets by the end of Year 3.

Year 5 – at least \$20,000,000 in new assets by the end of Year 5.

If you fail to achieve and maintain these minimum amounts, you will be in default under the Franchise Agreement. In such an event, we will have the right to terminate the Franchise Agreement, subject to any applicable cure period and after providing you with the written notice of default and an opportunity to remedy the default within a reasonable time period.

### Restrictions on Other Franchisees from Soliciting or Accepting Orders in Your Territory

There are no restrictions on other franchisees in our System, from soliciting or accepting orders from consumers inside your territory. Neither we, nor other franchisees will pay any compensation to you for soliciting or accepting orders from inside your territory.

### Alternative Channels of Distribution

We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales both within your territory and outside of your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

### Soliciting by You Outside Your Territory

There are no restrictions on you from soliciting or accepting orders from consumers outside of your territory, except that we reserve the right to control all internet-based marketing.

### Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

## Item 13 TRADEMARKS

### Principal Trademark

The following are the trademarks that we license to you. These trademarks are owned by our Parent, Sound Income Group, LLC. Sound Income Group, LLC has registered the following trademarks with the United States Patent and Trademark Office (“USPTO”) as follows:

Trademark	Registration Date	Registration Number	Register
Retirement Income Source	01/23/2024	7291528	Supplemental

All required affidavits for the above trademarks have been filed. Because none of these registrations are more than five years old, no renewals have been filed.

We do not have a federal registration for our principal trademark. Therefore, this trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

### Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

### Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

### Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

Sound Income Group, LLC owns the trademarks described in this Item. Under an Intercompany License Agreement between us and Sound Income Group, LLC we have been granted the exclusive right to sublicense the trademarks to franchisees throughout the United States. The agreement is of perpetual duration. It may be modified only by mutual consent of the parties. It may be canceled by our affiliate only if (1) we materially misuse the trademarks and fail to correct the misuse, or (2) we discontinue commercial use of the trademarks for a continuous period of more than one year. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.



### Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

### Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

## **Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

### Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

### Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operating Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

Our parent, Sound Income Group, LLC, submitted a copyright application for the following logo:



This application has been assigned the registration number VAu001488683, and was approved on January 18, 2023.

Other than above, we do not have any further registered copyrights. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights.

We do not know of any copyright infringement that could materially affect you.

### Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Operating Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

**Item 15**  
**OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE**  
**FRANCHISE BUSINESS**

**Your Participation**

You are not required to participate personally in the direct operation of your business. However, we recommend that you participate.

You must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. Generally the IAR is the Principal Executive. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

**“On-Premises” Supervision**

You are not required to personally conduct “on-premises” supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

**Restrictions on Your Manager**

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you place any other restrictions on your manager.

**Spousal Guaranty**

If your spouse has or acquires any direct or indirect ownership interest in the franchised business, your spouse must sign our then-current form of personal guaranty, non-competition agreement, and confidentiality agreement. Additionally, you must ensure that your spouse does not engage in any competitive business activities that would violate the terms of this agreement.

**Item 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer for sale only goods and services that we have approved.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made at or from your franchised premises, or any other location expressly approved by us.

**Item 17**  
**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**  
**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
a. Length of the franchise term	§ 3.1	5 years from date of franchise agreement.
b. Renewal or extension of the term	§ 3.2	You may obtain a successor franchise agreement for additional 5-year terms, subject to our approval and your compliance with the renewal requirements set forth in Section 3.2 of the franchise agreement.

Provision	Section in franchise or other agreement	Summary
c. Requirements for franchisee to renew or extend	§ 3.2	<p>For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 5-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.</p> <p>To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; have maintained a minimum of 90% retention of client base year over year; achieve or surpass the minimum performance requirements; renovate to our then-current standards; sign then-current form of franchise agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law). If you are a Class individual, in addition to the above requirements to renew or extend your franchise agreement, you must recommit to required auditing and review requirements by us. At least annually, the Retirement Income Source reserves the right to audit the clients of class 2 and 3 registered investment advisors, for whom we are acting as a sub manager, in any way we deem necessary.</p>
d. Termination by franchisee	§ 14.1	<p>You may terminate the Franchise Agreement: (a) if we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you; or (b) for any reason upon providing us with at least six (6) months prior written notice of termination.</p>
e. Termination by franchisor without cause	§ 14.2	<p>We may terminate the Franchise Agreement for convenience upon providing 6 months prior written notice to you. In the event we terminate the Franchise Agreement for convenience, all non-competition obligations imposed on you shall be waived and shall have no further force or effect.</p>

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
f. Termination by franchisor with cause	§ 14.2	We may terminate your agreement for cause, subject to any applicable notice and cure opportunity.
g. “Cause” defined--curable defaults	§ 14.2	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	§ 14.2	Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our business inspection; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.
i. Franchisee’s obligations on termination/non-renewal	§§ 14.3 – 14.6	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by franchisor	§ 15.1	Unlimited
k. “Transfer” by franchisee - defined	Article 1	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business.
l. Franchisor’s approval of transfer by franchisee	§ 15.2	No transfers without our approval.

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
m. Conditions for franchisor's approval of transfer	§ 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you've made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release (unless prohibited by applicable state law); business complies with then-current system specifications (including remodel, if applicable).
n. Franchisor's right of first refusal to acquire franchisee's business	§ 15.5	If you want to transfer your business (other than to your spouse, sibling, or child), we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	§§ 2.4, 15.4	If you die or become incapacitated, a new principal operator acceptable to us must be designated to operate the business, and your executor must transfer the business to a third party within nine months.
q. Non-competition covenants during the term of the franchise	§ 13.2	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor. You are allowed to continue providing products and services to existing customers, if any.

Provision	Section in franchise or other agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	§ 13.2	<p>For two years following the termination or expiration of the franchise agreement, neither you, any owner of the business, nor any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor located within twenty five miles of your former territory or the territory of any other Retirement Income Source business operating on the date of termination.</p> <p>If you are a Class 2 Franchisee at the time of termination or expiration of the franchise agreement, you will lose exclusivity of your Territory but will be permitted to maintain your license to operate as an independent individual.</p>
s. Modification of the agreement	§ 18.4	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	§ 18.3	Only the terms of the agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. However, no claim made in any franchise agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	§ 17.1	All disputes, except for those seeking injunctive relief, shall be resolved by arbitration, subject to applicable state law.



Provision	Section in franchise or other agreement	Summary
v. Choice of forum	§§ 17.1; 17.5	Arbitration proceedings shall be held in the jurisdiction where our headquarters is currently located, which is Fort Lauderdale, Florida, unless otherwise required by applicable state law. Any legal proceedings not subject to arbitration shall be initiated in the United States District Court for the district where our headquarters is located at that time. If that court lacks jurisdiction, then the proceedings shall be initiated in the state courts of the state and county where our headquarters is located, unless otherwise required by applicable state law.
w. Choice of law	§ 18.8	The laws of Florida will govern this agreement (subject to applicable state law).

For additional disclosures required by certain states, refer to Exhibit H - State Addenda to Disclosure Document

## Item 18 PUBLIC FIGURES

Mr. David Scranton is a public figure who regularly presents on television and radio and will be used to promote the franchised business. Outside of Mr. Scranton, we do not use any public figure to promote our franchise.

## 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 if 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 possible 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 David Scranton 500 West Cypress Creek Rd., Suite 250, Fort Lauderdale FL 33309, and 954-870-6715, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**  
**Systemwide Outlet Summary**  
**For years 2022 to 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	31	30	-1
	2023	30	28	-2
	2024	28	27	-1
Company-Owned	2022	1	1	0
	2023	1	2	+1
	2024	2	3	+1
Total Outlets	2022	32	31	-1
	2023	31	30	-1
	2024	30	30	0

**Table 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years 2022 to 2024**

State	Year	Number of Transfers
Florida	2022	0
	2023	1
	2024	1
Total	2022	0
	2023	1
	2024	1

**Table 3**  
**Status of Franchised Outlets**  
**For years 2022 to 2024**

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
AL	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
AZ	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
CA	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
CO	2022	2	0	0	0	0	0	2
	2023	2	0	1	0	0	0	1
	2024	1	0	0	0	0	0	1
CT	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
DE	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
FL	2022	6	0	1	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
GA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
IL	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
IN	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	2024	0	0	0	0	0	0	0
IA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
KY	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
LA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MN	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	1	0	0	0	0
MO	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
OH	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
SC	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
TN	2022	3	0	1	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
TX	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
VA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	2022	31	2	3	0	0	0	30
	2023	30	0	2	0	0	0	28

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	2024	28	0	1	0	0	0	27

**Table 4**  
**Status of Company-Owned Outlets**  
**For years 2022 to 2024**

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CT	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
FL	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
MN	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
	2024	1	0	0	0	0	1
Totals	2022	1	0	0	0	0	1
	2023	1	1	0	0	0	2
	2024	2	1	0	0	0	3

**Table 5**  
**Projected Openings As Of December 31, 2024**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
Connecticut	0	1	0
Florida	0	1	0
Tennessee	0	1	0
Totals	0	3	0

### Current Franchisees

Exhibit F contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

### Former Franchisees

Exhibit F contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

### Confidentiality Clauses

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

### Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

## **Item 21 FINANCIAL STATEMENTS**

Exhibit D contains our audited financial statements for the fiscal years ending December 31, 2024, December 31, 2023, and December 31, 2022. Our fiscal year end is December 31.

## **Item 22 CONTRACTS**

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Form of General Release
- G. Investment Management Services Agreement
- H. IRA Rollover Suitability Form
- J. State Addenda to Franchise Agreement

**Item 23**  
**RECEIPTS**

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

## EXHIBIT A

### STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1 <sup>st</sup> Floor Lansing, MI 48933 (517) 373-7117	



State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21 <sup>st</sup> Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of the Division of Insurance 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, WI 53701 (608) 266-2801	Securities And Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, WI 53703

**EXHIBIT B**

**FRANCHISE AGREEMENT**

# THE RETIREMENT INCOME SOURCE, LLC

## FRANCHISE AGREEMENT

SUMMARY PAGE	
1. Franchisee	_____
2. Initial Franchise Fee	\$_____
3. Territory	_____
4. Business Location	_____
5. Opening Deadline	_____
6. Principal Executive	_____
7. Franchisee's Address	_____

## FRANCHISE AGREEMENT

This Agreement is made between Retirement Income Source, LLC, a Delaware limited liability company (“Franchisor”), and Franchisee effective as of the date signed by Franchisor (the “Effective Date”).

### Background Statement:

A. Franchisor and its affiliates have created and own a system (the “System”) for developing and operating an investment management services business for retirees and soon-to-be retirees under the trade name “Retirement Income Source”.

B. The System includes (1) methods, procedures, and standards for developing and operating a Retirement Income Source business, (2) plans, specifications, equipment, signage and trade dress for Retirement Income Source businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by Franchisor from time to time.

C. The parties desire that Franchisor license the Marks and the System to Franchisee for Franchisee to develop and operate a Retirement Income Source business on the terms and conditions of this Agreement.

## ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by Franchisor.

“**Business**” means the Retirement Income Source business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business, including but not limited to those offering similar, non-stock market investment services to clients, that operates in the financial planning and retirement income management industry.

“**Confidential Information**” means all non-public information of or about the System, Franchisor, and any Retirement Income Source business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“**Gross Sales**” means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of

business, and (iv) any discounts, credits, or allowances granted by Franchisee that have previously been approved by Franchisor.

**“Input”** means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

**“Location”** means the location stated on the Summary Page. If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

**“Losses”** includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Franchisor’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

**“Manual”** means Franchisor’s confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

**“Marketing Fund”** means the fund established (or which may be established) by Franchisor into which Marketing Fund Contributions are deposited.

**“Marks”** means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by Franchisor from time to time for use in a Retirement Income Source business.

**“Owner”** means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

**“Remodel”** means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new Retirement Income Source business.

**“Required Vendor”** means a supplier, vendor, or distributor of Inputs which Franchisor requires franchisees to use.

**“System Standards”** means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Franchisor, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment

acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

“**Territory**” means the territory stated on the Summary Page. If no territory is stated on the Summary Page, then the Territory is determined in accordance with Section 6.1.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) direct or indirect ownership interest of more than 25% of the Business, or (iv) control of the Business.

## **ARTICLE 2. GRANT OF LICENSE**

**2.1 Grant.** Franchisor grants to Franchisee the right to operate a Retirement Income Source business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate a Retirement Income Source business at the Location for the entire term of this Agreement.

**2.2 Open Territory.** Franchisor shall not establish, nor license the establishment of, another Retirement Income Source business within the Territory without the express written consent of the Franchisee. Notwithstanding the foregoing, Franchisor retains the right to:

- (i) establish and license others to establish and operate Retirement Income Source businesses outside the Territory;
- (ii) operate and license others to operate businesses anywhere that do not operate under the Retirement Income Source brand name;
- (iii) sell and license others to sell products and services in the Territory through channels of distribution (including the internet) other than Retirement Income Source outlets; and
- (iv) solicit and accept orders from customers within your Territory.

You may solicit and service customers anywhere without limitation. You will not have exclusive rights to the customers in your Territory. You understand that other franchisees may solicit and accept order from customers within your Territory.

**2.3 Franchisee Control.** Franchisee represents and warrants that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner’s interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify Franchisor within 10 days.

**2.4 Principal Executive.** Franchisee agrees that the person designated as the “Principal Executive” on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least

10% ownership interest in Franchisee. Generally, the IAR is the Principal Executive. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to Franchisor's reasonable approval.

**2.5 Guaranty.** If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to Franchisor, in the form of Attachment 3.

**2.6 No Conflict.** Franchisee represents to Franchisor that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

### ARTICLE 3. TERM

**3.1 Term.** This Agreement commences on the Effective Date and continues for a term of 5 years, unless earlier terminated in accordance with the provisions of this Agreement.

**3.2 Successor Agreement.** When the term of this Agreement expires, Franchisee may enter into an unlimited number of successor agreements for additional periods of 5 years each, subject to the following conditions prior to each expiration:

- (i) Franchisee notifies Franchisor of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Franchisor (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to Franchisor) renovations and changes to the Business as Franchisor requires (including a Remodel, if applicable) to conform to the then-current System Standards;
- (iv) Franchisee and its Owners execute Franchisor's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section; and
- (v) Franchisee and each Owner executes a general release (on Franchisor's then-standard form) of any and all claims against Franchisor, its affiliates, and their respective owners, officers, directors, agents and employees.

## ARTICLE 4. FEES

**4.1 Initial Franchise Fee.** Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

**4.2 Royalty Fee.** Franchisee shall pay Franchisor a royalty fee (the “Royalty Fee”) equal to 0% of Gross Sales. Franchisor reserves the right to increase the Royalty Fee up to a maximum of 10% of Gross Sales, upon providing Franchisee with no less than ninety (90) days written notice.

### **4.3 Marketing Contributions.**

(a) Marketing Fund Contribution. We do not have a Marketing Fund, nor do we plan to have one in the future.

(b) Market Cooperative Contribution. Franchisor has not established a Market Cooperative in the past, nor does Franchisor plan to create one in the future. However, if Franchisor establishes a Market Cooperative and the Business participates in such Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative, however that amount shall not be less than 1% of Gross Sales.

**4.4 Replacement / Additional Training Fee.** If Franchisee sends an employee to Franchisor’s training program after opening, Franchisor may charge its then-current training fee. As of the date of this Agreement, the training fee is \$1,000 per day.

**4.5 Third Party Vendors.** If Franchisor requires Franchisee to use a designated third-party vendor, Franchisor has the right (but not the obligation) to collect payment on behalf of the vendor and remit the payment to the vendor. If Franchisor does so, no markup will be charged.

**4.6 Non-Compliance Fee.** Franchisor may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee’s non-payment of a fee owed to Franchisor) which Franchisee fails to cure after a written notice of non-compliance and a 30-day cure period. Thereafter, Franchisor may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Franchisor’s internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. The non-compliance fee is in addition to all of Franchisor’s other rights and remedies (including default and termination under Section 14.2).

**4.7 Reimbursement.** Franchisor may (but is never obligated to) pay on Franchisee’s behalf any amount that Franchisee owes to a supplier or other third party. If Franchisor does so, Franchisor shall provide written notice to the Franchisee of the payment and any administrative charge. Franchisee shall reimburse Franchisor for such amount plus a 10% administrative charge within 15 days after receipt of an invoice by Franchisor accompanied by reasonable documentation.



#### **4.8 Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to Franchisor by pre-authorized bank draft or in such other manner as Franchisor may require. Franchisee shall comply with Franchisor's payment instructions.

(b) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(c) Insufficient Funds. Franchisor may charge \$30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(d) Costs of Collection. Franchisee shall repay any costs incurred by Franchisor (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(e) Application. Franchisor may apply any payment received from Franchisee to any obligation and in any order as Franchisor may determine, regardless of any designation by Franchisee.

(f) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Franchisor any fees or amounts described in this Agreement are not dependent on Franchisor's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

**4.9 Monthly Service Fee.** Class 3 Franchisees/Franchisee shall be required to pay a monthly service fee of \$10,000 per month. Class 1 Franchisees/Franchisees and Class 2 Franchisees/Franchisee shall not be required to pay a monthly service fee.

### **ARTICLE 5. ASSISTANCE**

**5.1 Manual.** Franchisor shall make its Manual available to Franchisee.

**5.2 Assistance in Hiring Employees.** Franchisor shall provide its suggested staffing levels to Franchisee. Franchisor shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

**5.3 Assistance in Training Employees.** Franchisor shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

**5.4 Pre-Opening Assistance.**

(a) Selecting Location. Franchisor shall provide its criteria for Retirement Income Source locations to Franchisee. Franchisor will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period of time after the Effective Date, Franchisor shall provide Franchisee with (i) Franchisor's sample set of standard building plans and specifications and/or standard recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as Franchisor deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (iv) Franchisor's lists of Approved Vendors and/or Required Vendors.

(c) Business Plan Review. If requested by Franchisee, Franchisor shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that Franchisor accepts no responsibility for the performance of the Business.**

(d) Pre-Opening Training. Franchisor shall make available its standard pre-opening training to the Principal Executive and up to 2 other employees, at Franchisor's headquarters and/or at a Retirement Income Source business designated by Franchisor. Franchisor shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. Franchisor reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(e) Market Introduction Plan. Franchisor shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(f) On-Site Opening Assistance. Franchisor shall have a representative support Franchisee's business opening with at least 1 day of onsite opening training and assistance.

## **5.5 Post-Opening Assistance.**

(a) Advice, Consulting, and Support. If Franchisee requests, Franchisor will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent Franchisor deems reasonable. If Franchisor provides in-person support in response to Franchisee's request, Franchisor may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, Franchisor will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. Franchisor will provide Franchisee with Franchisor's recommended administrative, bookkeeping, accounting, and inventory control procedures. Franchisor may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. Franchisor shall manage the Marketing Fund.

(e) Internet. Franchisor shall maintain a website for Retirement Income Source, which will include Franchisee's location (or territory) and telephone number.

## ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

**6.1 Determining Location and Territory.** If the Location and Territory are not stated on the Summary Page:

(i) Franchisee shall find a potential Location within the Territory described on the Summary Page. Franchisee shall submit its proposed Location to Franchisor for acceptance, with all related information Franchisor may request. If Franchisor does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

(ii) When Franchisor accepts the Location, it shall issue a Location Acceptance Letter in the form of Attachment 2 which states the Location and Territory. Franchisor shall determine the Territory in its good faith discretion, substantially in accordance with Item 12 of the Franchise Disclosure Document.

(iii) **Franchisor's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful, and Franchisor has no liability to Franchisee with respect to the location of the Business.**

**6.2 Lease.** In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by Franchisor, Franchisee must submit the proposed lease to Franchisor for written approval, and (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement.

**6.3 Development.** Franchisee shall construct (or remodel) and finish the Location in conformity with Franchisor's System Standards. If required by Franchisor, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining Franchisor's approval of Franchisee's plans. Franchisor may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by Franchisor or its representatives regarding any architectural, engineering, or legal matters (including without limitation the Americans With Disabilities Act) in the development and construction of the Business, and Franchisor assumes no liability with respect thereto. Franchisor's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering, or legal standards.

**6.4 New Franchisee Training.** Franchisee's Principal Executive must successfully complete Franchisor's training program for new franchisees, as assessed by Franchisor, at least four weeks before opening the Business.

**6.5 Conditions to Opening.** Franchisee shall provide a written notice to Franchisor at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) Franchisor has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee's officers and

employees have completed all of Franchisor's required pre-opening training; and (7) Franchisor has given its written approval to open, which will not be unreasonably withheld.

**6.6 Opening Date.** Franchisee shall open the Business to the public on or before the date stated on the Summary Page.

## **ARTICLE 7. OPERATIONS**

**7.1 Compliance with Manual and System Standards.** Franchisee shall at all times and at its own expense strictly comply with all mandatory obligations contained in the Manual and with all other System Standards as set forth by Franchisor.

**7.2 Compliance with Law.** Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

(a) All Franchisees who are registered with Sound Income Strategies, LLC as "investment adviser representatives" must comply with all applicable federal and state laws, rules and regulations and the policies and procedures of Sound Income Strategies, LLC, including its Code of Ethics. The activities of Franchisees who are "investment adviser representatives" will be monitored by the Compliance Department of Sound Income Strategies, LLC.

(b) All Franchisees who are not registered with Sound Income Strategies, LLC as "investment adviser representatives" must comply with all applicable federal and state laws, rules and regulations and the policies and procedures of their own firm, including its Code of Ethics. The activities of Franchisees who are not "investment adviser representatives" of Sound Income Strategies LLC will be monitored by the Compliance Department of their own firms.

**7.3 Products, Services, and Methods of Sale.** Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall make sales only to retail customers, and only at the Location. Unless otherwise approved or required by Franchisor, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail order or over the internet, or at temporary or satellite locations. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that Franchisor may require.

**7.4 Prices.**

Franchisee acknowledges that the System Standards determined by Franchisor may include the minimum, maximum, and/or exact prices that franchisees may charge for products or services sold (except to the extent such authority is limited or prohibited by applicable law).

**7.5 Personnel.**

(a) Management. The Business must at all times be under the on-site supervision of the Principal Executive or a general manager who has completed Franchisor's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public, in accordance with the standards set forth by Franchisor.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(d) Qualifications. Franchisor may set minimum qualifications for categories of employees employed by Franchisee.

(e) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Franchisor are not joint employers, and no employee of Franchisee will be an agent or employee of Franchisor. Within seven days of Franchisor's request, Franchisee and each of its employees will sign an acknowledgment form stating that Franchisee alone (and not Franchisor) is the employee's sole employer. Franchisee will use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and Franchisee will not use the Marks on any of these documents.

**7.6 Post-Opening Training.** Franchisor may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by Franchisor. Franchisor may charge a reasonable fee for any training programs. Franchisor may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

**7.7 Software.** Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire, use, and keep updated all software and related systems as required by Franchisor. Franchisee shall enter into any subscription and support agreements that Franchisor may require. Franchisee shall upgrade, update, or replace any software from time to time as Franchisor may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give Franchisor unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by Franchisor.

**7.8 Customer Complaints.** Franchisee shall use its best efforts to promptly and effectively resolve any customer complaints, and shall report all such complaints and their resolution to Franchisor in a timely manner. Franchisor may take any action it deems appropriate to resolve a customer complaint regarding the Business, and Franchisor may require Franchisee to reimburse Franchisor for any expenses.

**7.9 Customer Evaluation and System Compliance Programs.** Franchisee shall participate at its own expense in programs required from time to time by Franchisor for obtaining customer evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping.

Franchisor shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Franchisor for such programs.

**7.10 Payment Systems.** Franchisee shall accept payment from customers in any form or manner designated by Franchisor (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Franchisor. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

**7.11 Maintenance and Repair.** Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as Franchisor may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

**7.12 Remodeling.** In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, Franchisor may require Franchisee to undertake and complete a Remodel of the Location to Franchisor's satisfaction. Franchisee must complete the Remodel in the time frame specified by Franchisor. Franchisor may require the Franchisee to submit plans for Franchisor's reasonable approval prior to commencing a required Remodel. Franchisor's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

**7.13 Meetings.** The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that Franchisor requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

**7.14 Insurance.**

(a) While Franchisor does not require specific minimum insurance coverage, if Franchisee obtains insurance, Franchisor recommends the following types and amounts of coverage:

- (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);
- (ii) Business interruption insurance covering at least 12 months of income;

- (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in a recommended amount of \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;
- (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in a recommended amount of \$1,000,000;
- (v) Errors and Omissions Insurance covering you and your business in a recommended amount of \$1,000,000; and
- (vi) Workers Compensation coverage as required by state law.

(b) If Franchisee obtains any of the insurance coverage described above, such policies (other than Workers Compensation) must (1) list Franchisor and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of Franchisor and its affiliates, (3) be primary and non-contributing with any insurance carried by Franchisor or its affiliates, and (4) stipulate that Franchisor shall receive 30 days’ prior written notice of cancellation.

(c) For any insurance coverage obtained by Franchisee, Franchisee shall provide Certificates of Insurance evidencing such coverage to Franchisor prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of Franchisor.

**7.15 Suppliers and Landlord.** Franchisee shall pay all vendors and suppliers in a timely manner. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location.

**7.16 Public Relations.** Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Retirement Income Source, the Business, or any incident or occurrence related to the Business, without Franchisor’s prior written approval, which will not be unreasonably withheld.

**7.17 Association with Causes.** Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without Franchisor’s prior written approval, which will not be unreasonably withheld.

**7.19 No Other Activity at the Location.** Franchisee shall not engage in any activity at the Location other than operation of the Retirement Income Source Business, unless expressly approved in writing by Franchisor.

**7.19 No Other Businesses.** If Franchisee is an entity, Franchisee shall not own or operate any other business except Retirement Income Source businesses, unless approved by the Franchisor in writing.

**7.20 No Third-Party Management.** Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of Franchisor, which will not be unreasonably withheld.

**7.21 Co-Branding.** Franchisee may be permitted to “co-brand” or associate any other previously existing financial services brand with the Retirement Income Source Business only if: (i) such co-branding is approved in writing by Franchisor in its sole discretion, (ii) the co-brand was pre-existing the franchise relationship, (iii) the co-brand does not conflict with any exclusive relationships maintained by Franchisor, and (iv) Franchisee maintains compliance with all regulatory requirements applicable to both brands. Franchisor reserves the right to revoke co-branding permission if such arrangement becomes detrimental to the System. is one that was pre-existing the franchise relationship.

**7.22 Identification.** Franchisee must identify itself as the independent owner of the Business in the manner prescribed by Franchisor. Franchisee must display at the Business signage prescribed by Franchisor identifying the Location as an independently owned franchise.

**7.23 Business Practices.** Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from Franchisor. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

**7.24 Minimum Performance Requirements.** To maintain rights under this Agreement, Franchisee must add minimum assets (which includes both annuity sales and assets under management) within the franchised business portfolio, in addition to any assets Franchisee managed at the time of signing this Agreement, as follows:

Year 3 – at least \$10,000,000 in new assets by the end of Year 3.

Year 5 – at least \$20,000,000 in new assets by the end of Year 5.

If Franchisee fails to achieve and maintain these minimum amounts, Franchisee will be in default under this Agreement. In such an event, Franchisor shall have the right to terminate this Agreement, subject to any applicable cure period and after providing Franchisee with the written notice of default and an opportunity to remedy the default within a reasonable time period not to exceed thirty (30) business days.

## **ARTICLE 8. SUPPLIERS AND VENDORS**

**8.1 Generally.** Franchisee shall acquire all Inputs required by Franchisor from time to time in accordance with System Standards. Franchisor may require Franchisee to purchase or lease any Inputs from Franchisor, Franchisor’s designee, Required Vendors, Approved Vendors, and/or under Franchisor’s specifications. Franchisor may change any such requirement or change the status of any vendor. To make such requirement or change effective, Franchisor shall issue the appropriate System Standards.

**8.2 Alternate Vendor Approval.** If Franchisor requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Franchisor. Franchisor may condition its approval on such criteria as Franchisor deems appropriate, which may include evaluations of the vendor’s capacity, quality, financial stability, reputation, and reliability; inspections; product



testing, and performance reviews. Franchisor will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

**8.3 Alternate Input Approval.** If Franchisor requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Franchisor. Franchisor will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

**8.4 Purchasing.** Franchisor may negotiate prices and terms with vendors on behalf of the System. Franchisor may receive rebates, payments or other consideration from vendors in connection with purchases by franchisees. Franchisor may implement a centralized purchasing system. Franchisor may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Franchisor may determine.

**8.5 No Liability of Franchisor.** Franchisor shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

**8.6 Product Recalls.** If Franchisor or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall comply with all instructions from Franchisor or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item. The cost associated with the recall, repair, and/or replacement of such item shall be borne by the party responsible for the defect or danger.

## ARTICLE 9. MARKETING

**9.1 Approval and Implementation.** Franchisee shall not conduct any marketing, advertising, or public relations activities (including in-store marketing materials, websites, online advertising, social media marketing or presence, and sponsorships) that have not been approved by Franchisor. Franchisor may (but is not obligated to) operate all "social media" accounts on behalf of the System, or it may permit franchisees to operate one or more accounts. Franchisee must comply with any System Standards regarding marketing, advertising, and public relations, include any social media policy that Franchisor may prescribe. Franchisee shall implement any marketing plans or campaigns determined by Franchisor.

**9.2 Use by Franchisor.** Franchisor may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, royalty-free license to Franchisor for such purpose.

**9.3 Marketing Fund.** Franchisor does not have a Marketing Fund to promote the System on a local, regional, national, and/or international level. Although the Franchisor does not intend to establish a Marketing Fund, if Franchisor were to establish a Marketing Fund:

(a) Separate Account. Franchisor shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from Franchisor's other accounts.

(b) Use. Franchisor shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as Franchisor reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of Franchisor's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at Franchisor's sole discretion, and Franchisor has no fiduciary duty with regard to the Marketing Fund.

(d) Contribution by Other Outlets. Franchisor is not obligated to (i) have all other Retirement Income Source businesses (whether owned by other franchisees or by Franchisor or its affiliates) contribute to the Marketing Fund, or (ii) have other Retirement Income Source businesses that do contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. Franchisor may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, Franchisor may loan such funds to the Marketing Fund on reasonable terms.

(f) Financial Statement. Franchisor will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of Franchisor's fiscal year and will provide the financial statement to Franchisee upon request.

**9.4 Marketing Cooperatives.** As of the date of this Agreement, Franchisor has not established and does not currently intend to establish any market advertising and promotional cooperative funds ("Market Cooperative"). However, Franchisor reserves the right to establish Market Cooperatives in the future. If Franchisor establishes a Market Cooperative for the geographic area encompassing the Location during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days of its establishment. Franchisor shall not require Franchisee to be a member of more than one Market Cooperative. In the event Franchisor establishes a Market Cooperative in the future, the following terms shall govern:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by Franchisor. Franchisor may require the Market Cooperative to adopt bylaws or regulations prepared by Franchisor. Unless

otherwise specified by Franchisor, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. Franchisor will be entitled to attend and participate in any meeting of a Market Cooperative. Any Retirement Income Source business owned by Franchisor in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, Franchisor may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to Franchisor's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of Franchisor pursuant to Section 9.1. Franchisor may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% of Gross Sales.

(e) Enforcement. Only Franchisor will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. Franchisor may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

**9.5 Required Spending.** Franchisee must spend at least 15% of Gross Sales or \$60,000 per year on marketing the Business, whichever is greater. If required, upon request of Franchisor, Franchisee shall furnish proof of its compliance with this Section. Franchisor has the sole discretion to determine what activities constitute "marketing" under this Section.

**9.6 Market Introduction Plan.** Franchisee must develop a market introduction plan and obtain Franchisor's approval of the market introduction plan at least 30 days before the projected opening date of the Business.

## **ARTICLE 10. RECORDS AND REPORTS**

**10.1 Systems.** Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Franchisor may specify in the Manual or otherwise in writing.

### **10.2 Reports.**

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Franchisor may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of Franchisor's fiscal year; and
- (iii) any information Franchisor requests in order to prepare a financial performance representation for Franchisor's franchise disclosure document.

(b) Legal Actions and Investigations. Franchisee shall promptly notify Franchisor of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as Franchisor may request.

(c) Government Inspections. Franchisee shall give Franchisor copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to Franchisor such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Franchisor may reasonably request.

**10.3 Initial Investment Report.** Within 120 days after opening for business, Franchisee shall submit to Franchisor a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Franchisor's Franchise Disclosure Document and with such other information as Franchisor may request.

**10.4 Business Records.** Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as Franchisor may specify in the Manual or otherwise in writing.

**10.5 Records Audit.** Franchisor may examine and audit all books and records related to the Retirement Income Source Business, and supporting documentation, at any reasonable time. Franchisor may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Franchisor. Franchisee shall also reimburse Franchisor for all costs and expenses of the examination or audit if (i) Franchisor conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week period.

For Washington State franchisees: WAC 460-24A-200 requires certain books and records to be maintained by investment advisers, and further requires that these books and records be maintained

and preserved in an easily accessible place for at least **six years** from the date the last entry was made on the record, the first two years in the investment adviser's principal office. Failure to comply with this requirement and additional records retention requirements in WAC 460-24A-200 constitutes a dishonest and unethical business practice in accordance with WAC 460-24A-220(20).

## **ARTICLE 11. FRANCHISOR RIGHTS**

**11.1 Manual; Modification.** The Manual, and any part of the Manual, may be in any form or media determined by Franchisor. Franchisor may supplement, revise, or modify the Manual, and Franchisor may change, add or delete System Standards at any time in its discretion. Franchisor may inform Franchisee thereof by any method that Franchisor deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, Franchisor's master copy will control.

**11.2 Inspections.** Franchisor may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with Franchisor's inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. The inspection is limited to the Retirement Income Source clients and business only. Franchisor may videotape and/or take photographs of the inspection and the Business. Without limiting Franchisor's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If Franchisor conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then Franchisor may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

**11.3 Franchisor's Right to Cure.** If Franchisee breaches or defaults under any provision of this Agreement, Franchisor may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Franchisor for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

**11.4 Right to Discontinue Supplies Upon Default.** While Franchisee is in default or breach of this Agreement, Franchisor may (i) require that Franchisee pay cash on delivery for products or services supplied by Franchisor, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by Franchisor shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Franchisor are in addition to any other right or remedy available to Franchisor.

**11.5 Business Data.** All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by Franchisor. Franchisor hereby grants a limited, non-exclusive, non-transferable license to Franchisee to use such data solely for Franchisee's operation of the Business for the term of this Agreement, and under no circumstances

shall Franchisee use such data for any other purpose or disclose it to any third party without Franchisor's prior written consent. If, for any reason, we are prohibited from owning any or all of the Confidential Information, you agree to grant us a worldwide, exclusive, fully-paid-up, royalty-free, transferable right and license in perpetuity to use, copy, reproduce, distribute, disclose, publish, broadcast, communicate, display and/or perform (whether publicly or otherwise), host, store, prepare derivative works from, translate, modify, combine with other data or information or content, sublicense, and/or otherwise exploit any and all of the Confidential Information in any manner we deem appropriate, without any further consent, notice, or payment to you.

**11.6 Innovations.** Franchisee shall disclose to Franchisor all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, “Innovations”) conceived or developed by Franchisee, its employees, agents or contractors. Franchisor will automatically own all Innovations, and it will have the exclusive right to use, license, sell, modify, and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by Franchisor to document Franchisor’s ownership of Innovations.

**11.7 Communication Systems.** If Franchisor provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes Franchisor to access such communications.

**11.8 Delegation.** Franchisor may delegate any duty or obligation of Franchisor under this Agreement to an affiliate or to a third party.

**11.9 System Variations.** Franchisor may vary or waive any System Standard for any one or more Retirement Income Source franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

## **ARTICLE 12. MARKS**

**12.1 Authorized Marks.** Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Franchisor, and only in the manner as Franchisor may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee’s operation of the Business, will inure to the exclusive benefit of Franchisor.

**12.2 Change of Marks.** Franchisor may add, modify, or discontinue any Marks to be used under the System. Franchisor will provide Franchisee with a reasonable notice period prior to any such change, and within this notice period, Franchisee must comply with the change, at Franchisee’s expense.

### 12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) Franchisor shall defend Franchisee (at Franchisor's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) Franchisor will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify Franchisor if Franchisee becomes aware of any possible infringement of a Mark by a third party. Franchisor may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. Franchisor shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

## ARTICLE 13. COVENANTS

**13.1 Confidential Information.** With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by Franchisor for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by Franchisor, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Franchisor (except for Confidential Information which Franchisor licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

### 13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor within twenty five miles of Franchisee's Territory or the territory of any other Retirement Income Source business operating on the date of termination or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Franchisor. Franchisee agrees that the existence of any claim it may have against Franchisor shall not constitute a defense to the enforcement by Franchisor of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the

restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**13.3 Employee Recruitment.** During the term of this Agreement and for one year after termination, transfer, or expiration of this Agreement, Franchisee shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by Franchisor or its affiliates.

**13.4 General Manager and Key Employees.** If requested by Franchisor, Franchisee will cause its general manager and other key employees to sign Franchisor's then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

## **ARTICLE 14. DEFAULT AND TERMINATION**

**14.1 Termination by Franchisee.** Franchisee may terminate this Agreement: (a) if Franchisor violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default, in which case termination shall be effective 10 days after Franchisor receives written notice of termination and expiration of the 30 day cure period; or (b) for convenience upon providing Franchisor with at least six (6) months prior written notice of termination, in which case termination shall be effective upon the expiration of such six (6) month notice period.

### **14.2 Termination by Franchisor.**

(a) Termination for Convenience. Franchisor may terminate the Franchise Agreement for convenience by providing Franchisee with six (6) months prior written notice of termination. In the event that Franchisor terminates the Franchise Agreement for convenience, all non-competition obligations imposed on Franchisee shall be waived and shall have no further force or effect.

(b) Subject to 10-Day Cure Period. Franchisor may terminate this Agreement if Franchisee does not make any payment to Franchisor when due, or if Franchisee does not have sufficient funds in its account when Franchisor attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Franchisor gives notice to Franchisee of such breach.

(c) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to Franchisor's satisfaction within 30 days after Franchisor gives notice to Franchisee of such breach, then Franchisor may terminate this Agreement. This includes failure to meet the Minimum Performance Requirements as described in Section 7.24.

(d) Without Cure Period. Franchisor may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation or warranty in this Agreement;



- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to Franchisor;
- (iii) A receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
- (v) Franchisee loses possession of the Location;
- (vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vii) Franchisee abandons or ceases operation of the Business for more than thirty consecutive days;
- (viii) Franchisee or any Owner slanders or libels Franchisor or any of its employees, directors, or officers;
- (ix) Franchisee refuses to cooperate with or permit any audit or inspection by Franchisor or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (x) the Business is operated in a manner which, in Franchisor's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from Franchisor or otherwise);
- (xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xii) Franchisor (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate); or
- (xiii) Franchisee or any Owner is accused by any governmental authority or third party of any act that in Franchisor's opinion is reasonably likely to materially and unfavorably affect the Retirement Income Source brand, or is charged with, pleads guilty to, or is convicted of a felony.

**14.3 Effect of Termination.** Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to Franchisor based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to Franchisor all copies of the Manual, Confidential Information and any and all other materials provided by Franchisor to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to Franchisor or any new franchisee as may be directed by Franchisor, and Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (iv) cease doing business under any of the Marks.

**14.4 Remove Identification.** Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Retirement Income Source business, to the reasonable satisfaction of Franchisor. Franchisee shall comply with any reasonable instructions and procedures of Franchisor for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, Franchisor may enter the Location to remove the Marks and de-identify the Location. In this event, Franchisor will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Franchisor.

**14.5 Liquidated Damages.** If Franchisor terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), then within 10 days thereafter Franchisee shall pay to Franchisor a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average Royalty Fees and Marketing Fund Contributions that Franchisee owed to Franchisor under this Agreement for the 24-week period preceding the effective date of termination; multiplied by (y) the lesser of (1) 104 or (2) the number of weeks remaining in the then-current term of this Agreement. If Franchisee had not operated the Business for at least 52 weeks, then (x) will equal the average Royalty Fees and Marketing Fund Contributions that Franchisee owed to Franchisor during the period that Franchisee operated the Business. Franchisee acknowledges that a precise calculation of the full extent of Franchisor's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee's payment to Franchisor under this Section will be in lieu of any direct monetary damages that Franchisor may

incur as a result of Franchisor's loss of Royalty Fees and Marketing Fund Contributions that would have been owed to Franchisor after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, Franchisor's right to injunctive relief for enforcement of Article 13, and any attorneys' fees and other costs and expenses to which Franchisor is entitled under this Agreement. Except as provided in this Section, Franchisee's payment of this lump sum shall be in addition to any other right or remedy that Franchisor may have under this Agreement or otherwise.

**14.6 Purchase Option.** When this Agreement expires or is terminated, Franchisor will have the right (but not the obligation) to purchase any or all of the assets related to the Business, and/or to require Franchisee to assign its lease or sublease to Franchisor. To exercise this option, Franchisor must notify Franchisee no later than 30 days after this Agreement expires or is terminated. The purchase price for all assets that Franchisor elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee's last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Franchisor's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, the value of any intangible assets, or any goodwill or "going concern" value for the Business. Franchisor may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by Franchisor. If Franchisor exercises the purchase option, Franchisor may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by Franchisor to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, Franchisor may pay a portion of the purchase price directly to the lienholder to pay off such lien. Franchisor may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid.

## **ARTICLE 15. TRANSFERS**

**15.1 By Franchisor.** Franchisor may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and Franchisor may undergo a change in ownership and/or control, without the consent of Franchisee.

**15.2 By Franchisee.** Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Franchisor entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing Franchisor at least 60 days prior notice of the proposed Transfer, and without obtaining Franchisor's written consent. In granting any such consent, Franchisor may impose conditions, including, without limitation, the following:

- (i) Franchisor receives a transfer fee equal to \$25,000 plus any broker fees and other out-of-pocket costs incurred by Franchisor;

- (ii) the proposed assignee and its owners have completed Franchisor's franchise application processes, meet Franchisor's then-applicable standards for new franchisees, and have been approved by Franchisor as franchisees;
- (iii) the proposed assignee is not a Competitor;
- (iv) the proposed assignee executes Franchisor's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement;
- (v) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to Franchisor and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to Franchisor or its affiliates;
- (vii) the proposed assignee and its owners and employees undergo such training as Franchisor may require;
- (viii) Franchisee, its Owners, and the transferee and its owners execute a general release of Franchisor in a form satisfactory to Franchisor; and
- (ix) the Business fully complies with all of Franchisor's most recent System Standards.

**15.3 Transfer for Convenience of Ownership.** If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to Franchisor, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Franchisor, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

**15.4 Transfer upon Death or Incapacity.** Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the person with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Franchisor within nine months after death or incapacity. Such transfer must comply with Section 15.2.

**15.5 Franchisor's Right of First Refusal.** Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3 or to a spouse, sibling, or child of an Owner), Franchisor will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to Franchisor a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Franchisor's receipt of such copy, Franchisor will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that Franchisor may substitute cash for any other form of

payment). If Franchisor does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

**15.6 No Sublicense.** Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

**15.7 No Lien on Agreement.** Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

## **ARTICLE 16. INDEMNITY**

**16.1 Indemnity.** Franchisee shall indemnify, defend, and hold harmless (with counsel reasonably acceptable to Franchisor) Franchisor, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against Franchisor and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from Actions arising as a result of any Indemnitee's intentional misconduct or negligence. Any delay or failure by an Indemnitee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnitee. This indemnity will continue in effect after this Agreement ends.

Washington State Franchisees will not be required to indemnify the Franchisor for any matter caused by the Franchisor's strict liability or fraud.

**16.2 Assumption.** An Indemnitee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action, including negotiations and settlement, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

## **ARTICLE 17. DISPUTE RESOLUTION**

### **17.1 Arbitration.**

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where Franchisor's headquarters are located.

(c) **Injunctive Relief.** Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) **Confidentiality.** All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Franchisor to comply with laws and regulations applicable to the sale of franchises.

(e) **Performance During Arbitration or Litigation.** Unless this Agreement has been terminated, Franchisor and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

**17.2 Damages.** In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

**17.3 Waiver of Class Actions.** The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

**17.4 Time Limitation.** Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

**17.5 Venue Other Than Arbitration.** For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where Franchisor's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Franchisor's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

**17.6 Legal Costs.** In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

## **ARTICLE 18. MISCELLANEOUS**

**18.1 Relationship of the Parties.** The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Franchisor is not a fiduciary of Franchisee. Franchisor does not control or have the right to control Franchisee or its Business, except as expressly provided in this Agreement. Any required specifications and standards in this Agreement and in the System Standards exist to protect Franchisor's interest in the System and the Marks, and

the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. Franchisor has no liability for Franchisee's obligations to any third party whatsoever.

**18.2 No Third-Party Beneficiaries.** This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Franchisor, and Franchisor's affiliates, and their respective successors and assigns.

**18.3 Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Franchisor in its franchise disclosure document.

**18.4 Modification.** No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties, except for modifications to the Manual or System Standards by the Franchisor, which may be made in accordance with the procedures set forth in this Agreement. This provision does not limit Franchisor's rights to modify the Manual or System Standards.

**18.5 Consent; Waiver.** No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

**18.6 Cumulative Remedies.** Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

**18.7 Severability.** The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

**18.8 Governing Law.** The laws of the state of Florida (without giving effect to its principles of conflicts of law) govern all matters arising out of or relating to this Agreement, including, without limitation, its validity, interpretation, construction, performance, and enforcement. The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

**18.9 Notices.** Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to Franchisor, addressed to 500 West Cypress Creek Rd., Suite 250, Fort Lauderdale FL 33309. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified

U.S. mail with return receipt requested; (3) sent via overnight courier; or (4) sent by electronic mail, with a confirmation of receipt. Notwithstanding the foregoing, Franchisor may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

**18.10 Holdover.** If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time thereafter (regardless of any course of dealing by the parties), Franchisor may by giving written notice to Franchisee (the “Holdover Notice”) either (i) terminate this Agreement effective immediately upon giving notice, or (ii) deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(vi), or (iii) impose a holdover fee to be determined at the Franchisor’s discretion.

**18.11 Joint and Several Liability.** If two or more people sign this Agreement as “Franchisee”, each will have joint and several liability.

**18.12 No Offer and Acceptance.** Delivery of a draft of this Agreement to Franchisee by Franchisor does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Franchisor and Franchisor has received the initial franchise fee from Franchisee.

## **ARTICLE 19. CERTIFICATION OF FRANCHISOR’S COMPLIANCE**

By signing this Agreement, Franchisee acknowledges the following:

- (1) Franchisee understands that this Agreement contains the entire agreement between Franchisor and Franchisee concerning the Retirement Income Source franchise, which means that any oral or written statements not set out in this Agreement will not be binding.
- (2) 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.

*[Signatures on next page]*



Agreed to by:

FRANCHISOR:

RETIREMENT INCOME SOURCE, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISEE:

*[if an individual:]*

\_\_\_\_\_  
Name: \_\_\_\_\_

Date: \_\_\_\_\_

*[if an entity:]*

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date \_\_\_\_\_

**Attachment 1 to Franchise Agreement**

**OWNERSHIP INFORMATION**

1. **Form of Ownership.** Franchisee is a (check one):

\_\_\_\_\_ *Sole Proprietorship*  
\_\_\_\_\_ *Partnership*  
\_\_\_\_\_ *Limited Liability Company*  
\_\_\_\_\_ *Corporation*

State: \_\_\_\_\_

2. **Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

3. **Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

**4. Class Representative.** The Franchisee signing this Agreement hereby agrees to be classified as the following Class within our franchise system (*Check one*):

\_\_\_\_\_ Class 1 franchisee

\_\_\_\_\_ Class 2 franchisee

\_\_\_\_\_ Class 3 franchisee

**Attachment 2 to Franchise Agreement**

**LOCATION ACCEPTANCE LETTER**

To: \_\_\_\_\_

This Location Acceptance Letter is issued by Retirement Income Source, LLC for your Retirement Income Source franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

\_\_\_\_\_

2. The Territory of the Business is:

\_\_\_\_\_

RETIREMENT INCOME SOURCE, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### Attachment 3 to Franchise Agreement

#### **GUARANTY AND NON-COMPETE AGREEMENT**

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of Retirement Income Source, LLC, a Delaware limited liability company (“Franchisor”).

**Background Statement:** \_\_\_\_\_ (“Franchisee”) desires to enter into a Franchise Agreement with Franchisor for the franchise of a Retirement Income Source business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Franchisor to enter into the Franchise Agreement.

Guarantor agrees as follows:

**1. Guaranty.** Guarantor hereby unconditionally guarantees to Franchisor, its successors, and assigns that Franchisee shall pay and perform every undertaking, agreement, and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Franchisor, whether or not contained in the Franchise Agreement. This guarantee extends to, but is not limited to, all monetary obligations of Franchisee under the Agreement, including payment of all fees, indemnification obligations, and any damages or loss suffered by Franchisor as a result of any breach of the Agreement by Franchisee. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Franchisor upon demand from Franchisor. Guarantor waives (a) acceptance and notice of acceptance by Franchisor of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Franchisor make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

**2. Confidential Information.** With respect to all Confidential Information, the Guarantor shall (a) adhere to all security procedures prescribed by Franchisor for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term

of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by Franchisor or its affiliates (except for Confidential Information which Franchisor licenses from another person or entity). Guarantor acknowledges and agrees that all customer data generated or obtained by Guarantor is Confidential Information and is the exclusive property of Franchisor. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

### **3. Covenants Not to Compete.**

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, participate in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor located within twenty five miles of Franchisee's Territory or the territory of any other Retirement Income Source business operating on the date of termination or transfer, as applicable.

(c) Interpretation. Guarantor acknowledges and agrees that each of the foregoing covenants is independent of, and shall survive any termination or expiration of, any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Franchisor. Guarantor agrees that the existence of any claim it or Franchisee may have against Franchisor shall not constitute a defense to the enforcement by Franchisor of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**4. Employee Recruitment.** During the term of the Franchise Agreement and for one year after termination, transfer, or expiration of the Franchise Agreement, Guarantor shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by Franchisor or its affiliates.

**5. Modification.** Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, unless such amendment is in writing and expressly agreed to by both parties, (b) any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

**6. Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of Florida (without giving effect to its principles of conflicts of law). The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently

without reference to this Section 6. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall reimburse Franchisor for all costs and expenses, including but not limited to, reasonable attorney fees, court costs, and other related expenses incurred by Franchisor in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

## Attachment 4 to Franchise Agreement

### PROMISSORY NOTE

This Promissory Note (the "Note") is made and effective the \_\_\_\_\_,

**BETWEEN:**            **Retirement Income Source, LLC** (the "Lender"), a LLC organized and existing under the laws of the State of Delaware, with its head office located at 500 West Cypress Creek Rd., Suite 250, Fort Lauderdale, FL 33309

**AND:**                \_\_\_\_\_ (the "Borrower"), an individual from \_\_\_\_\_, with their head office located at:

### TERMS

1. FOR VALUE RECEIVED, the Borrower unconditionally promises to pay to the order of Lender, at its principal office located at 500 West Cypress Creek Rd., Suite 250, Fort Lauderdale, FL 33309, or at such other place that is designated in writing by the holder hereof, the principal sum of \$\_\_\_\_\_.00, together with all charges and interest herein provided, payable at the rate and in the manner hereinafter set forth:
2. Borrower shall make monthly payments of principal and interest at the rate of the then current prime rate based upon an amortization of 36 months. Monthly payments of \$\_\_\_\_\_ shall be due on or before the first day of each month with the first payment being due on or before \_\_\_\_\_. If not sooner paid, all amounts due under this Note, including principal, interest and other charges shall be due and payable in full on or before the first day of \_\_\_\_\_ (the "Maturity Date"). Time is of the essence of the payment obligations hereunder and each monthly payment shall be due and payable on or before the first day of each month.
3. If Borrower pays the full amount borrowed within 12 months from the Effective Date of the Franchise Agreement, all accrued interest will be waived. If your initial franchise fee is not paid in full within 12 months from the Effective Date of the Franchise Agreement, you must repay all amounts plus interest at the prime rate on or before the date that is 36 months from the Effective Date of the Franchise Agreement.
4. This Note is and will be secured by a first priority security interest in all of the tangible and intangible property of the Borrower, including but not limited to, all assets, accounts, equipment, inventory, and intellectual property, to be recorded in all applicable governmental offices. The parties shall execute a separate security agreement, in form and substance acceptable to the Lender in all respects. Borrower agrees to execute any such security agreements presented by the Lender or other documents required by the Lender in order to perfect its security interest in the above described property. Said Security Agreement and any other instruments and documents executed in connection with or given as security for this Note shall hereinafter be referred to collectively as the "Loan

Documents.” All of the terms, covenants, Conditions, representations and warranties contained in the Loan Documents are hereby made part of this Note to the same extent and with the same force and effect as if fully set forth herein.

5. If all or any portion of any payment due hereunder is not received by the Lender within 15 calendar days after the date when such payment is due, Borrower shall pay a late charge equal to the highest percentage allowed by law of such payment, such late charge to be immediately due and payable without demand by Lender.
6. Borrower shall have the right to prepay all (but not a portion) of the indebtedness evidenced by this Note at any time, by paying the Lender an amount equal to the sum of (I) the principal balance then outstanding, (ii) all interest accrued to the date of such prepayment, (iii) all interest calculated through the Maturity Date, and (iv) any late charge or charges then due and owing.
7. If any payment under this Note is not paid in full by the last of any month during the term hereof or if the entire amount due as represented by this Note is not paid in full on or before the Maturity Date, or should default be made in the performance or observation of any of the terms, covenants, or conditions contained in the Loan Documents, or if any representation or warranty contained in the Loan Documents is breached or is or becomes untrue, this Note shall be in default, and the entire principal amount outstanding hereunder, accrued interest thereon, all late charges, if any, and any and all other charges due hereunder, shall, at Lender’s option, immediately become due and payable, without further notice, the giving of such notice being expressly waived by the Borrower. Lender may exercise this option to accelerate during any default by the Borrower, regardless of any prior forbearance. In the event of any such default, and if the same is referred to an attorney-at-law for collection, or if any action at law or in equity is brought with respect hereto, Borrower shall pay to Lender, in addition to all other charges required pursuant to the terms hereof or pursuant to the terms of the Loan Documents, all costs and expenses of the Lender. From and after the maturity date, or during default, if such default should occur prior to the Maturity Date, the outstanding principal amount hereunder and accrued interest and other charges shall bear interest at the highest rate allowed by law.
8. If an “Event of Default” occurs under the Promissory Note, we will have the right to declare all unpaid amounts under the Promissory Note to be immediately due and payable, and we may require you to pay interest on any unpaid amount at the maximum contract rate permitted by applicable law. You are responsible for all costs and expenses we incur, including attorneys’ fees, to enforce our rights under the Promissory Note, and we may terminate your Franchise Agreement. An “Event of Default” includes (a) your failure to make any payment of principal of or interest on the Note on its due date; (b) if any judgment, attachment, levy or execution against you is not fully paid and/or discharged or released within 30 days; (c) you become insolvent and unable to pay your debts; (d) you make an assignment for the benefit of creditors, declare bankruptcy or permit a trustee or receiver to be appointed for you and this continues undischarged for 30 days; or (e) you breach any representation, warranty or covenant contained in the Franchise Agreement.



9. From time to time, without affecting the joint and several obligations of all makers, sureties, guarantors and endorsers hereof, and their respective successors and assigns, (i) to pay the outstanding principal balance herein and accrued interest thereon, (ii) to observe the covenants contained herein, (iii) to observe the terms, covenants and conditions of the Loan Documents or any instrument govern to secure the performance hereof, and without giving notice to or obtaining the consent of any maker, surety, guarantor or endorser hereof, or their successors or assigns, and without liability on the part of the holder hereof, the holder hereof may, at its option, extend the time for payment or any part thereof, release anyone liable for payment herein, renew this note, modify the terms or times for payment herein, join in any extension of subordination hereof, release any security given hereof, take or release additional security, modify the rate of interest herein or agree in writing with the undersigned to modify the terms, covenants and conditions of any instrument given to secure performance hereof.
10. ANY RIGHT OF TRIAL BY JURY, PRESENTMENT, NOTICE OF DISHONOR, AND PROTEST ARE HEREBY WAIVED BY ALL MAKERS, SURETIES, GUARANTORS AND ENDORSERS HEREOF. This Note shall be the joint and several obligation of all makers, sureties, guarantors, and endorsers hereof and shall be binding upon them and their respective heirs, executors, administrators, successors and assigns.
11. Borrower shall pay the costs of all documentary, revenue, tax or other stamps now or hereafter required by any law at any time to be affixed to or which are otherwise made necessary as a result of this Note or any of the Loan Documents, and if any taxes be imposed with respect to debts secured by mortgages and or deeds of trust with respect to notes evidencing debts so secured, Borrower agrees to pay to Lender the full amount of any such taxes, and hereby waives any contrary provisions if any laws or rules of court now or hereafter in effect.
12. Lender and Borrower intend that the relationship created and evidenced by this Note and the Loan Documents shall be solely that of debtor and creditor. Nothing in this Note shall be construed as creating a joint venture, partnership, tenancy in common, or joint tenancy between Lender and Borrower.
13. The remedies of this Note are cumulative and concurrent and may be pursued singularly or successively together, at the sole discretion of the holder, and may be exercised as often as occasion therefore shall occur. The waiver by Lender of any term, covenant or condition of this Note, or failure to enforce such, or failure to declare any default hereunder, shall not operate as a waiver of any subsequent default or affect the right of the holder to exercise any right or remedy not expressly waived in writing by the holder.
14. The unenforceability or invalidity of any one or more provisions of this Note shall not render any other provision herein contained unenforceable or invalid. This note and all of the Loan Documents shall be construed under the laws of the State of Delaware.

IN WITNESS WHEREOF, the undersigned has caused this Promissory Note to be duly executed as of the date first written below.

**LENDER**

**Retirement Income Source, LLC**

**BORROWER**

\_\_\_\_\_

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Print Name and Title

\_\_\_\_\_  
Print Name and Title

## Attachment 5 to Franchise Agreement

### SECURITY AGREEMENT

SECURITY AGREEMENT (“**Agreement**”) made this \_\_\_\_\_ (the “**Effective Date**”), by and between **RETIREMENT INCOME SOURCE, LLC.**, a Delaware limited liability company (“**Secured Party**”), on the one hand, and \_\_\_\_\_, a/an \_\_\_\_\_ (“**Debtor**”), on the other hand, with reference to the following facts:

A. On \_\_\_\_\_, 20\_\_\_\_, Debtor entered into a Franchise Agreement (the “**Franchise Agreement**”) with Secured Party for the Retirement Income Source Franchised Business (the “**Franchised Business**”) located at \_\_\_\_\_ (the “**Franchised Location**”) and has agreed to operate the Franchised Business as a franchisee of Franchisor. In conjunction with franchisee’s execution of the Franchise Agreement, Debtor has agreed to pay Secured Party the sum of \_\_\_\_\_ (\$ \_\_\_\_\_) in accordance with the terms of a Promissory Note (the “**Note**”), a copy of which is attached hereto as **Exhibit A**.

B. Secured Party and Debtor desire to enter into this Agreement to grant Secured Party a security interest in the “**Assets**” of the Franchised Business to secure payment of the Note on the terms and conditions set forth herein.

### **NOW, THEREFORE, IT IS AGREED:**

#### **1. INCORPORATION OF RECITALS.**

The Recitals set forth in Paragraphs A and B of this Agreement are true and correct and are incorporated herein as part of this Agreement.

#### **2. SECURITY INTERESTS.**

In consideration of the foregoing, Debtor hereby grants to Secured Party a security interest in the Assets as follows:

a. **Collateral.** Debtor hereby grants to Secured Party a continuing security interest in all of the leasehold improvements, fixtures, furnishings and equipment, inventory and supplies located at or used in connection with the Franchised Business, now or hereafter leased or acquired by Debtor, together with all accounts, payment intangibles, attachments, accessories, additions, substitutions and replacements, all cash and non-cash proceeds derived from insurance or the disposition of such assets, all rights of Debtor to use the Secured Party’s trademarks, service marks, trade names, trade styles, patents, copyrights and their registrations, trade secret information and other proprietary rights, and all rights granted, owned or licensed to Debtor under contracts and licenses and franchise agreements for the use of Secured Party’s trademarks, service marks, trade names, trade styles, patents, copyrights, trade secret information and other proprietary rights (collectively the “**Collateral**”), to secure payment and performance by Debtor of the following obligations (the “**Obligations**”), with the understanding that the security interest granted

to the Secured Party is not intended to and shall not infringe upon any rights, privileges, or protections granted to Debtor under the Franchise Agreement::

(i) All obligations, including payments for inventory, equipment and supplies, obligations and payments under this Agreement and other agreements between Secured Party, its Affiliates and Debtor and other amounts and obligations owed to Secured Party;

(ii) All expenditures of any kind or nature made by Secured Party to preserve the Collateral, including, but not limited to, all amounts paid to discharge taxes, liens, security interest and any other encumbrances against the Collateral, and to repair any damage to the Collateral or otherwise preserve or maintain the Collateral and all insurance thereon;

(iii) All expenditures made or incurred by Secured Party pursuant to the provisions of any credit agreements, any promissory note and this Agreement; and

(iv) All other indebtedness, obligations and liabilities of Debtor to Secured Party, its affiliates or other third parties, direct or indirect, absolute or contingent, due or to become due, whether now or hereafter arising.

b. **Authorization to File Financing Statements.** Debtor hereby irrevocably authorizes Secured Party at any time and from time to time to file in any filing office in any Uniform Commercial Code (“UCC”) jurisdiction any initial financing statements and amendments thereto and to furnish any information relating to such filings to Secured Party promptly upon Secured Party’s request. Debtor further agrees, at the request and option of Secured Party, to take any and all other actions Secured Party may determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of Secured Party to enforce, Secured Party’s security interest in any and all of the Collateral.

c. **Right to Assign Secured Party’s Rights and Interest.** Secured Party may, without any notice to Debtor or Debtor’s consent, transfer any of Secured Party’s right under this Agreement, or any security interest in and to the Collateral, and, upon notice, Debtor shall render all performance hereunder to such assignee. Debtor agrees that any such assignee shall have the rights and benefits assigned, but none of the obligations, and will not be subject to any claims, defenses or set-off that Debtor may have against Secured Party.

### 3. **WARRANTIES OF DEBTOR.**

Debtor warrants, covenants and represents to Secured Party that:

a. **Ownership of Collateral.** Debtor represents and warrants that it is the lawful owner of all the Collateral, free and clear of all liens and encumbrances, except those created in favor of the Secured Party.

b. **Encumbrances.** Until all obligations of Debtor have been paid and performed under the Note and this Agreement, or the Note is canceled and terminated, Debtor shall

not create, incur, assume or suffer to exist any encumbrances on the Collateral, without the prior written consent of Secured Party.

c. **Defense and Indemnity.** Debtor will defend its title and Secured Party's interest in the Collateral against all claims which may affect title to or Secured Party's security interest in the Collateral and will take any action necessary to remove any liens or encumbrances in the Collateral not authorized by this Agreement.

d. **Sale of Collateral.** Until all obligations of Debtor have been paid and performed under the Note and this Agreement, or the Note is canceled and terminated, Debtor shall not sell or otherwise dispose of any assets or properties comprising the Collateral without the prior written consent of Secured Party.

e. **Maintenance and Insurance.** Debtor shall keep the Collateral in good repair, operable state, and condition. Debtor shall also maintain, or ensure the maintenance of, comprehensive broad form general public liability insurance at its own cost, covering claims and liabilities for personal injury, death, or property damage arising from the use, occupancy, or condition of the Franchised Business and any improvements on the Franchised Business premises. This insurance should be for the mutual benefit of both the Debtor and the Secured Party. All insurance policies carried by Debtor shall provide that the policies cannot be canceled or materially changed except after thirty (30) days prior notice by the insurer to Secured Party. All policies shall name Secured Party as an additional insured.

#### 4. **EVENTS OF DEFAULT.**

If one or more of the following events shall occur, Debtor shall be in default under the Note and this Agreement:

a. **Purchase Note.** If Debtor shall default in the due and punctual payment of any installment due under the Purchase Note, whether at maturity, upon acceleration or otherwise, and such default shall continue for a period of ten (10) days after written notice of such default is given by Secured Party to Debtor.

b. **Security Agreement and Other Agreements.** If Debtor shall default in the performance of Debtor's obligations under this Agreement, or under the Franchise Agreement between Debtor and Franchisor dated \_\_\_\_\_, or under any other agreement or promissory note between Secured Party and Debtor or Secured Party and such default shall continue for a period of ten (10) days after written notice of such default is given to Debtor.

c. **Sale of Collateral or Business.** If Debtor shall sell, exchange, transfer or make any other disposition of all or substantially all of the assets (other than a transfer by Debtor to an Affiliated entity) of the Franchised Business.

d. **Adjudication.** If Debtor shall be adjudicated bankrupt or insolvent, or make an assignment for the benefit of creditors; or Debtor shall apply for or consent to the appointment of a custodian, receiver, trustee, or similar officer for it or for all or any substantial part of its

Collateral; or such custodian, receiver, trustee or similar officer shall be appointed without the application or consent of Debtor, and such appointment shall continue undischarged for a period of sixty (60) days.

e. **Institution of Proceedings.** If Debtor shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted (by petition, application or otherwise) against Debtor and shall remain undismissed for a period of sixty (60) days.

f. **Effect of Default.** Upon the occurrence of an event of default under Sections 4(c), 4(d) or 4(e) above, automatically, and, upon the occurrence of an event of default under Sections 4(a) or 4(b), upon the election of Secured Party following the expiration of the ten (10) day period provided therein, the entire principal balance of the Note, and any accrued interest, without further demand, shall immediately become due and payable. No delay or omission on the part of Secured Party in exercising any right under the Note shall operate as a waiver of such right.

g. **Possession of Collateral and Remedies.** Upon the occurrence of any event of default set forth above or upon the occurrence of any other default in payment or performance of any Obligations for which this security interest in granted, Secured Party shall have, in addition to all other rights and remedies, the remedies of a secured party under the UCC as then in effect in the state in which the Franchised Business is located, regardless of whether the UCC applies to the security transactions covered by this Agreement, including without limitation the right to accelerate the maturity of the obligations, without notice or demand, and the immediate right to take possession and use of the Collateral and any proceeds thereof wherever located. Debtor shall assemble the Collateral and make the Collateral and all records relating thereto available to Secured Party at a place to be designated by Secured Party that is reasonably convenient for both parties. If notice is required, Secured Party shall give to Debtor at least five (5) business days prior written notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition is to be made. Debtor hereby acknowledges that five (5) business days prior written notice of such sale or sales shall be reasonable notice. During the time that Secured Party is in possession of the Collateral, and to the extent permitted by law, Secured Party shall have the right to hold, use, operate, manage and control all or any part of the Collateral; to make all such repairs, replacements, alterations, additions and improvements to the Collateral as it may deem proper; and to demand, collect and retain all earnings, proceeds from such use and all other costs, expenses, charges, damage or loss by reason of such use.

## 5. **GENERAL PROVISIONS.**

a. **Governing Law and Venue.** This Agreement shall be governed and construed in accordance with the laws of the State of Florida. The venue for any legal proceedings arising from or related to this Agreement shall be exclusively in the courts located within Fort Lauderdale, Florida.

b. **Notices.** All notices or demands shall be in writing and shall be served in person by Express Mail, by Certified Mail or by private overnight delivery. Service shall be deemed conclusively made (i) at the time of service, if personally served; (ii) twenty-four (24) hours (exclusive of weekends and national holidays) after deposit in the United States Mail, properly addressed and postage prepaid, if served by Express Mail; (iii) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States Mail, properly addressed and postage prepaid, return receipt requested, if served by Certified Mail; or (iv) twenty-four (24) hours after delivery by the party giving the notice, statement or demand, if by private overnight delivery.

If to Secured Party:

Retirement Income Source, LLC  
500 W. Cypress Rd., Suite 250  
Fort Lauderdale, FL 33309  
Attn: David Scranton

If to Debtor:

\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_  
Fax: \_\_\_\_\_

Any party may change his or its address by giving ten (10) days prior written notice of such change to all other parties.

c. **Waivers.** The delay, omission or forbearance by Secured Party to take action to remedy or seek damages for the breach or default of any term, covenant or condition herein contained or to exercise any right, power or duty arising from such breach or default shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach or default of the same or any other term, covenant or condition herein contained. The subsequent acceptance of payments by Secured Party shall not be deemed to be a waiver of any preceding breach or default by Debtor other than its failure to pay the particular payment so accepted, regardless of Secured Party's knowledge of such preceding breach or default at the time of acceptance of such payment.

d. **Attorneys' Fees.** If any legal action is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs, and any and all costs of collection, in addition to any other relief to which that party may be entitled.

e. **Modification.** This Agreement may be modified only by a writing executed by the party sought to be bound.

f. **Entire Agreement.** This Agreement, the other agreements referred to herein and any other agreement that may be executed by the parties concurrently with the execution of this Agreement, set forth the entire agreement and understanding of the parties and any

agreement, representation or understanding, express or implied, heretofore made by either party or exchanged between the parties are hereby waived and canceled.

g. **Cumulative Remedies.** Any specific right or remedy set forth in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law.

h. **Titles.** The various titles of the Sections herein are used solely for convenience and shall not be used in interpreting or construing any word, clause, paragraph, or subparagraph of this Agreement.

i. **Gender.** All words used in this Agreement in the singular shall include the plural and the masculine gender shall include the feminine and neuter and the neuter shall include the masculine and feminine.

j. **Successors.** This Agreement shall be binding upon all of the parties hereto, their respective heirs, executors, administrators, personal representatives, successors and assigns.

k. **Severability.** The invalidity of any one or more of the provisions contained in this Agreement as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

l. **Additional Documents.** Debtor agrees to execute, acknowledge and deliver to Secured Party and to procure the execution, acknowledgment and delivery to Secured Party of any additional documents or instruments which Secured Party may reasonably require to fully effectuate and carry out the provisions of this Agreement. Additionally, the Debtor agrees to provide such documents in a timely manner and to cooperate fully with the Secured Party in carrying out the provisions of this Agreement.

m. **Counterparts and Electronic Transmission; Electronic Signatures.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted electronically by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Exhibits.

n. **Representation By Counsel.** Debtor acknowledges and agrees that Debtor has been represented by independent legal counsel of Debtor's choice in connection with the negotiation and review of the terms and conditions of this Agreement, or has had the opportunity to have legal counsel assist Debtor but has voluntarily elected not to do so. **The Debtor further acknowledges that they understand the terms and implications of this Agreement and that they are entering into it freely and without duress.**



**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the Effective Date.

**SECURED PARTY:**

RETIREMENT INCOME SOURCE, LLC,  
A Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**DEBTOR:**

\_\_\_\_\_,  
A/AN \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

## EXHIBIT C

### FORM OF GENERAL RELEASE

*[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]*

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of Retirement Income Source, LLC, a Delaware limited liability company (“Franchisor”).

**Background Statement:** *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases Franchisor, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Franchisor reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Agreed to by:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT D**

**FINANCIAL STATEMENTS**

# **RETIREMENT INCOME SOURCE, LLC**

FINANCIAL REPORT  
AS OF DECEMBER 31, 2024



## RETIREMENT INCOME SOURCE, LLC

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## **Independent Auditor's Report**

To the Board of Directors and Member  
Retirement Income Source, LLC  
Fort Lauderdale, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Retirement Income Source, LLC which comprise the balance sheets as of December 31, 2024, and 2023 and the related statements of operations, changes in member (deficit) and cash flows for the years ended December 31, 2024, 2023, and 2022 and the related notes to the financial statements.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of Retirement Income Source, LLC as of December 31, 2024, and 2023 and the results of its operations and its cash flows for the years ended December 31, 2024, 2023, and 2022 in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Retirement Income Source, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Retirement Income Source, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there

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is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Retirement Income Source, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Retirement Income Source, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Reese CPA LLC*

Ft. Collins, Colorado  
February 18, 2025



**RETIREMENT INCOME SOURCE, LLC**  
**BALANCE SHEETS**

	<b>AS OF DECEMBER 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>ASSETS:</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 7,133	\$ 3,253
Accounts receivable	404	127,256
<b>TOTAL CURRENT ASSETS</b>	<u>7,537</u>	<u>130,509</u>
<b>NON-CURRENT ASSETS</b>	-	-
<b>TOTAL ASSETS</b>	<u><u>\$ 7,537</u></u>	<u><u>\$ 130,509</u></u>
<b>LIABILITIES AND MEMBER EQUITY (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 250	\$ 5,900
Non-refundable deferred franchise fees, current	-	12,700
Notes payable, current	-	223,400
<b>TOTAL CURRENT LIABILITIES</b>	<u>250</u>	<u>242,000</u>
<b>LONG-TERM LIABILITIES</b>		
Non-refundable deferred franchise fees	-	24,475
Notes payable	-	1,632,955
<b>TOTAL LIABILITIES</b>	<u>250</u>	<u>1,899,430</u>
<b>MEMBER EQUITY (DEFICIT)</b>	7,287	(1,768,921)
<b>TOTAL LIABILITIES AND MEMBER EQUITY (DEFICIT)</b>	<u><u>\$ 7,537</u></u>	<u><u>\$ 130,509</u></u>

The accompanying notes are an integral part of these financial statements.

**RETIREMENT INCOME SOURCE, LLC**  
**STATEMENTS OF OPERATIONS**

	<b>FOR THE YEARS ENDED DECEMBER 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>			
Franchisee production revenue	\$ 535,154	\$ 779,006	\$ 800,000
Franchise fees	37,175	32,575	24,500
Other revenue	1,499	5,368	12,005
<b>TOTAL REVENUE</b>	<u>573,828</u>	<u>816,949</u>	<u>836,505</u>
<b>OPERATING EXPENSES</b>			
Advertising expenses	348,469	290,470	116,476
Franchise costs	81,760	9,129	211,783
Professional fees	29,394	34,357	29,834
General and administrative	3,257	3,123	24,630
Payroll and related costs	-	-	247,872
<b>TOTAL OPERATING EXPENSES</b>	<u>462,880</u>	<u>337,079</u>	<u>630,595</u>
<b>OPERATING INCOME</b>	110,948	479,870	205,910
<b>OTHER INCOME (EXPENSE)</b>			
Other income	-	-	-
Interest expense	-	(173,178)	(193,191)
<b>TOTAL OTHER (EXPENSE)</b>	<u>-</u>	<u>(173,178)</u>	<u>(193,191)</u>
<b>NET INCOME</b>	<u>\$ 110,948</u>	<u>\$ 306,692</u>	<u>\$ 12,719</u>

The accompanying notes are an integral part of these financial statements

**RETIREMENT INCOME SOURCE, LLC**  
**STATEMENTS OF CHANGES IN MEMBER EQUITY (DEFICIT)**  
**FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**

	<u>Member Contributions</u>	<u>Retained (Deficit)</u>	<u>Total Member (Deficit)</u>
<b>BALANCE, DECEMBER 31, 2021</b>	<b>\$ 20,000</b>	<b>\$ (2,330,036)</b>	<b>\$ (2,310,036)</b>
Member contributions		226,704	226,704
Net income		<u>12,719</u>	<u>12,719</u>
<b>BALANCE, DECEMBER 31, 2022</b>	<b>20,000</b>	<b>(2,090,613)</b>	<b>(2,070,613)</b>
Member contributions		(5,000)	(5,000)
Net income		<u>306,692</u>	<u>306,692</u>
<b>BALANCE, DECEMBER 31, 2023</b>	<b>20,000</b>	<b>(1,788,921)</b>	<b>(1,768,921)</b>
Member contributions	(20,000)	20,000	-
Transfer of note payable to parent		1,665,260	1,665,260
Net income		<u>110,948</u>	<u>110,948</u>
<b>BALANCE, DECEMBER 31, 2024</b>	<u><u>\$ -</u></u>	<u><u>\$ 7,287</u></u>	<u><u>\$ 7,287</u></u>

The accompanying notes are an integral part of these financial statements.

**RETIREMENT INCOME SOURCE, LLC**  
**STATEMENTS OF CASH FLOWS**

	FOR THE YEARS ENDED DECEMBER 31,		
	2024	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 110,948	\$ 306,692	\$ 12,719
Adjustments to reconcile net income to net cash provided by operating activities:			
Recognition of non-refundable deferred franchise fees	(37,175)	(13,075)	(7,500)
Forgiveness of PPP loan	-	-	-
Amortization of loan fees	-	4,590	4,590
Change in assets and liabilities			
Accounts receivable	126,852	(99,506)	(3,000)
Prepaid expenses	-	-	12
Accounts payable	(5,650)	1,773	(43,992)
Non-refundable deferred franchise fees	-	16,000	-
Net cash provided (used) by operating activities	194,975	216,474	(37,171)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash (used) in investing activities	-	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from notes payable	-	-	-
Payments on notes payable	(191,095)	(213,650)	(196,898)
Member contribution (distribution)	-	(5,000)	226,704
Net cash provided (used) by financing activities	(191,095)	(218,650)	29,806
<b>NET INCREASE IN CASH</b>	3,880	(2,176)	(7,365)
<b>CASH, beginning of period</b>	3,253	5,429	12,794
<b>CASH, end of year</b>	<u>\$ 7,133</u>	<u>\$ 3,253</u>	<u>\$ 5,429</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>			
Cash paid for interest	\$ -	\$ 177,768	\$ 197,781
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH FLOW INFORMATION</b>			
Distribution of notes payable to member	\$ 1,665,260	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

**RETIREMENT INCOME SOURCE, LLC  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES**

Retirement Income Source, LLC (“Company”) f/k/a The Retirement Income Store, LLC was organized in the State of Delaware as a limited liability company on April 19, 2019. On January 11, 2024, an amendment was filed to change the name of the Company from “The Retirement Income Store, LLC” to “Retirement Income Source, LLC.” The Company offers a franchise to qualified individuals and entities to operate an investment management services business under the trade name “Retirement Income Source.”

Parent and Affiliates

The Company’s parent was originally formed as Scranton Financial Holdings, LLC, a Delaware limited liability company in December 2015 but recently changed names in the state of Delaware to Advisors’ Academy Holdings, LLC, as of May 2019, then to Sound Income Group in 2021.

The Company has two affiliates:

Sound Income Strategies, LLC, a Florida limited liability company, was formed in 2014. Franchisees will process all sales in their franchise through Sound Income Strategies.

Sound Income Academy, LLC, a Delaware limited liability company, generally will process the vast majority of all annuities offered by our franchisees and was founded on January 31, 2007.

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

Preparation of the Company’s financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2024, and 2023.

**RETIREMENT INCOME SOURCE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Franchisee Receivables*

The Company's franchisee receivables primarily result from initial franchise fees, royalty fees, brand development contributions and training fees charged to franchisees. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company determined that an allowance on outstanding franchisee receivables of \$0, and \$0 was necessary as of December 31, 2024, and 2023. There was no Franchisee bad debt expense for the years ended December 31, 2024, 2023, and 2022. There were no Franchisee amounts written off for the years ended December 31, 2024, 2023, and 2022.

*Franchisee Revenue Recognition and Non-refundable Deferred Franchise Fee Revenue*

The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers". The Company's franchising revenue consists primarily of initial franchise fees, franchisee production revenue, and ancillary fees for technology, training services and educational materials, supplies, and branded promotional items.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from contract acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract, which is currently five years.

When a franchisee purchases a franchise, the Company grants the franchisee the right to operate in a designated territory using the proprietary methods, techniques, trade dress, trademarks, and logos ("the license"). The license is symbolic intellectual property. Revenues related to the territory and license are production-based fees defined in the franchise agreement and are billed on a monthly basis. and are recognized as revenue when earned. These revenues will be used to continue the development of the Company's brand, the franchise system and provide on-going support for the Company's franchisees.

*Ancillary Franchise Fees*

Fees for technology, training services and educational materials, supplies, and branded promotional items. are recognized as revenue when control of the related good or service has been transferred to control of the franchisee or customer. Technology fees are billed monthly as the technology is delivered or available. Training is billed at the conclusion of the training. Educational materials, supplies and branded promotional items are billed upon delivery of the items.

**RETIREMENT INCOME SOURCE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Advertising Expenses

Advertising cost is expensed as incurred. Advertising costs were \$348,469, \$290,470, and \$116,476 for the years ended December 31, 2024, 2023, and 2022.

Income Taxes

The member of the Company has elected to be treated as a “Disregarded Entity” for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of the Company’s member and no provision for federal or state income taxes has been recorded in the accompanying financial statements.

The Company follows accounting requirements associated with uncertainty in income taxes under the provisions of Financial Accounting Standards Board (“FASB”) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements for the years ended December 31, 2024, 2023, and 2022.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, franchise receivables and notes receivable. The Company places its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company’s ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates (“ASU”). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

**RETIREMENT INCOME SOURCE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – CONTRACT BALANCES**

The Company recorded a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity are as follows:

	December 31,	
	2024	2023
<b>Deferred Non-refundable Franchise Fees:</b>		
Balance Beginning of year	\$ 37,175	\$ 34,250
Deferral of non-refundable franchise fees	-	16,000
Recognition of non-refundable franchise fees	(37,175)	(13,075)
Balance at End of Year	<u>\$ -</u>	<u>\$ 37,175</u>

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for years ending December 31, 2024, 2023, and 2022, is as follows:

	2024	2023	2022
Performance obligations satisfied at a point in time	\$ 536,653	\$ 803,874	\$ 829,005
Performance obligations satisfied through the passage of time	<u>37,175</u>	<u>13,075</u>	<u>7,500</u>
Total revenues	<u>\$ 573,828</u>	<u>\$ 816,949</u>	<u>\$ 836,505</u>

**NOTE 3 – NOTES PAYABLE**

Notes payable consisted of the following at December 31:

	2024	2023
Note payable, bank. Face amount of \$2,500,000, payable in quarterly interest payments until April 1, 2021 and then 38 quarterly installments of \$95,547.32 including interest at the rate of 8.25% Final payment due on June 30, 2030. Collateralized by assets of the Company's parent and personal guarantee by the CEO and member of the Company's parent	\$ -	\$ 1,856,354
Less current maturities	<u>-</u>	<u>(223,400)</u>
	<u>\$ -</u>	<u>\$ 1,632,954</u>



**RETIREMENT INCOME SOURCE, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – MEMBER TRANSACTIONS**

During the year the Company's Parent transfers the note payable described in Note 3 above to the Company's Parent. The non-cash transaction was recorded as an increase to members equity and a decrease to notes payable in the amount of \$1,665,260.

**NOTE 5 - COMMITMENTS AND CONTINGENCIES**

Contingencies

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

**NOTE 6 - SUBSEQUENT EVENTS**

Date of Management's Evaluation

Management has evaluated subsequent events through February 18, 2025, the date on which the financial statements were available to be issued.

## EXHIBIT E

### OPERATING MANUAL TABLE OF CONTENTS

*The Retirement Income Source*  
**Franchise Operations Manual**  
**Table of Contents**

<b>Section (Including Cover Pages)</b>	<b>Number of Pages</b>
Preface & Introduction	30
Establishing the Business	54
Employee Hiring and Overview	64
Accounting	21
Daily and Office Procedures	46
Marketing	27
<b>Total Number of Pages</b>	<b>242</b>

## EXHIBIT F

### CURRENT AND FORMER FRANCHISEES

#### Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

<b>Company</b>	<b>Contact</b>	<b>Address</b>	<b>Telephone Number</b>
Brad Williams Financial Services, LLC	Brad Williams	500 Boulevard South SW, Suite 103, Huntsville, AL 35802	256-539-3075
Financial Security Group	JoAnn Regan	20280 N. 59th Avenue, Suite 115- 321, Glendale, AZ 85308	623-561-2323
McCartin Financial	John McCartin	3914 Murphy Canyon Road, #A-128 San Diego, CA 92123	858-278-4244
Fortress Financial	Al Flores	18 Crow Canyon Court, Suite 280 San Ramon, CA 94583	925-864-8487
Providence Financial & Insurance Services	Anthony Saccaro	20335 Ventura Blvd., Suite 125 Woodland Hills, CA 91364	818-887-6443
Front Range Financial	Lex Hackley	2305 E. Arapahoe Rd., Suite 235, Centennial, CO 80122	720-201-4341
Agemy Financial Strategies, Inc.	Andrew A. Agemy	1570 Boston Post Road, Suite 400, Guilford, CT 06437	203-738-0026
Poole Locke Group	James Locke	1521 W. Concord Pike, Suite 301, Wilmington, DE 19803	302-439-0733
Strategic Senior Benefits Group	Steven Archer	3730 Coconut Creek Pkwy, Suite 202, Coconut Creek, FL 33066	954-281-5292
Dorcey Financial	Randy Dorcey	10181 Six Mile Cypress, Suite B,	239-418-1939

		Fort Myers, FL 33966	
Fellowship Financial, LLC	Michael Eastham	630 N. Wymore Rd., Suite 304, Maitland, FL 32751	407-949-5888
Arbor Financial Services of FL	Jeff Small	6555 N. Wickham Rd, Suite 101, Melbourne, FL 32940	321-795-4799
Micah Keel	Micah Keel	1226 N. Tamiami Trail, Suite 201, Sarasota, FL 34236	941-556-0380
Peak Capital Management	Michael Burleigh	750 SE Indian St., Stuart, FL 34997	772-334-9592
Stearns Retirement Group	David Stearns	1047 Summit Grove Drive, Suite 305, Watkinsville, GA 30677	706-769-3346
Stride Financial	Sam McElroy	1925 N Clybourn Avenue, Suite 301, Chicago, IL 60614	312-637-2296
Crystal Lake Tax and Financial Services	Michael Stewart	265 Exchange Drive, Suite 101, Crystal Lake, IL 60014	815-526-3092
Trustworthy Financial LLC	Matthew Johnson	12 Third Street North, Humboldt, IA 50548	515-332-7000
Sparks Financial Group	Tim Sparks	2285 Executive Dr., Suite 340 Lexington, KY 40505	859-273-1368
Tax & Retirement Solutions LLC	Drew Pelton	4317 Bluebonnet Blvd, Suite B, Baton Rouge, LA 70809	225-831-1394
Wright Financial Group, LLC	David Wright	5911 Renaissance Place, Suite C, Toledo, OH 43623	419-885-0957
Lineweaver Financial Group	James S. Lineweaver	9035 Sweet Valley Drive, Valley View, OH 44125	216-520-1711
Foothills Financial Group	Roland Stadelmann	920 E. Rutherford St., Unit B, Landrum, SC 29356	864-706-0564
McAdams Group	David McAdams	98 Timber Creek Drive #1, Cordova, TN 38018	901-737-3883
Retirement Income Solutions	Lindsey Cotter and Nathan Cox	232 Heritage Park Dr., Suite #102,	615-900-1441

		Murfreesboro, TN 37129	
Abundant Wealth	Eric Lardner	5811 Redwood Ct. Dallas, TX 75209	214-957-2298
Carter Financial Group	Dee Carter	1509 W. Wall Street, Suite 114, Midland, TX 79701	432-685-1372
Peason Financial Group, Inc.	Patrick Peason	512 N. Coalter St. #C, Staunton, VA 24401	540-213-2126

Names of current franchisees that signed a franchise agreement but have not yet open as of the end of our last fiscal year, along with their city, state, and telephone number.

None

#### Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

<u>Company</u>	<u>Contact</u>	<u>Address</u>	<u>Telephone Number</u>
Ferguson Financial Inc.	Gregory M. Ferguson	5100 Eden Avenue, Suite 311, Minneapolis, MN 55436	952-406-8316

**EXHIBIT G**  
**INVESTMENT MANAGEMENT SERVICES AGREEMENT**

## Sound Income Strategies Sub-Advisory Agreement

This Investment Management Services Agreement (the “**Agreement**”) is between the undersigned registered investment adviser (the “**Adviser**”) and Sound Income Strategies, LLC (the “**Manager**”).

- A. Adviser is an independent investment management firm registered as an investment adviser under the Investment Advisers Act of 1940, as amended (“**Advisers Act**”) or applicable state law and maintains discretionary authority to manage assets in its client accounts (“**Clients**”) in accordance with the provisions of its advisory agreements and applicable state and federal laws;
- B. Adviser is authorized to delegate its investment management functions to third-party investment managers under the terms of the advisory agreements executed between Adviser and its Clients and establish the scope and terms of the delegation by agreement with each investment manager it appoints;
- C. Manager is an independent investment management firm registered as an investment adviser under the Advisers Act; and
- D. Adviser wishes to appoint Manager to provide investment management services for Clients identified by Adviser.

Accordingly, the parties agree as follows:

1. **Appointment.** Adviser hereby appoints Manager, and Manager accepts the appointment, to act as investment manager for Client assets directed to Manager by Adviser, and to assume responsibility for the investment and reinvestment of assets within the accounts subject to any restrictions imposed by Clients. Adviser hereby grants Manager full discretionary authority to make purchases and sales of securities consistent with each Client’s objectives. Manager does not have authority to take custody or possession of any Client’s funds or securities other than for fees due. It is understood by Adviser that Manager may reject any Client introduced to it provided it promptly notifies Adviser of such action.

It is understood between the parties that all Clients introduced to the Manager by Adviser are investment management clients of Adviser. Adviser agrees to provide information to Manager regarding each Client’s investment objectives to allow Manager to manage the accounts consistent with the objective of each.

Manager agrees to provide Adviser, within a reasonable period of time, certain information and data relevant to Adviser’s evaluation of Manager’s capacity to provide investment advisory services to Clients. Such information may include, without limitation, Parts 2A and 3 of Form ADV, privacy policy, changes in accounts constituting a composite, held out as representative of performance, and information regarding changes of ownership and turnover of key personnel.

2. **Duties and Obligations of Adviser.** When introducing Clients to Manager, Adviser agrees to:

- (i) Obtain the necessary authorization from the client granting Manager discretion to trade in their account(s).
- (ii) Liquidate all account assets prior to requesting Manager manage the funds, or if certain legacy assets are to be held in the account, client signs a waiver of responsibility that Manager will provide to the Adviser. These holdings must be identified, in writing, along with any other special instructions or restrictions, using Manager’s Trade Allocation Form.
- (iii) To provide to any clients utilizing the manager, a copy of the manager’s ADV Part 2A, ADV Part 3 and Privacy Policy which are available on a shared Dropbox folder between the Manager and Adviser.
- (iv) Explain Manager’s available investment portfolios, fees, investment guidelines to the client and confirm that they are aligned with the client’s investment objectives, risk tolerance, and time horizon.
- (v) Disclose to the client the manager’s conflict of interest in its use of affiliated funds.
- (vi) Advise client that Manager invests all accounts under the same household as if they were one account. This includes multiple accounts held by one Client, as well as accounts held by spouses and children within the same household. Client may request, through Adviser, that accounts be separated into their own household. Adviser will convey this to Manager by submitting separate Trade Allocation Forms for each household, clearly indicating which accounts fall under each

household. It is the Adviser's responsibility to ensure the Risk Tolerance and Investment Objectives of the client are aligned with the portfolio requested for each household.

- (vii) Disclose to client any direct fees or charges the custodian bills directly to client for trades, liquidations, etc. initiated by Manager or Adviser.

Adviser agrees to hold Manager harmless in the event Adviser fails to clearly convey to their client all of the above covenants.

**3. Duties and Obligations of Manager with Respect to Investments of Assets of Clients and Services to Adviser.**

- (a) *General Obligations and Authority.* Subject to the succeeding provisions of this section and subject to the oversight of Adviser and the direction and control of Adviser, Manager shall, commencing with the acceptance of each Client account:
  - (i) Provide Adviser with a copy of its Part 2A and 3 of Form ADV and Privacy Policy, if required, which Adviser will provide to the client before services begin;
  - (ii) Monitor the investments in each Client account;
  - (iii) Determine what securities are purchased or sold and arrange for the purchase and the sale of securities held in client accounts in accordance with the Adviser's instructions;
  - (iv) Provide Adviser with such reports as may reasonably be requested in connection with the discharge of the foregoing responsibilities and the discharge of Adviser's responsibilities under its advisory agreement with each Client, provided that Adviser shall provide all reporting to each Client; and
  - (v) Fully disclosing any potential and actual conflicts of interest
- (b) Provide Adviser with administrative, accounting, and other services as mutually agreed between Adviser and Manager to support Adviser's operations and services to Clients.
- (c) *Suitable Investments.* All investment purchases or sales made by Manager shall at all times conform to, and be in accordance with, any requirements imposed by (1) the Advisers Act and of any rules or regulations thereunder; (2) any policies and determinations of Adviser; and (3) the restrictions of each Client; provided that copies of the items referred to in Item 2 have been furnished to Manager by Adviser or by the Client. Adviser agrees to determine, at least annually, whether any Client's investment objectives have changed materially and to communicate such changes to Manager.
- (d) *Order Processing.* With respect to the execution of transactions on behalf of Clients, and except as otherwise instructed from time to time by Adviser, Manager shall place, or arrange for the placement of, all orders for purchases and sales of investments, either directly with a securities issuer or with a broker-dealer, or other counterparty or agent selected by Manager. In connection with the selection of all such parties for the placement of orders, Manager shall attempt to obtain most favorable execution and price but may nevertheless, in its sole discretion, as a secondary factor, purchase and sell securities from and to broker-dealers who provide research to Manager which Manager may use in its capacity as account manager for all of its Clients. In recognition of such research services, Manager is authorized to pay such brokers or dealers a commission or spread in excess of that which might be charged by another broker or dealer for the same transaction if Manager determines in good faith that the commission or spread is reasonable in relation to the value of the services provided.
- (e) *Other Capacities.* Nothing in this Agreement shall prevent Manager or any affiliated person (as defined in the Advisers Act) of Manager from acting as investment adviser or manager for any other person and shall not in any way limit or restrict Manager or any such affiliated person from buying, selling or trading any securities for its or their own accounts or for the accounts of others for whom it or they may be acting. Manager shall be deemed to be an independent contractor and, unless otherwise expressly provided or authorized, have no authority to act for or represent any Client or Adviser in any way or otherwise be deemed an agent of any Client or Adviser
- (f) *Voting Obligation.* Manager shall have no obligation nor any authority to vote proxies or execute consents on behalf of Clients, but rather shall promptly forward to Adviser all proxy and other solicitation materials that Manager may receive with respect to any voting right or consent.
- (g) *Notices of Defaults.* Manager shall have no obligation to make demand upon the issuer of any security in any Client's account in the event of default in the payment of the income thereon, or in the payment of the



principal of any such security when due, or to institute or participate in any legal proceedings relative to such default unless separate written arrangements are made between Adviser and Manager in this regard. Manager shall notify Adviser of any such default to the extent Manager becomes aware of the default.

**4. Representations and Warranties of Adviser.** Adviser represents, warrants, and agrees:

- (a) That it is registered as an investment adviser under the Advisers Act or is exempt from registration thereunder and is duly registered or has made appropriate notice filings or is exempt from registration or such notice filings under the securities laws of all states in which it conducts business. Adviser agrees to maintain such registrations, filings, or exemptions for the duration of this Agreement;
- (b) That it has full power and authority to conduct its business as required by law and is qualified to conduct business in such jurisdictions as required for the transactions contemplated hereunder;
- (c) It has the full power and authority to enter into this Agreement and to grant authority to Manager to manage Client accounts by exercising discretionary authority and perform the other duties specified in this Agreement, including debiting Client's accounts for fees due;
- (d) There is no litigation or regulatory proceeding pending or threatened against Adviser which would affect Adviser's ability to carry out its duties under this Agreement or any Trust document;
- (e) That it has delivered to Manager and agrees to continue to supply Manager with copies of Part 2A and 3 of its current Form ADV, as Manager may reasonably request, as well as copies of amendments thereto;
- (f) That the information set forth in the Form ADV is a true and correct copy currently on file with the U.S. Securities and Exchange Commission ("SEC") or state, as well as any amendments, and that it complies in all material respects with the requirements of the Advisers Act and other applicable laws and regulations;
- (g) Neither the execution nor performance by Adviser of this Agreement or any Client's agreement or other document will conflict with or result in a breach of the terms or provisions of, or constitute a default under any contract, covenant, indenture, mortgage, deed of trust, instrument or other agreement to which Adviser is a party or by which it is bound, or any statute, order, law, rule or regulation applicable to it;
- (h) That it will ensure that the services provided by Manager remain suitable for each Client receiving services and to notify Manager in writing immediately if such services are not suitable, and will provide comply with all of the provisions of Rule 3a-4 under the Advisers Act with respect to each Client account;
- (i) That the representations and warranties made herein by Adviser shall be deemed continuing and if at any time any event occurs which would make or tend to make any of the representations and warranties not true, Adviser will promptly notify Manager in writing within ten days of such event;
- (j) That Adviser shall promptly notify Manager, in writing, if Adviser considers any investments made by Manager, violate the Client's investment objectives, risk tolerance, restrictions, or general suitability standards as they apply to that account; and
- (k) That Adviser shall maintain in strict confidence all investment advice and information furnished by Manager and shall not use any such advice or information to manage any assets other than a Client account serviced by Manager hereunder.

**5. Representation and Warranties of Manager.** Manager represents, warrants, and agrees:

- (a) That it is registered as an investment adviser under the Advisers Act or is exempt thereunder and is duly registered or has made appropriate registration filings or is exempt from registration filings under the securities laws of all states in which it conducts business. Manager agrees to maintain such registrations, filings, or exemptions for the duration of this Agreement;
- (b) That it has the full power and authority to conduct its business as required by law and is qualified to do business in such jurisdictions as required for the transactions contemplated hereunder;
- (c) There is no litigation or regulatory proceedings pending or threatened against it which would negatively affect its ability to carry out its duties under this Agreement;
- (d) The execution and performance by Manager of this Agreement and the services contemplated will not conflict with or result in a breach of the terms or provisions of, or constitute a default under any contract, covenant, indenture, mortgage, deed of trust, instrument, or other agreement to which Manager is a party or by which it is bound, or any statute, order, law, rule or regulation applicable to it;

- (e) That it has delivered to Adviser and agrees to continue to supply Adviser with copies of Part 2A and 3 of its current Form ADV, and privacy policy as Adviser may reasonably request, as well as copies of amendments thereto;
  - (f) That the information set forth in the Form ADV is a true and correct copy currently on file with the SEC or state, as well as any amendments, and that it complies in all material respects with the requirements of the Advisers Act and other applicable laws and regulations;
  - (g) That it has financial resources, personnel, and assets adequate for the performance of its obligations under this Agreement and agrees to notify Adviser promptly of any developments which could adversely affect its ability to perform its obligations under those agreements; and
  - (h) The representations and warranties made herein by Manager shall be deemed continuing, and if at any time any event occurs which would make or tend to make any of the representations and warranties not true, Manager will promptly notify Adviser in writing within ten days of such event.
  - (i) That the Manager may utilize affiliated funds which could create a conflict of interest. The manager may act in multiple capacities and may affect transactions with or for the Client's Account in instances in which the manager may have multiple interests. When acting in multiple capacities, the Manager will receive compensation in addition to the Advisory Fees paid by the Client.
- 6. Certain Records.** Any records required to be maintained and preserved pursuant to the provisions of Rule 204 under the Advisers Act which are prepared or maintained by Manager on behalf of any Client are the property of Adviser and will be surrendered promptly by Manager to the Adviser upon written request, provided that Manager may retain a copy of all such records to satisfy record retention requirements under Rule 204 of the Advisers Act.
- 7. Reference to Manager.** Neither Adviser nor any affiliate or agent thereof shall make reference to or use the name of Manager or any of its affiliates or personnel in any advertising or promotional materials without the prior approval of Manager, which approval shall not be unreasonably withheld.
- 8. Compensation of Manager.** Manager is entitled to its fee, specified on attached Exhibit A, for all accounts the Adviser submits for management for the timeframe the account is managed. The method of billing, including frequency and which entity performs the actual billing through the custodian, is specified in Exhibit A. Manager and Adviser acknowledge that fees billed in advance may require an adjustment to future fees due to account closing or similar reason. Manager is not obligated to reimburse Adviser or client for fees caused by actions on the part of the Adviser, or their Representative, that are unrelated to managing the account. Trade errors that can be attributed to negligence on the Manager's part will be just cause for Manager to compensate account holder.
- For services provided to Affiliated Funds, Manager will receive a percentage of the management and other fees charged by the Affiliated Fund (including the assets of the Account invested in the Affiliated Fund). Client shall bear its pro-rata share of an Affiliated Fund's management and other fees and expenses.
- 9. Duration and Termination.**
- (a) This Agreement is effective as of the date last signed below. Once effective, this Agreement continues in effect until terminated in accordance with its terms.
  - (b) Either party may terminate this Agreement by giving ten days prior written notice to the other party. In the event of termination, Manager shall prepare a final fee bill in accordance with the then-existing fee schedule. All unearned prepared fees received by Manager shall be prorated to the date of termination and returned. All compensation to Adviser ceases at termination of this Agreement.
  - (c) This Agreement automatically terminates in the event of an "assignment" (as defined in the Advisers Act).
  - (d) Except for the provisions of Section 12 of this Agreement, which continue in effect, this Agreement automatically terminates as to any Client in the event that the Client's agreement with Adviser for management services is terminated for any reason, or upon ten days advance written notice by Manager to Adviser.
  - (e) Both parties agree that the termination of services by either Adviser or Manager, with respect to any Client, does not affect the ability of the other party to continue to provide services under the terms of its agreement with the Client.
- 10. Confidentiality.** The parties shall treat as confidential all information pertaining to Clients, Clients' managed assets, and the activities of Manager. Neither party shall use the registered trademarks, service marks, logos, names, or any other proprietary designations of the other party without the party's prior approval. Adviser shall

submit to Manager for prior written approval any advertising or promotional material using Manager's name or any name associated with an affiliate of Manager, or such trademarks of Manager, provided, however, that Adviser may use advertising or promotional material which was previously approved in substantially the same form without obtaining approval of Manager.

- 11. Non-Compete / Account Transfer.** Manager will not solicit any Client to become a client of Manager during the term of this Agreement and for one year thereafter. However, should a Client elect to terminate the Client's agreement with Adviser and, within three months after the termination, engage the services of Manager directly, Manager agrees to pay Adviser 50% of the fees that would be charged under the Manager's normal fee schedule for the first year of such relationship. Manager shall pay such fee to Adviser on the 30th day following the one-year anniversary date of the Client signing an agreement with the Manager.

**12. Indemnification.**

- (a) Adviser agrees to indemnify and hold harmless Manager and its affiliates, and its and their respective directors, officers, employees, and agents against any and all losses, liabilities, claims, damages, and expenses whatsoever (including reasonable attorneys' fees) arising out of: (i) Adviser's failure to comply with the provisions of this Agreement or any Client's agreement; (ii) any breach by Adviser, or its directors, officers, employees or agents, of any fiduciary duty owed Clients; (iii) any violation, or alleged violation, by Adviser of any federal or state securities or banking law, or any other applicable law or regulation relating to its activities contemplated under this Agreement or any Client's agreement; (iv) the negligence, malfeasance or bad faith of Adviser or any of its directors, officers, employees or agents; or (v) any Client complaint involving Manager.
- (b) Manager agrees to indemnify and hold harmless Adviser and its affiliates, and its and their respective directors, officers, employees, and agents against any and all losses, liabilities, claims, damages, and expenses whatsoever (including reasonable attorneys' fees), arising out of: (i) Manager's failure to comply with the provisions of this Agreement; (ii) any breach by Manager, or its directors, officers employees or agents, of any fiduciary duty owed to Clients; (iii) any violation, or alleged violation, by Manager of any federal or state securities law, or any other applicable law or regulation relating to its activities contemplated under this Agreement; or (iv) the negligence, malfeasance or bad faith of Manager or any of its directors, officers, employees or agents.
- (c) It is agreed that Manager shall have no responsibility or liability for the accuracy or completeness of custodial reports prepared for Clients, except for information supplied by Manager for inclusion therein.
- (d) Any party who is entitled to indemnification pursuant to this section (an "**Indemnified Party**") resulting from the assertion of liability by a third party shall give notice to the other party (the "**Indemnifying Party**") within 30 days of becoming aware of such claim. The rights of the Indemnified Party shall not be adversely affected by its failure to give notice pursuant to the foregoing, unless and to the extent that the Indemnifying Party is materially prejudiced thereby. The Indemnified Party and Indemnifying Party shall make all information material to any assertion of liability by a third party in their respective possessions available to each other.

**13. Arbitration; Governing Law; Venue**

Except as otherwise provided by ERISA or insofar as preempted by federal law, this Agreement shall be construed and enforced in accordance with and governed by the laws of the state of Florida without regard, to the fullest extent permitted by law, to the conflicts of laws principles thereof. Client hereby agrees that any controversy between SIS or any of their respective officers, directors, employees, representatives, or agents, and Client (including any of Client's officers, directors, employees, or agents) arising out of, or relating to this Agreement, our relationship, any services provided by SIS or its affiliates, and whether arising before or after the date of this Agreement, shall be arbitrated and conducted under the provisions of the Code of Arbitration of FINRA. If FINRA arbitration is unavailable for any reason, Client hereby agrees that the parties will move immediately to arbitration administered by the American Arbitration Association ("AAA") under the AAA rules of commercial arbitration before a single neutral arbitrator.

If any party unsuccessfully resists a demand for arbitration, or motion to compel arbitration or the confirmation or enforcement of an arbitration award rendered under this Agreement, then that party shall pay all costs, attorneys' fees, and expenses incurred by the other party or parties in confirming or enforcing the award. Arbitration must be initiated by service upon the other party of a written demand for arbitration or notice of intention to arbitrate. Judgment, upon any award rendered by the arbitrator, may be entered in any court having jurisdiction.

Furthermore, the parties agree as follows: All parties to this Agreement are giving up their right to sue each other in court, including the right to jury trial, except as provided by the rules of the arbitration forum in which a claim is filed.

1. Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
  2. The ability of the parties to obtain documents, witness statements, and other discovery is generally more limited in arbitration than in court proceedings.
  3. The arbitrator(s) do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel.
  4. The panel of arbitrator(s) may include a minority of arbitrators who were or are affiliated with the securities industry.
  5. The rules of some arbitration forums may impose time limits for bringing a claim in arbitration.
  6. The rules of the arbitration forum in which the claim is filed, and any amendments thereto shall be incorporated into this Agreement.
  7. No person will bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; (ii) the class is decertified; or (iii) the client is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate will not constitute a waiver of any rights under this Agreement except to the extent stated herein.
- 14. No Third Party.** Neither party intends for this Agreement to benefit any third party not expressly named in this Agreement.
- 15. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together constitute one and the same instrument.

**16. AUTHORITY TO INVEST IN AFFILIATED FUNDS / CONFLICTS OF INTEREST**

Manager is authorized to purchase and sell shares of exchange-traded funds, mutual funds, and/or other pooled investment vehicles managed or sub-managed by the Manager or its affiliates ("Affiliated Funds"). For services provided to Affiliated Funds, the Manager and its affiliates will receive a percentage of the management and other fees charged by the Affiliated Fund (including the assets of the Account invested in the Affiliated Fund). Client shall bear its pro-rata share of an Affiliated Fund's management and other fees and expenses. Adviser acknowledges that: (i) it may be able to invest directly in Affiliated Funds outside of the Account without paying the fees hereunder;

(ii) as a shareholder in any Affiliated Funds, the Account will pay a proportionate share of the Affiliated Funds' fees and expenses that are in addition to the Advisory Fees; (iii) the Affiliated Funds may invest a portion of their assets in other Affiliated Funds; (iv) the Affiliated Funds are subject to their own governing documents, which shall control in the event of any conflict with this Agreement; and

(v) Client may revoke its consent to investments in Affiliated Funds at any time by providing written notice to the Adviser or Manager.

Adviser understands that the Manager and its affiliates may act in multiple capacities and may affect transactions with or for the Client's Account in instances in which the Manager and its affiliates may have multiple interests. When acting in multiple capacities, the Manager and its affiliates will receive compensation in addition to the Advisory Fees paid by the Client.

In resolving these conflicts of interest, the Manager will comply with applicable law and use reasonable efforts to ensure that the Client is treated fairly and equitably, taking into account, among other things, the Manager's obligations to its other client account(s) either by law or agreement; however, the Client acknowledges that transactions in a specific investment may not be accomplished for all accounts of the Manager's clients at the same time or the same price.

**IN WITNESS WHEREOF**, Adviser and Manager have caused this Agreement to be executed by their duly authorized officers as of the dates indicated below.

Adviser acknowledges receiving a copy of Part 2A & 3 of Manager's Form ADV and privacy policy.

**ADVISER:**

**MANAGER:**

SOUND INCOME STRATEGIES, LLC

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## Exhibit A

### Compensation to Manager

**Manager is due an annual fee for all accounts under this Agreement of \_\_\_ bps.**

- ☐ Adviser will bill all client accounts on behalf of Manager and remit payment within ten days following the date received by Adviser, by ACH or directly from Adviser sundry account to Manager sundry account, where authorized. The frequency of billing on accounts under this Agreement is specified below.
- ☐ Manager will bill all client accounts on behalf of Adviser and remit payment within ten days following the date received by Manager, by ACH or directly from Manager sundry account to Adviser sundry account, where authorized. The frequency of billing on accounts under this Agreement is specified below.
- ☐ Manager and Adviser will bill their respective management fees separately for all client accounts.

#### **Billing Frequency**

- ☐ Monthly, in arrears, by using the formula: account balance on the final day of the month being billed, multiplied by 1/12 of the above fee.
- ☐ Quarterly, in arrears, by using the formula: account balance on the final day of the quarter being billed, multiplied by 1/4 of the above fee.

Partial months or quarters will be billed pro-rata for the period Manager is managing the account.

Client shall bear any affiliated or non-affiliated management fees, and/or transactional costs billed by the custodian directly. Adviser is responsible to disclose all fee schedules, including the transactional charges, if any, to the client.

**EXHIBIT H**  
**IRA ROLLOVER SUITABILITY FORM**



## IRA ROLLOVER SUITABILITY FORM

Sound Income Strategies, LLC (“SIS” and/or the “Firm”) and an affiliated Representative of the Firm may from time to time recommend (i) the rollover of a client’s employee benefit plan (a “retirement plan”) to an individual retirement account (“IRA”) or (ii) the conversion of an IRA to another form of an IRA, (e.g., Roth IRA) (IRA and Roth IRA each a “retirement account”), covered by the Employee Retirement Income Security Act of 1974 as amended (“ERISA”). This process will be recommended when it is deemed by the Firm and Representative to be in the best interest of the client. It is understood that the Firm along with my Representative will receive investment management fees paid by me as indicated by SIS’ Investment Advisory Agreement (“IAA”) that will be signed when the account(s) is opened. The following constitutes disclosure of the details of such a transaction involving you and the reasons the transaction is in your best interest.

As a participant in \_\_\_\_\_, a retirement plan or owner of a retirement account(s), I, \_\_\_\_\_, (the “client”), reviewed my current retirement plan and/or retirement account(s) options and have elected to (i) rollover my retirement plan to a retirement account or (ii) convert my retirement account(s) managed by SIS and my Representative.

In making this decision to rollover my retirement plan or convert my retirement account(s), I was made aware of the pros and cons associated with the rollover/conversion and understand the following:

- **Penalty-Free Withdrawals.** I understand that if I leave my job between age 55 and 59½, I may be able to take penalty-free withdrawals from my retirement plan. In contrast, penalty free withdrawals generally may not be made from a retirement account until age 59½. It also may be easier to borrow from a retirement plan.
- **Protection from Creditors and Legal Judgments.** In general, assets held in a retirement plan have unlimited protection from creditors under federal law while retirement accounts are protected in bankruptcy proceedings only. State laws vary in the protection of retirement accounts in civil lawsuits outside of bankruptcy. For specific details, I understand that I should consult with legal counsel prior to pursuing the rollover of my retirement plan or conversion of a retirement account(s).
- **Employer Stock.** If I hold significantly appreciated employer stock in my retirement plan, I should consider the negative tax consequences of rolling the stock to a retirement account. If employer stock is transferred in-kind to a retirement account, stock appreciation will be taxed as ordinary income upon distribution. The tax advantages of retaining employer stock in a non-qualified account should be balanced with the possibility that the investor may be excessively concentrated in employer stock. It can be risky to have too much employer stock in one’s retirement account; for some investors, it may be advisable to liquidate the holdings from the retirement plan and roll over the value to a retirement account, even if it means losing long-term capital gains treatment on the stock’s appreciation.
- **Background Information.** I am aware that important information describing SIS’ business operations, services, and fees can be viewed on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). SIS has provided



its Form ADV Parts 2A, 2B and 3 and privacy policy, which serves as the Firm's disclosure documents, to me. (the "Firm's Disclosure Documents").

- **Conflicts of Interest.** I am aware of the following conflict of interest of SIS and/or Representative.
  - ❖ **Only Compensated When There's a Rollover.** When recommending that I rollover my account from my retirement plan to a retirement account, I understand the Firm and Representative have a conflict of interest. SIS and Representative can earn investment advisory fees by recommending that I rollover my retirement plan to a retirement account; however, SIS and Representative will not earn any investment advisory fee if I do not rollover my retirement plan (unless I retained them to provide advice about my retirement plan). Thus, SIS and Representative have an economic incentive to recommend a rollover of my retirement plan, which is a conflict of interest because recommending that I open a retirement account to be managed by SIS and Representative may be based on SIS and/or Representative's economic incentive and not based exclusively on whether having a retirement account managed by SIS's investment advisory program is in my overall best interest.
  - ❖ **Procedures to Manage Conflict of Interest.** Based on the Firm's Disclosure Documents, it has represented to me it has taken steps to manage this conflict of interest. SIS has advised me that it has adopted an impartial conduct standard through its Code Of Ethics Policy (the "Code") whereby SIS and its Representatives, will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan or the conversion of a retirement account in accordance with the fiduciary status described above, (ii) not recommend investments which result in SIS receiving unreasonable compensation related to the rollover/conversion, and (iii) fully disclose compensation received by SIS, its supervised persons and Representatives and any material conflicts of interest related to SIS recommending the rollover/conversion and (iv) refrain from making any materially misleading statements regarding such rollover/conversion.

For additional information about conflicts of interests of the Firm and Representative, I am aware that I can review the Firm's Disclosure Documents, which was provided to me simultaneously upon opening my investment management account(s).

- **Fiduciary Status Acknowledgment.** The Firm and Representative hereby acknowledge their (i) fiduciary obligations to me with regard to their investment advice about whether to maintain, rollover or distribute proceeds from my retirement plan or convert a retirement account(s), and (ii) shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of the Firm, Representative or its affiliated personnel.
- **Investment Options.** Although a retirement account often allows an individual to select from a broader range of investment options than a retirement plan, the importance of this factor will depend in part on how satisfied the plan participant is with the options available under his or her current retirement plan. For example, a retirement plan participant who is satisfied by the low-cost institutional funds available in the retirement plan may not regard the broad array of investment options in a retirement account as an important factor.

With respect to the adequacy of the investment options under my current retirement plan (Holding Option 1) compared to a retirement account (Holding Option 2) or rollover to a new employer's

retirement plan (Holding Option 3), the following is my understanding of how the proposed investment in a retirement account compares to the investment options in my current retirement plan (Holding Option 1) and a rollover to my new employer's retirement plan (Holding Option 3):

- **Fees and Expenses.** I understand that both a retirement plan and retirement account typically involve (i) investment option expenses, (ii) investment advisory fees; and (iii) administrative fees. These fees are explained in greater detail in my IAA and the Firm's Disclosure Documents. In addition, the Representative has explained to me how the fees are calculated.
- **Services.** I understand that some retirement plans, for example, provide access to investment advice, planning tools, telephone help lines, educational materials, and workshops. Similarly, some retirement account providers offer different levels of service, which may include full brokerage service, investment advice, distribution planning and access to securities execution online.

**Client Acknowledgment:**

- ☐ I am currently employed and participating in the retirement plan identified above and am eligible for an in-service distribution from the retirement plan identified above.
- ☐ I am aware of potential Income Tax implications of converting a retirement account (e.g. IRA to Roth IRA).
- ☐ I will no longer be employed by the sponsor of the retirement plan identified above due to retirement disability or other reason, on this date: \_\_\_\_\_.

I have carefully reviewed all my options and understand the above issues prior to making this decision.

Client Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Representatives Acknowledgment:**

- **Best Interest of Client.** Representative acknowledges his/her fiduciary duty as described above. Representative has carefully reviewed with client listed above the conflict of interest, fiduciary status, investment options, fees/expenses, services, and other issues described above. Representative also has analyzed based upon objective factors, documented such analysis, and believes based upon such analysis that a recommendation to (i) rollover the client's retirement plan to a retirement account and/or (ii) convert a retirement account, to be managed by SIS and the Representative, is in the best interest for you. Attached hereto as **Exhibit 'A'** is a written summary of the Representatives notes and recommendation to rollover the client's retirement plan and/or convert a retirement account(s).

\_\_\_\_\_  
Representative's Name:

Date: \_\_\_\_\_

## **EXHIBIT 'A'**

### **Representative's Written Summary**

## **EXHIBIT I**

### **STATE ADDENDA TO DISCLOSURE DOCUMENT**

## **CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT**

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

The California franchise investment law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the offering circular.

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](http://www.dfpi.ca.gov).

These franchises have been registered under the franchise investment law of the State of California. Such registration does not constitute approval, recommendation or endorsement by the commissioner of financial protection and innovation nor a finding by the commissioner that the information provided herein is true, complete and not misleading.

1. The following paragraph is added to the end of Item 1 of the Disclosure Document:

An investment advisor is required to be licensed under California law, unless they qualify for an exemption, if you are operating your franchised business within the state of California. If you are located in the State of California, you must comply with California Corporations Code section 25230. The securities laws of the states in which you operate your business may require you to obtain a securities license in that state before commencing operations.

2. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this 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 that association or exchange.

3. The following paragraph is added to the beginning of Item 5 of the Disclosure Document:

Payment of all initial fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business.

4. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

5. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise 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.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Fort Lauderdale, Florida, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

An investment advisor license under California law is required. If you are located in the State of California, you must comply with California Corporations Code section 25230.

Sound Income Strategies, LLC is a federally registered RIA and has been authorized to provide the Products within the State of California as an investment adviser firm since December 3, 2014 under California Corporations Code section 25230.

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.

## HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

**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 COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS 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 DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS DISCLOSURE DOCUMENT 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.**

Registered agent in the state authorized to receive service of process:

Commissioner of Securities  
335 Merchant Street  
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: \_\_\_\_\_
2. A proposed registration or filing is or will be shortly on file in the following states:  
\_\_\_\_\_
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

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.



## **ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “Act”), this Disclosure Document is amended as follows:

Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations, and franchisee has commenced doing business. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

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.

## **MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 5:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, the franchisor has obtained a surety bond in the amount of \$25,000.00, which is on file with the Maryland Securities Division.

The following is added to Item 15:

Your spouse is not required to sign a separate personal guaranty, non-competition agreement, or confidentiality agreement. However, it would be a breach of the franchise agreement if your spouse directly or indirectly has any ownership interest in, or is engaged or employed by, any competitor.

The following is added to Item 17:

Pursuant to COMAR 02-02-08-16L, the 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.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

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.

## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."
- 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 with the franchise.

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL,**

**RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

The State of Minnesota Department of Commerce has required the deferral of payment of initial fees until the franchisor has completed its pre-opening obligations, and the franchisee is open for business.

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 with the franchise.

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES 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 CAN NOT 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:

With the exception of what is stated 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, which are 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 10-year period 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.

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; it being the intent of this proviso that the non-waiver 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 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 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 earlier 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.

## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

11. Based upon the franchisor's financial condition, the North Dakota Securities Department has required a financial assurance. Therefore, the franchisor has posted a surety bond in the amount of \$25,000.

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.



## **RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

## **VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT**

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statement is added to Item 1:

To be an investment advisor representative in Virginia, one must pass either 1) the Series 65 Examination; or 2) the Series 7 and 66 Examinations, or 3) in lieu of the examinations listed in 1) and 2), earn and maintain one of the following professional designations: a) Certified Financial Planner (“CFP”), b) Chartered Financial Consultant (“ChFC”), c) Personal Financial Specialist (“PFS”), d) Chartered Financial Analyst (“CFA”), or e) Chartered Investment Counselor (“CIC”).

The following statement is added to Item 5:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The following statements are added to Item 17(h):

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 grounds for default or termination stated in the Franchise Agreement do 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.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

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, franchisee, or salesperson.

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.

## **WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT**

(See Exhibit I for Washington Franchise Agreement Addendum)

**EXHIBIT J**  
**STATE ADDENDA TO FRANCHISE AGREEMENT**

## CALIFORNIA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Retirement Income Source, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

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. CORPORATIONS CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to Franchisee concerning transfer, nonrenewal and termination of the Agreement. The Federal Bankruptcy Code also provides rights to Franchisee concerning termination of the Agreement upon certain bankruptcy-related events. To the extent the Agreement contains a provision that is inconsistent with these laws, these laws will control.

b. If Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the California Franchise Investment Law and the California Franchise Relations Act.

c. If the Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.

d. If the Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Agreement, the covenant may be unenforceable under California law.

e. If the Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law.

f. If the Agreement requires that it be governed by a state’s law, other than the State of California, such requirement may be unenforceable.

2. All Franchisees who are registered with Sound Income Strategies, LLC as “investment adviser representatives” must comply with all applicable federal and state laws, rules and regulations and the policies and procedures of Sound Income Strategies, LLC, including its Code of Ethics. The activities of Franchisees who are “investment adviser representatives” will be monitored by the Compliance Department of Sound Income Strategies, LLC.

All Franchisees who are not registered with Sound Income Strategies, LLC as “investment adviser representatives” must comply with all applicable federal and state laws, rules and regulations and the policies and procedures of their own firm, including its Code of Ethics. The activities of Franchisees who are not “investment adviser representatives” of Sound Income Strategies LLC will be monitored by the Compliance Department of their own firms.

3. As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that Franchisee has initiated.

4. Payment of all initial fees is postponed until after all of Franchisor’s initial obligations are complete and Franchisee is open for business.

5. To the extent this Addendum is inconsistent with any terms or conditions of the

Agreement or the Attachments thereto, the terms of this Addendum shall govern.

6. 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. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISOR:

RETIREMENT INCOME SOURCE, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Retirement Income Source, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.
- 2. Deferral of the Initial Franchise Fee.** Payment of Initial Franchise Fees will be deferred until Franchisor has met its initial obligations, and franchisee has commenced doing business. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.
- 3. Governing Law and Jurisdiction.** Illinois law governs the Franchise Agreement. 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.
- 4. Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.
- 5. Termination and Non-Renewal.** Your rights upon Termination and Non-Renewal of an agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
- 6. Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.
- 7. Effective Date.** This Rider is effective as of the Effective Date.
- 8.** 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.

Agreed to by:

FRANCHISEE:

FRANCHISOR:



\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

RETIREMENT INCOME SOURCE, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Retirement Income Source, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Modified.** Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new

models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

**4.** 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.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISOR:

RETIREMENT INCOME SOURCE, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Retirement Income Source, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

**2. No Waiver of State Law in Sale.** All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

**3. No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

**4. Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

**5. Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

**6. Dispute Resolution.** This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

**7. Surety Bond.** Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, the franchisor has obtained a surety bond in the amount of \$25,000.00, which is on file with the Maryland Securities Division.

**8.** 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.

Agreed to by:

FRANCHISEE:

FRANCHISOR:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

RETIREMENT INCOME SOURCE, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Retirement Income Source, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Amendments.** The Agreement is amended to comply with the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

**3. Financial Assurance.** The State of Minnesota Department of Commerce has required the deferral of payment of initial fees until the franchisor has completed its pre-opening obligations, and the franchisee is open for business.

**4. Effective Date.** This Rider is effective as of the Effective Date.

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 with the franchise.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISOR:

RETIREMENT INCOME SOURCE, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Retirement Income Source, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
2. **Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Franchisor or any other person from any duty or liability imposed by New York General Business Law, Article 33.
3. **Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Franchisor with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.
4. **Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.
5. **Effective Date.** This Rider is effective as of the Effective Date.
6. 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.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISOR:

RETIREMENT INCOME SOURCE, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



## NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Retirement Income Source, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary and Punitive Damages: The parties do not waive exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

**3. Effective Date.** This Rider is effective as of the Effective Date.

4. 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.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISOR:

RETIREMENT INCOME SOURCE, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Retirement Income Source, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISOR:

RETIREMENT INCOME SOURCE, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## SOUTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Retirement Income Source, LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1.     **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
2.     **Financial Assurance.** The State of South Dakota Securities Regulation Office has required the deferral of payment of initial fees until the franchisor has completed its pre-opening obligations, and the franchisee is open for business.
3.     **Effective Date.** This Rider is effective as of the Effective Date.
4.     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.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISOR:

RETIREMENT INCOME SOURCE, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## WASHINGTON FRANCHISE AGREEMENT ADDENDUM

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

WAC 460-24A-220(14) provides that disclosing the identity, investments, or other financial information of any client or former client unless required by law to do so, or unless consented to by the client, is a dishonest and unethical business practice. This may impact the ability of the

franchisee to provide records requested by the Franchisor in accordance with Section 10.2 of the Franchise Agreement.

RCW 21.20.030(2) and WAC 460-24A-130(2) prohibits the assignment or transfer of investment adviser contracts without the written consent of the client or other party to the contract. This may impact the ability of the Franchisor to purchase assets of the franchised business, and as such, the Franchisor will not purchase any assets back from Washington franchisees.

WAC 460-24A-050(1) states that passing a Series 66 exam alone is insufficient for investment advisor or investment advisor representative licensing in the State of Washington. As such, you are required to obtain both a Series 7 and 66 Investment License.

Class 1 and Class 2 franchisees shall be required to follow all applicable requirements under the Securities Act of Washington, chapter 21.20 RCW and chapter 460-24 WAC. These rules include, among other things, the requirement that investment advisers have written contracts with their clients that contain certain terms. Further, for investment adviser firms that must register with the Division (rather than the SEC), these firms must have their Chief Compliance Officer (as the term is defined in WAC 460-24A-005) register with the Division as an investment adviser representative. Washington investment adviser representatives for SEC-registered investment advisers must be registered by the Division as such.

Please note that individuals associated with the Franchisor or Sound income Strategies who review and approve franchisee advertising may be considered “investment adviser representatives” within the meaning of RCW 21.20.005(9), as they supervise those who make recommendations or otherwise render advice regarding securities. RCW 21.20.040(3) further provides that it is unlawful for any person to transact business in this state as an investment adviser or investment adviser representative unless the person is so registered or exempt from registration requirements.

Section 16.1 of the Franchise Agreement is unenforceable in the State of Washington. This Section 16.1 is subject to WAC 460-24A-220(19) which provides that it is a dishonest and unethical business practice to require by contract or otherwise, any condition, stipulation, or provisions binding any person to waive or limit compliance with, or require indemnification for any violations of, any provision of the Securities Act of Washington, chapter 21.20 RCW, or the rules adopted thereunder, or of the Investment Advisers Act of 1940, or any other practice contrary to the provisions of section 215 of the Investment Advisers Act of 1940.

Payment of Initial Franchise Fees will be deferred until Franchisor provides all of its pre-opening obligations, and franchisee is open for business. The State of Washington Department of Financial Institutions imposed this deferral requirement due to Franchisor’s financial condition.

Section 12 of the Investment Management Services Agreement is hereby removed for all Washington franchisees, as it is inconsistent with the franchisor’s duty to deal with the franchisee in good faith under RCW 19.100.180(1), and also conflicts with the prohibition on waivers in RCW 19.100.180(2)(g).

The Division's Licensing Unit licenses investment advisers and investment adviser representatives in Washington. The phone number for the Licensing Unit is (360) 902-8815, and the email address is [IALicensing@dfi.wa.gov](mailto:IALicensing@dfi.wa.gov).

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.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
FRANCHISOR

\_\_\_\_\_  
FRANCHISEE

**This addendum may also be used as a rider to the Franchise Disclosure Document.**

## STATE EFFECTIVE DATES

The following States require that the Franchise Disclosure Document be registered or filed with the State, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This 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	
Connecticut	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	May 30, 2024
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate 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 Retirement Income Source, LLC 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. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Retirement Income Source, LLC 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 (which are listed in Exhibit A).

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

<b>Name</b>	<b>Principal Business Address</b>	<b>Telephone Number</b>
David Scranton	500 West Cypress Creek Rd., Suite 250, Fort Lauderdale FL 33309	954-870-6715
Charles Radlauer	500 West Cypress Creek Rd., Suite 250, Fort Lauderdale FL 33309	954-870-6715
Eric Lutton	500 West Cypress Creek Rd., Suite 250, Fort Lauderdale FL 33309	954-870-6715
Patrick Farrell	500 West Cypress Creek Rd., Suite 250, Fort Lauderdale FL 33309	954-870-6715

Issuance Date: March 13, 2025

I received a disclosure document dated March 13, 2025, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Form of General Release
- D. Financial Statements
- E. Operating Manual Table of Contents
- F. Current and Former Franchisees
- G. Investment Management Services Agreement
- H. IRA Rollover Suitability Form
- I. State Addenda to Disclosure Document
- J. State Addenda to Franchise Agreement

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date Received: \_\_\_\_\_

**Keep This Copy For Your Records**

## RECEIPT

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- I. State Addenda to Disclosure Document
- J. State Addenda to Franchise Agreement

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date Received: \_\_\_\_\_

**Return This Copy To Us**  
**Retirement Income Source, LLC - 500 West Cypress Creek Rd., Suite 250, Fort Lauderdale**  
**FL 33309**