

COMMITTEE ASSIGNMENTS

CHAIR

Public Safety Committee

MEMBER

Anti-Graffiti Policy Committee
Finance & Personnel Committee
Steering & Rules Committee



ROBERT G. DONOVAN
Alderman, 8th District

December 18, 2009

To the Honorable, the Common Council

Dear Members:

Re: Common Council File 090864

Attached is "Appendix D" to the written objections of:

Robert Sherman, Agent for "Monitronics International, Inc.", Private Alarm System Business renewal application with change of officer for "Monitronics International, Inc." at 2350 Valley View Lane, Dallas, TX.

Robert Sherman, Agent for "Monitronics Security, LP", Private Alarm System Business renewal application with change of officer for "Monitronics Security, LP" at 2350 Valley View Lane, Dallas, TX.

This Appendix was submitted separately at 1:15 p.m. on December 18th and was not included with the previous packet of written objections.

This matter will be heard by the full Council at its December 22, 2009 meeting. Pursuant to City Ordinances, a roll call vote will be taken to confirm that all members have read the attached objections.

Respectfully,

A handwritten signature in black ink that reads "Robert G. Donovan". The signature is written in a cursive style and is positioned above the printed name and title.

Robert G. Donovan, Chair
Public Safety Committee

8900

ALARM MONITORING PURCHASE AGREEMENT

THIS ALARM MONITORING PURCHASE AGREEMENT (the "Agreement") is made and entered into effective the 24 day of May, 2006, by and between Badgerland Alarm, LLC ("Seller") and Monitronics International, Inc. ("Purchaser"). Certain capitalized terms used herein are defined in, and shall have the respective meanings set forth in, Article VIII hereof.

RECITALS:

WHEREAS, Seller is the owner of the alarm monitoring contracts (the "Contracts") listed on Schedule A attached hereto and incorporated herein by this reference; and

WHEREAS, Seller desires to sell, assign and transfer the Contracts to Purchaser, and Purchaser desires to purchase the Contracts and assume the monitoring responsibilities of Seller thereunder and actually provide monitoring services through Purchaser's central monitoring station;

WHEREAS, Seller also desires to provide a mechanism to sell, assign and transfer additional Contracts to Purchaser periodically, and Purchaser desires to provide a mechanism to purchase such additional Contracts and assume the monitoring responsibilities of Seller thereunder; and

WHEREAS, Seller also desires to be part of Purchaser's "Authorized Dealer Program", and Purchaser desires to allow Seller to be part of Purchaser's Authorized Dealer Program, upon the terms and conditions provided herein.

NOW, THEREFORE, in consideration of the mutual promises, covenants and representations set forth herein, the parties hereto agree as follows:

AGREEMENTS:

I. SALE AND ASSIGNMENT OF CONTRACTS

1.01 At each Closing (as defined in Section 5.01) Seller shall sell, transfer, assign and convey to Purchaser the Contracts listed on Schedule A hereto or on Schedule A of the Addendum (as defined in Article VIII), as applicable, free and clear of all liens, mortgages, deeds of trusts, security interests, pledges, encumbrances, restrictions on transferability, charges or claims of any nature whatsoever (hereinafter collectively referred to as "Encumbrance(s)"). Concurrently with each Closing and conveyance, Seller shall automatically be deemed to have sold, transferred, conveyed and assigned to the "Subscriber" (as defined below) under the contract, any equipment owned by Seller and installed under or pursuant to such Contract and Seller shall be deemed to have relinquished title to and ownership of such equipment simultaneously with Purchaser's purchase of the related Contract. In consideration therefor, Purchaser agrees to purchase the Contracts from Seller for the purchase price set forth in Article II hereof, or in the Addendum with regard to each Subsequent Closing (as defined in Article VIII), and agrees to assume the monitoring responsibilities and non-warranty period maintenance and servicing responsibilities of Seller under the Contracts. Purchaser shall be entitled to all payments under the Contracts from and after the Closing Date for each Closing (as defined in Section 5.01) subject to Section 2.02. The Parties agree that no value is being attributed by either party to the equipment conveyed to Subscribers.

**II. PURCHASE PRICE AND ASSUMED OBLIGATIONS;
NONSOLICITATION; RELATED MATTERS**

2.01 (a) In consideration of the purchase of the Contracts and the nonsolicitation and noninterference agreements of Seller set forth in Sections 2.03 and 2.08, and the guarantee of Bad Contracts (as hereinafter defined) set forth in Sections 2.01(b) and (e), Purchaser agrees to pay Seller the "Purchase Price" (herein so called) set forth on

Schedule B attached hereto and incorporated herein by this reference, as hereinafter provided, or on a Schedule B attached to an Addendum for a Subsequent Closing, as such Purchase Price is adjusted as set forth on any such Schedule B, and Seller acknowledges that such payment constitutes good and valuable consideration for the purchase of the Contracts, the nonsolicitation and noninterference agreements set forth in Sections 2.03 and 2.08 and the telephone numbers, if applicable, set forth on Schedule B and further discussed in Section 2.04. As a condition precedent to Purchaser's obligation to pay the Purchase Price, Seller shall deliver to Purchaser at each Closing (i) the fully executed originals of each of the Contracts being purchased at such Closing, together with all related documents, lists, papers, phone numbers, dispatch information, plans, drawings, service files and other information, relative to each "Subscriber" (herein so called) under the Contracts to enable Purchaser to properly and adequately perform its alarm monitoring responsibilities assumed, (ii) the Bill of Sale contemplated by Section 3.12 and (iii) such other documents contemplated in Section 5.02. On each Closing Date (as hereinafter defined), Purchaser shall pay the "Initial Purchase Price" (herein so called) set forth on Schedule B, or on a Schedule B attached to an Addendum for a Subsequent Closing, with respect to each and every Contract (i) for which each of the documents (collectively, the "Required Documents") described in the foregoing sentence has been delivered to Purchaser on or before the Closing Date, and (ii) that on the Closing Date has been redirected, transferred or originally directed to, or is otherwise reporting to, Purchaser's monitoring station.

With respect to each Contract for which the Required Documents have been submitted to Purchaser but which has not been redirected, transferred or originally directed to, or is otherwise reporting to, Purchaser's monitoring station on the Closing Date, Purchaser shall withhold the portion of the Initial Purchase Price attributable to each such Contract (such withheld portion being referred to as the "Deferred Payment" herein and on Schedule B hereto and Schedule B to the Addendum) until such Contract is redirected, transferred or originally directed to, or is otherwise reporting to, Purchaser's monitoring station, and Seller agrees to cause such redirection, transfer or original direction to happen at Seller's expense, as soon as possible. For the first thirty (30) days following the relevant Closing, Purchaser agrees to pay a pro rata portion of the Deferred Payment, within two (2) business days after the end of each calendar week during such 30-day period, based on the number of Contracts for which such redirection/transfer has occurred. After thirty (30) days following the relevant Closing, Purchaser agrees to continue to pay a pro rata portion of the Deferred Payment within five (5) days after the end of each subsequent 30-day period based on the number of Contracts for which such redirection/transfer was completed, with the balance of the Deferred Payment payable upon the completion of the last redirection/transfer if other than at the relevant Closing or at the end of a 30-day period.

The remainder of the Purchase Price (the "Holdback Purchase Price") shall be paid to Seller pursuant to the payment schedule set forth on Schedule B hereto or on Schedule B to an Addendum for a Subsequent Closing, less (a) any reductions for "Bad Contracts", (b) any reductions for failure to deliver an executed original of a Contract at any time required hereunder, (c) any "Warranty Period Maintenance Charge" (as defined in Section 2.02), (d) any costs required to be paid by Purchaser to redirect/transfer accounts to its monitoring station that were the responsibility of Seller and (e) any "Lifetime Service Plan Charge" (as defined in Exhibit G.). From time to time during the terms of this Agreement upon demand by Purchaser, and in any event upon the expiration of termination of this Agreement, Seller shall turn over to Purchaser all data and information relating to each Subscriber, including account records and other records maintained by Seller, and any property or equipment held for the accounts of such Subscriber.

(b) A "Bad Contract" shall mean any Contract which (i) has an Encumbrance on it, (ii) relates to a Subscriber who has also entered into a monitoring agreement with another monitoring company for the same property, (iii) does not pay according to its terms for a period of forty-five (45) days or more after the invoice due date at any time during the "Holdback Purchase Price Period" (herein so called) set forth on Schedule B hereto or on Schedule B to an Addendum for a Subsequent Closing, (iv) is terminated or cancelled by Subscriber for any reason or by Purchaser for Subscriber's default during the "Holdback Purchase Price Period", or (v) is not renewed by Subscriber for any reason during the "Holdback Purchase Price Period".

In the event of a Bad Contract arising, Purchaser shall publish a list of the Bad Contracts on Purchaser's Internet web-site. Seller agrees that it is responsible for accessing Purchaser's Internet web-site to retrieve this list no less than weekly. If within thirty (30) days after the first date of Purchaser's publishing of the list of the Bad Contract on the web-site, the Contract continues to remain a Bad Contract, in substitution for such Bad Contract Seller must, except as provided in Section 2.01(e), (i) tender to Purchaser a "Substitute Contract" (or Contracts) (herein so called) generating an amount of monthly payments to Purchaser equal to or greater than the monthly payments to Purchaser scheduled to be paid under the Bad Contract and otherwise satisfactory to Purchaser, in Purchaser's sole discretion, and (ii) pay to Purchaser an amount, in cash, equal to the total monthly payments for such Bad Contract which has not been paid to

Purchaser from and after the Closing Date so that, when the payment schedule of the Substitute Contract and the actual cash payments from the Subscriber and Seller have been taken into account, Purchaser shall not have suffered any loss from the failure of the Bad Contract to pay when due. With regard to Substitute Contracts, Seller further expressly agrees that Purchaser may select Contracts submitted by Seller for purchase by Purchaser at a Subsequent Closing, and Purchaser may use them as Substitute Contracts rather than purchasing them at the Subsequent Closing. Notwithstanding the provisions of this Section 2.01(b), if a Bad Contract arises during the Holdback Purchase Price Period, the Purchaser shall, at its option, in lieu of receiving a Substitute Contract, be entitled to withhold from the Holdback Purchase Price the amount of the purchase price paid to Seller by Purchaser on account of such Bad Contract. Upon delivery of a "Substitute Contract", Seller shall also be deemed to have automatically conveyed to the Subscriber, any equipment owned by Seller and installed under or pursuant to such Substitute Contract and Seller shall be deemed to have relinquished title to and ownership of all such equipment by virtue of the transfer of the related Substitute Contract.

(c) On the date of tender to Purchaser, each Substitute Contract shall be in compliance with the representations, warranties, covenants and conditions set forth in this Agreement. Purchaser shall notify Seller within fifteen (15) business days if any tendered Substitute Contract is not acceptable to Purchaser. Seller shall execute a Bill of Sale for the Substitute Contracts in the form required pursuant to Section 3.12, or include it in the Addendum for a Subsequent Closing. Purchaser shall reconvey to Seller the Bad Contract, on an as is, where is, basis, without recourse or warranty of any kind whatsoever, except that such Bad Contract shall be free and clear of any lien, security interest or encumbrance created by, through or under Purchaser; provided, however, if Seller is in default of any provision of the agreement or has ceased doing business, Purchaser shall have no obligation to return any such Bad Contract and may retain it for its own purposes. Once a Substitute Contract is assigned to Purchaser, it shall be deemed a Contract hereunder.

(d) Seller shall be responsible for, and shall pay and indemnify and hold Purchaser harmless from, any sales, use or other taxes with respect to the Contracts purchased hereunder and any Bad Contract reconveyed by Purchaser to Seller pursuant to Section 2.01(c), whether such taxes shall arise based upon the performance of monitoring or other services to the Subscriber prior to a Closing Date or as a result of the sale of Contracts hereunder.

(e) Notwithstanding the provisions of Section 2.01(b) to the contrary, if Seller elects not to provide a Substitute Contract to Purchaser in substitution for a Bad Contract, Seller shall be liable to Purchaser for, and shall immediately pay to Purchaser on demand, the value of such Bad Contract (as set forth on Schedule A hereto or on Schedule A to an Addendum for a Subsequent Closing) together with an amount equal to the monthly recurring revenues attributable to such Bad Contract (as set forth on Schedule A hereto or on Schedule A to an Addendum for a Subsequent Closing) multiplied by the number of months of the Holdback Purchase Price Period for which Purchaser has not received, or will not receive, the full monthly recurring revenues from such Bad Contract (collectively, such amounts for which Seller is liable to Purchaser are referred to herein as the "Guaranteed Value Amounts"). It is hereby acknowledged and agreed by Seller that this guarantee of the Guaranteed Value Amounts for the Contracts for the full Holdback Purchase Price Period is critical to Purchaser's determination of the Purchase Price and decision to purchase the Contracts, and but for such guarantee, Purchaser would not have entered into this Agreement or an Addendum, as applicable, with Seller or purchased the Contracts for the Purchase Price provided herein or in an Addendum. Seller further acknowledges and agrees that if the Guaranteed Value Amounts are not promptly paid to Purchaser on demand, Purchaser may, at its election, setoff against the Holdback Purchase Price or the Deferred Payment the Guaranteed Value Amounts owed by Seller to Purchaser. In the event of such setoff, however, Seller shall be liable to Purchaser to restore the amount of the Holdback Purchase Price or Deferred Payment in an amount equal to the setoff, upon demand by Purchaser. Upon payment of the Guaranteed Value Amounts by Seller, Purchaser shall reconvey to Seller the Bad Contract pursuant to the provisions of Section 2.01(c).

2.02 Purchaser shall assume, and does hereby assume, the monitoring responsibilities and non-warranty period maintenance and servicing responsibilities of Seller under the Contracts from and after each Closing Date, but expressly assumes no warranty period maintenance, repair, replacement or service responsibilities or obligations of Seller to the Subscriber under any Contract, or otherwise. Seller also acknowledges and agrees that Purchaser may assign its monitoring responsibilities and non-warranty period maintenance and servicing responsibilities to one or more additional parties to perform the actual services. For purposes of this Agreement, references to "Purchaser's monitoring station" include the monitoring station of Purchaser or such additional parties to whom Purchaser assigns monitoring

responsibilities. Seller and Purchaser agree and understand that Purchaser does not undertake to assume or be obligated for any obligations or responsibilities of Seller under the Contracts, or otherwise, relating to maintenance, repair, replacements or other service during the period of any warranty under any Contract, and Seller shall remain solely responsible for all such other obligations and responsibilities, including, without limitation, all equipment repair, service, replacement, removal and maintenance responsibilities. Seller further agrees that to the extent Seller does not perform its in-warranty obligations and responsibilities under any Contract, Purchaser shall be entitled to provide, or contract with third parties to provide, such in-warranty obligations and shall be entitled to withhold the costs and expenses thereof (herein called the "Warranty Period Maintenance Charge(s)") from the Holdback Purchase Price to reimburse Purchaser for such costs and expenses; and, further, in such event, Seller shall hereby be deemed to have transferred to Purchaser (without further action) any existing manufacturer's or other warranties relating to the equipment covered by such Contract.

2.03 Seller acknowledges that one of the fundamental expectations of Purchaser in acquiring the Contracts is that the Contracts will be renewed by the Subscribers after expiration of their current terms and Seller acknowledges that Contracts customarily are so renewed. Accordingly, in consideration of Purchaser's payments set forth in Section 2.01(a), which Seller hereby acknowledges and agrees constitutes good and valuable consideration, Seller agrees with Purchaser that neither Seller nor any of its shareholders, partners, members, owners, officers, directors, partners, agents or employees shall, at any time within fifteen (15) years from the date such contract was acquired by Purchaser from Seller, directly or indirectly, in any capacity, contact, solicit or attempt to solicit or accept unsolicited monitoring or alarm installation business from the Subscriber to whom such Contract related, and Seller shall, prior to the Initial Closing, cause binding agreements to be entered into between Seller and its officers, directors, partners, agents and employees pursuant to which Seller can enforce the foregoing restrictions against such persons; and prior to any Subsequent Closing cause a similar agreement to be executed by any new shareholder, partner, member, owner, officer, director, partner, agent or employee. Purchaser and Seller agree that the amount of damage resulting to Purchaser from a violation of this Section is difficult to ascertain and acknowledge that Purchaser shall be entitled to liquidated damages from Seller in the amount of any affected Contract's monthly payment to Purchaser multiplied by fifty, in addition to permanent injunctive and other applicable relief. Such damages shall be paid by Seller within ten (10) days after receipt of written demand from Purchaser, and if not so paid may be offset against the Holdback Purchase Price or any amounts owed by Purchaser to Seller. Seller and Purchaser agree that such liquidated damages shall not be deemed a penalty.

In furtherance of the foregoing, but without limiting same, without the prior written consent of Purchaser, which may be given or withheld in Purchaser's sole discretion, Seller shall not sell or convey any customer lists or other information related to the Contracts and the Subscribers to any other person nor offer to sell monitoring or other equipment to any Subscriber, other than in connection with the provision of normal in-warranty maintenance services expressly agreed to hereunder.

Seller hereby acknowledges that the breach of any provision of this Section 2.03 shall cause Purchaser permanent and irreparable damage and that upon such breach Purchaser shall be entitled to injunctive relief or other equitable relief, and such relief shall be cumulative and in addition to any other remedies that Purchaser may have hereunder and/or at law or in equity. Further, in any suit in equity for an injunction or equitable relief which Purchaser may bring against Seller, Seller hereby agrees not to assert the defense in such suit that an adequate remedy at law exists.

2.04 Seller shall, at any Closing, at Purchaser's option, assign to Purchaser all of Seller's right, title and interest in all telephone numbers which are utilized in connection with the monitoring services performed under the Contracts and shall take whatever actions required to be taken to cause such assignment to be recognized and deemed effective by the applicable telephone and/or utility carriers.

2.05 During the term of this Agreement, Purchaser shall have the right of first refusal to purchase all or a portion of any monitoring contracts hereafter installed or acquired by Seller that Seller desires to sell ("New Contracts") at the following purchase prices: (i) during the initial term of this Agreement, at a purchase price equal to the same multiple of monthly net income used to calculate the Purchase Price hereunder (which multiple is set forth on Schedule A and may be set forth on Schedule A to each Addendum); and (ii) after expiration of the initial term and during any renewal term of this Agreement, at the same price and on the same terms as are offered to Seller pursuant to any bona fide written offer received by Seller which is unconditional except for customary due diligence, and Seller shall promptly furnish Purchaser

a true and correct copy of such offer and a list of the monitoring contracts which are the subject of the offer. Concurrently with the purchase of a "New Contract", Seller shall automatically be deemed to have conveyed and assigned to the Subscriber under the Contract, any equipment owned by Seller and installed under or pursuant to such New Contract and Seller shall be deemed to have relinquished title to and ownership of such equipment simultaneously with Purchaser's purchase of the related New Contract. New Contracts shall be purchased at Subsequent Closings, and the term "Contracts" used in this Agreement or any Addendum shall also encompass "New Contracts".

In furtherance of Seller's grant of the right of first refusal to Purchaser contained in this Section 2.05, Seller hereby covenants and agrees that Seller will not during the term of this Agreement place, cause to be placed or allow to be placed any Encumbrances on New Contracts or on Seller's monitoring contracts that could become New Contracts or otherwise take any action which would limit or restrict in any way Seller's ability to sell the New Contracts to Purchaser upon Purchaser's election of its right of first refusal hereunder.

Seller shall notify Purchaser in writing if Seller proposes to sell any New Contracts and Seller shall include in such notice a description of the New Contracts similar to the descriptions set forth on Schedule A hereto ("Seller's Notice"), in addition to the terms of the offer if such proposed sale is as a result of an offer made to Seller following expiration of the initial term of this Agreement. Purchaser shall have fifteen (15) days from the date of receipt of such Seller's Notice to notify Seller ("Purchaser's Notice") of Purchaser's intent to purchase from Seller all or any of the New Contracts identified in Seller's Notice, and Seller shall promptly deliver an executed original of an Addendum and any other agreements required to be executed by Purchaser for a Subsequent Closing, once Purchaser has elected to purchase all or a portion of the New Contracts identified in Seller's Notice. If Purchaser does not elect to purchase all of the New Contracts identified in Seller's Notice, Seller shall be free to sell the remainder of such New Contracts identified in Seller's Notice and not purchased by Purchaser for a period of ninety (90) days, and if not sold within such period, such New Contracts shall again be subject to Purchaser's right of first refusal hereunder. Purchaser's option to purchase shall also continue with respect to any New Contracts subsequently acquired or installed by Seller which Seller subsequently determines to sell during the term of this Agreement. Purchaser shall have no obligation to purchase any New Contract from Seller unless: (i) Purchaser has delivered Purchaser's Notice, and (ii) the results of Purchaser's due diligence review and inspection conducted with respect to the New Contracts identified in Purchaser's Notice is satisfactory in all respects to Purchaser. Purchaser shall have thirty (30) days to conduct its due diligence review of the New Contracts.

Seller shall take, at Seller's expense, all reasonable actions required by Purchaser to cause the New Contracts to conform in all respects with the representations, warranties, covenants and conditions set forth in this Agreement relating to the Contracts. The Closing Date for the purchase of the New Contracts shall occur sixty (60) days after the date of Purchaser's Notice, but shall be extended by the period of time necessary for Seller to complete the actions requested by Purchaser, as aforesaid; provided, however, Purchaser may elect to accelerate such Closing Date if all such actions have been completed. If the Closing does not occur within said sixty (60) day period, notwithstanding any extension thereof, Purchaser may, at any time prior to the Closing Date for the acquisition of the New Contracts, terminate its obligation to acquire all or any portion of the New Contracts. The acquisition of the New Contracts shall be pursuant to an Addendum to this Agreement.

2.06 Notwithstanding any other provision herein to the contrary or any setoff by Purchaser against the Holdback Purchase Price or Deferred Payment or any other amounts owed to Seller under this Agreement, Seller shall be fully and completely liable and obligated to pay Purchaser all amounts required to be paid by Seller hereunder and such amounts shall not be limited by the amount of the Holdback Purchase Price or Deferred Payment or any other amounts owed to Seller under this Agreement. Furthermore, if Purchaser elects to setoff any such amounts against the Holdback Purchase Price or Deferred Payments, Seller shall be liable and obligated to the amount of such setoff against the Holdback Purchase Price or Deferred Payment, upon demand by Purchaser; and, in the event the amount of the Holdback Purchase Price is not sufficient to satisfy all setoffs, Seller shall be liable for the deficiency upon demand by Purchaser, together with interest at the rate of 10% per annum from the end of the Holdback Purchase Price Period until such deficiency, plus accrued interest, is paid in full (with payments being applied first against accrued interest). Finally, Seller agrees that Purchaser shall be authorized to setoff any amounts due to Purchaser under this Agreement against the Holdback Purchase Price or Deferred Payment or similar reserves or holdbacks in any Addendum and vice versa.

2.07 Seller hereby creates and grants to Purchaser a security interest in the "Collateral" (herein so called) described in the Form UCC-1 Financing Statement attached hereto as Exhibit "F" and incorporated herein for all purposes by this reference, to secure the payment and performance of the obligations, guarantees, covenants and warranties of Seller to Purchaser set forth in Sections 2.01(a), 2.01(b), 2.01(d), 2.01(e), 2.02, 2.03 and 2.06. Seller hereby authorizes Purchaser to file a Form UCC-1 Financing Statement and any amendments, continuations, or assignments without the necessity of Seller's signature thereon.

2.08 Seller hereby agrees that neither it, nor any of its shareholders, partners, members or other owners shall form any other entity during the term of this Agreement or otherwise take any action, directly or indirectly, to engage in the alarm business and sell, pledge, finance or otherwise transfer or originate for other persons or entities any monitoring contracts and/or accounts, or to take any other action, which Seller would be prohibited from taking under this Agreement. Any provision hereof which contemplates performance or forbearance of an action following termination of this Agreement for any reason, including, without limitation, Sections 2.03, 2.08, 6.02, 7.05 and 7.12, shall survive the termination or expiration of this Agreement for any reason.

2.09 A Bonus Purchase Price will be paid by Purchaser to Seller on Qualifying Contracts, (as defined below) in an amount based on a percentage multiple equal to the percentage and for the period set forth on Schedule B attached hereto and incorporated herein by this reference, as hereinafter provided, or on a Schedule B attached to an Addendum for a Subsequent Closing. Seller agrees that Purchaser shall be authorized to setoff any amounts due to Purchaser under this Agreement against such Bonus Purchase Price. The Seller must be in a twelve month minimum initial or renewal term of this Agreement and maintain a minimum monthly sales volume to Purchaser of ten Contracts and be current on replacements or the monthly Bonus Purchase Price will be forfeited for that month.

The Bonus Purchase Price will be calculated on the recurring monthly revenue (RMR) billed by Purchaser for monitoring service on "Qualifying Contracts", excluding tax and special services. In order to be Qualifying Contracts, the Contracts must be (i) paid current within 45 days of invoice, and (ii) have an unexpired remaining term without cancellation notice. The Bonus Purchase Price will be based upon gross annualized attrition on all Contracts purchased from Seller, as provided in Schedule B.

2.10 A Premium Account Purchase Price (as defined in Schedule B) will be paid by Purchaser to Seller at closing (or at a subsequent closing) on Qualifying Contracts for a multiple and upon the terms set forth on Schedule B attached hereto and incorporated herein by this reference, or on a Schedule B attached to an Addendum for a Subsequent Closing.

III. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Purchaser as of the date hereof and as of each Closing Date that:

3.01 Seller is, and on the Closing Date will be, a corporation, partnership, limited liability company or sole proprietor duly organized, validly existing and in good standing under the laws of the state of its organization, and is qualified to do business in every jurisdiction in which the character and location of its assets or the nature of its business require qualification. Seller is duly authorized under applicable state and federal laws to conduct Seller's alarm monitoring business as heretofore conducted, and has all requisite power and authority to own, lease and operate Seller's assets and carry on Seller's business as now being conducted.

3.02 Seller has full legal power and authority to execute, deliver and perform this Agreement and each Addendum, and has taken all actions necessary to secure all approvals required in connection therewith. The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement and each Addendum in accordance with its terms will not violate any provision of the Articles of Incorporation or Bylaws, or Partnership Agreement, as applicable, of Seller, or any law, regulation or court order which is applicable to Seller, or result in a default under, or require the consent or approval of any party to, any contract relating to Seller's business or Seller's assets or to or by which Seller is a party or by which any of the property of Seller may be bound or require Seller to notify or obtain any license from any federal, state, local or other court or governmental agency or body or from any other regulatory authority.

3.03 This Agreement and each Addendum has been duly executed by, and constitutes, the legal, valid and binding obligation of Seller, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, moratorium, insolvency or similar laws of general application affecting enforcement of rights of creditors and by general equity principles, including, but not limited to those restricting specific enforcement.

3.04 All Contracts are presently in effect and (i) Seller has received no notice of termination of a Contract from the Subscriber thereto, (ii) no notice of termination has been delivered by Seller to the Subscriber under any Contract, (iii) no Subscriber is presently in default under any Contract, (iv) Seller has not given a notification of increase in monitoring charges to any Subscriber under any Contract within twelve (12) months prior to Closing, (v) all Subscribers are current in their payments due under the Contracts, (vi) Seller is presently not in default under any Contract, (vii) all of the Contracts are fully assignable to Purchaser without the consent of Subscriber or any other party, and (viii) each Contract is a valid and binding obligation of Seller and the Subscriber and is enforceable in accordance with its terms.

3.05 Seller has collected no deposits from any Subscriber and owes no funds to any Subscriber related to any such deposit; and no prepayments have been received from, or discounts offered to, any Subscriber on any Contract, except for those prepayments/deposits listed on Schedule A hereto or on Schedule A to an Addendum, as applicable, under the column entitled "Prepaid/Discount Amount", which shall constitute an adjustment to the Purchase Price due Seller hereunder.

3.06 All of the required equipment to be installed under each Contract has been properly installed and such equipment is presently in good condition and working order.

3.07 All equipment installed under the Contracts are owned by Seller or the respective Subscriber and, if owned by Seller, is free and clear of all liens, security interests, and encumbrances, is in good working order and condition and has been installed and maintained in accordance with good and workmanlike practices prevailing in the industry at the time of installation and currently. Such equipment conforms in all material respects to the Contracts pursuant to which it was installed and all such equipment complies in all respects with applicable laws, codes and regulations. Seller hereby consents to Purchaser arranging for onsite inspections directly with Subscribers before or after purchase of such Subscribers' Contracts.

3.08 Each Contract has an unexpired remaining term as set forth on Schedule A hereto or on Schedule A to an Addendum, as applicable.

3.09 Seller acknowledges and agrees that Purchaser is not acquiring any Contract relating to any alarm system having to do with sprinkler systems or that requires periodic inspection or that requires a certificate, which is renewable periodically, to operate, maintain or monitor such alarm system, and none of the Contracts encompass such a system. Seller shall indemnify and hold Purchaser harmless from any loss, liability, cost, damage or expense relating to any such system.

3.10 Seller represents that there are no other alarm monitoring contracts presently in force with any Subscriber for monitoring an alarm system at Subscriber's residence, other than the Contract for such Subscriber which Purchaser is acquiring hereunder.

3.11 Seller represents and warrants that the form of Alarm Monitoring Agreement attached hereto as Exhibit "A" is the form of Alarm Monitoring Agreement used with respect to each Contract and Subscriber and that no other form of agreement has been used with such Contracts and no other form of agreement is being transferred to Purchaser hereunder, and, further, that all warranties relating to the equipment installed under or pursuant to the Contracts, all warranties relating to the alarm monitoring services and all agreements relating to indemnification are set forth in the Alarm Monitoring Agreement and there are no other agreements between Seller and Subscriber relating to warranties or indemnification of any kind.

3.12 Seller agrees to execute the Bill of Sale substantially in the form attached hereto as Exhibit "B" and deliver the executed Bill of Sale to Purchaser at the Initial Closing, and execute an Addendum substantially in the form

attached hereto as Exhibit "D" for each Subsequent Closing and deliver the executed Addendums to Purchaser on or before such Subsequent Closing, and such execution and delivery shall be a condition precedent to Purchaser's obligation to deliver any payment to Seller required under Section 2.01.

3.13 Seller is not a party to or bound by, and shall not at any time become a party to or bound by, any contract or agreement, oral or written, pursuant to which Seller purports to pledge, sell, exchange, transfer, dispose, modify or amend in any manner any of Seller's right, title or interest in any Contracts.

3.14 There is no action, suit, proceeding or investigation pending to which Seller is a party nor, to the knowledge of Seller, threatened against Seller or any property of Seller (including, without limitation, any Contract) in any court or before any arbitrator of any kind or for or by any governmental or nongovernmental body, in connection with the execution, delivery or performance by Seller of the Contracts, any matter related thereto, or this Agreement or any Addendum, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by Seller of any of the foregoing, nor, to the knowledge of Seller, is there any basis therefor.

3.15 Seller represents that there are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement. Seller shall indemnify and hold Purchaser harmless against any liability, loss or expense (including, without limitation, attorneys' fees, travel and out-of-pocket expenses) arising in connection with any such claim.

3.16 No representation or warranty made by Seller herein or in any Addendum or in the Schedules or Exhibits attached hereto or to any Addendum, or in any statement or certificate given or to be given to Purchaser pursuant hereto or to any Addendum, or with respect to the transactions contemplated hereby or by any Addendum, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained therein not misleading. Seller has made, and will make in good faith on or before each Closing Date, full disclosure of all material facts with respect to the Contracts which a prudent purchaser would deem relevant. All information, reports, papers, data and other items, including, without limitation, copies of the Contracts, furnished by or on behalf of Seller to Purchaser are complete and correct in all material respects. No fact is known to the Seller which has had or in the future may have an adverse effect on Seller or any Contract which has not been disclosed in writing to Purchaser by Seller.

3.17 Seller is in compliance with all laws, rules and regulations related to any Contract, including, without limitation, the provisions of federal and state laws relating to "truth in lending" and "home solicitation contracts." There are no pending or threatened claims of a violation thereof and Seller has received no notice of such violation.

3.18 All federal, state and local property, sales and use taxes and all other taxes or charges incurred during any period prior to and including each Closing Date which may relate or affect the Contracts being purchased at such Closing in any way or may affect or relate to their transfer pursuant to this Agreement or any Addendum, are the obligation and liability of Seller and have been or will have been paid or provided for in full by Seller.

3.19 As of each Closing, Seller shall have entered into binding agreements with the persons specified in Section 2.03 and shall have delivered copies of each such fully executed agreement to Purchaser.

3.20 Seller does not use a third party billing service to send out Seller's invoices, unless identified on an Exhibit to this Agreement or any Addendum to be attached hereto by Seller and specifically identified to Purchaser.

3.21 Seller shall, at all times during the term of this Agreement, at its sole cost and expense procure and maintain in force commercial general liability insurance including product/completed operations coverage, showing Purchaser as an additional insured under such policy, insuring against liability for injury or death of a person or for damage to property in an amount of not less than \$1,000,000 per occurrence with at least \$2,000,000 aggregate for bodily injury and/or property damage and liability combined. Such insurance policy shall require the insurance company to deliver notice to purchaser thirty days prior to any termination, cancellation or modification of such insurance policy.

3.22 Seller has not entered into any monitoring contract with any other monitoring company relating to any of the Contracts which is not terminable by Seller under its terms on or before the Closing, and as of the Closing, Seller and the Contracts shall be free and clear of any such monitoring contract so that from and after the Closing Purchaser shall be entitled to perform the actual monitoring services to Subscribers under the Contracts through Purchaser's central monitoring station or as otherwise directed by purchaser.

3.23 Seller agrees to maintain Internet web-site access and Internet email access to Purchaser's internet web-site as long as Seller has any Contracts in the Holdback Purchase Price Period. Seller agrees to access Purchaser's Internet web-site on a regular basis, not less than weekly, and retrieve information, notices and reports published by Purchaser. Seller agrees that Purchaser's publishing of information on Purchaser's Internet web-site is acceptable notice of Bad Contracts as defined in 2.01(b). Seller further agrees to accept correspondences and notices from Purchaser by Internet email.

IV. REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as of the date hereof and as of each Closing Date that:

4.01 Purchaser has full legal power and authority to enter into and perform this Agreement and each Addendum.

4.02 Purchaser is a corporation duly organized and existing under the laws of the state of its incorporation and is duly authorized under applicable state and federal laws to conduct its business as heretofore conducted, and has all requisite corporate power and authority to own, lease and operate its properties and carry on its business as now being conducted.

4.03 This Agreement and each Addendum has been duly executed by, and constitutes a legal, valid and binding obligation of Purchaser, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, moratorium, insolvency or similar laws of general application affecting enforcement of rights of creditors and by general equity principles, including, but not limited to, those restricting specific enforcement.

V. CLOSING

5.01 The Initial Closing (herein so called) of the purchase of the Contracts by Purchaser, and the other transactions contemplated herein, shall be accomplished at the time and location set forth on Schedule B, or at such other time or place as shall be mutually agreeable to the parties hereto (the date of the Initial Closing being herein referred to as the "Initial Closing Date"). Each Subsequent Closing (herein so called), if any, of the purchase of New Contracts by Purchaser, and the other transactions contemplated in connection therewith, shall be accomplished at the time and location provided for in Section 2.05 and also set forth on Schedule B to the Addendum for such Subsequent Closing, or at such other time or place as shall be mutually agreeable to the parties hereto (the date of each Subsequent Closing being herein referred to as a "Subsequent Closing Date". The Initial Closing and Subsequent Closings are sometimes referred to herein as a "Closing" and the Initial Closing Date and each Subsequent Closing Date are sometimes referred to herein as a "Closing Date).

5.02 Seller hereby agrees to deliver to Purchaser at the Closing the following:

- (a) the Bill of Sale or Addendum, as applicable, referenced in Section 3.12;
- (b) copies of the agreements referenced in Sections 2.03 and 3.19, unless previously delivered in connection with a prior Closing.
- (c) copies of Subscriber confirmations referenced in Section 7.10 not previously delivered;
- (d) copy of a termination agreement terminating any third party billing services utilized by Seller and identified separately on an Exhibit to this Agreement or any Addendum; and

(c) such other documents and showings as shall reasonably be required by Purchaser, consistent with the terms of this Agreement.

5.03 Purchaser hereby agrees to deliver to Seller at the Closing the following:

(a) such portion of the Initial Purchase Price as may be due under Section 2.01(a), payable in immediately available funds; and

(b) such other documents and showings as shall reasonably be required by Seller, consistent with the terms of this Agreement.

VI. SURVIVAL OF REPRESENTATIONS AND WARRANTIES OF SELLER; INDEMNIFICATION

6.01 All of the representations and warranties made by Seller in this Agreement and each Addendum or in any attachment, Exhibit, Schedule, certificate, document or list delivered by Seller pursuant hereto or pursuant to any Addendum or in connection with the sale of the Contracts to Purchaser shall survive the Closing and the consummation of the transactions contemplated hereby, without regard to any investigation made by Purchaser.

6.02 Seller shall indemnify and hold harmless Purchaser and its officers, directors, employees, agents, shareholders and their successors and assigns, from, against and in respect of any and all damages, losses, tax deficiencies, liabilities, costs and expenses resulting from, relating to or arising out of (a) any misrepresentation, (b) any breach of warranty or (c) any non-fulfillment of any agreement or covenant, in any case made by or on the part of Seller hereunder or under any Addendum, including any misrepresentation or breach of warranty in any of the certificates or instruments delivered or to be delivered pursuant hereto or any Addendum. Purchaser may offset the amount of such indemnity against the Holdback Purchase Price or any amount owed by Purchaser to Seller.

VII. MISCELLANEOUS PROVISIONS

7.01 All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or mailed by certified mail:

If to Purchaser: (at the address listed on Schedule B)

If to Seller: (at the address listed on Schedule B)

or to such other address or addresses as each of the parties may communicate in writing to the others.

7.02 Each of the parties hereto hereby agree that after the date hereof, such party will from time to time, upon the reasonable request of any other party hereto, take such further action as the other may reasonably request to carry out the transactions contemplated by this Agreement.

7.03 All Exhibits and Schedules required to be, or herein stated to have been, furnished have been or will be identified by appropriate reference to this Agreement. All Addendums, Exhibits and Schedules are hereby incorporated herein by reference and are made a part of this Agreement as fully as if set forth at length herein. Any breach of any agreement set forth in an Addendum, Exhibit or Schedule hereto shall constitute a breach of this Agreement, and vice versa.

7.04 This Agreement and each Addendum may be executed in any number of counterparts, each and all of which shall be deemed for all purposes to be one agreement.

7.05 This Agreement and each Addendum shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns, except that none of the obligations of Seller hereunder may be assigned

without the prior written consent of Purchaser. Purchaser may assign this Agreement and any Addendum or Exhibit (including non-competition provisions contained in this Agreement or any Addendum or Exhibit) to any third party without consent of Seller or any other party.

7.06 This Agreement and each Addendum and the agreements referenced herein collectively contain the entire agreement between the parties hereto with respect to the transactions contemplated herein, and cannot be amended without the written consent of the parties hereto.

7.07 This Agreement and each Addendum shall be governed by and construed in accordance with the laws of the State of Texas (without regard to the choice of law provisions thereof).

7.08 The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

7.09 If requested by Purchaser on or after the Closing Date, Seller agrees to enter into a maintenance and service agreement substantially in the form of Exhibit "C" attached hereto and incorporated herein by this reference, pursuant to which Seller will agree to provide non-warranty period maintenance and service to the Subscribers under the Contracts.

7.10 At the option of Purchaser (if Purchaser has requested that the following be obtained), Purchaser shall have received a written confirmation, in form acceptable to Purchaser, from certain Subscribers selected by Purchaser of the Contract and its basic terms and conditions. Purchaser shall not be obligated to acquire any Contract for which an acceptable Subscriber confirmation, if requested by Purchaser, has not been received on or prior to the Closing Date. If such confirmation indicates that more than five percent (5%) of the number of Contracts to be purchased hereunder are not in full force and effect, are in default, have not renewed or otherwise are at variance with the terms thereof as provided by Seller to Purchaser, Purchaser may, at its sole election, (i) cancel this Agreement and all obligations of Purchaser to Seller hereunder, or (ii) request that written confirmations be obtained from all Subscribers, in which case the Closing Date shall be extended for an additional period of thirty (30) days, at the end of which period Purchaser may either elect option (i) above or elect to purchase only those Contracts for which Purchaser has received satisfactory confirmation and adjust the Purchase Price accordingly.

7.11 Seller shall, at Purchaser's discretion, furnish to Purchaser a subscriber's credit check, in form acceptable to Purchaser, for all Contracts and Purchaser shall not be obligated to purchase any Contract regarding any subscriber whose credit check is unacceptable to Purchaser. If Purchaser so elects, Purchaser may perform the credit check for a fee of \$5.00 per subscriber which shall be deducted from the Initial Purchase Price at each Closing. In any event, Seller agrees to timely obtain permission of all subscribers consenting to a credit check and to furnish a copy of said permission to Purchaser as soon as possible, regardless whether Seller or Purchaser performs the credit check.

7.12 Seller and Purchaser agree that Dallas, Texas, is both the place of making and the place of performance of this Agreement and each Addendum. Seller hereby irrevocably submits to the non-exclusive jurisdiction of any court of the State of Texas or Federal Courts of the United States of America located in Dallas County, Texas, over any suit, action or proceeding arising out of or relating to this Agreement or any Addendum. To the fullest extent it may effectively do so under applicable law, Seller irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

VIII. DEFINED TERMS

"Addendum" means the Addendum, substantially in the form of Exhibit "D", to be completed and executed in connection with each Subsequent Closing.

"Closing" is defined at Section 5.01.

"Closing Date" is defined at Section 5.01.

"Contracts" is defined in the first "Whereas" paragraph of this Agreement and further explained at Section 1.01.

"Deferred Payment" is defined at Section 2.01(a).

"Encumbrances" is defined at Section 1.01.

"Guaranteed Value Amounts" is defined at Section 2.01(e).

"Holdback Purchase Price" is defined at Section 2.01(a).

"Holdback Purchase Price Period" is defined at Section 2.01(b).

"Initial Closing" has the meaning set forth in Section 5.01.

"Initial Closing Date" has the meaning set forth in Section 5.01.

"Initial Purchase Price" is defined at Section 2.01(a).

"New Contracts" is defined at Section 2.05.

"Purchase Price" is defined at Section 2.01(a).

"Purchase's Notice" is defined at Section 2.05.

"Subscriber" is defined at Section 2.01(a).

"Subsequent Closing" has the meaning set forth in Section 5.01.

"Subsequent Closing Date" has the meaning set forth in Section 5.01.

"Substitute Contract" is defined at Section 2.01(b).

"Warranty Period Maintenance Charge" is defined at Section 2.02.

"Lifetime Service Plan Charge" is defined in Exhibit G.

IX. TERM OF AGREEMENT

9.01 This Agreement shall have an initial term of three (3) years, and shall automatically renew for successive one year periods, unless either Seller or Purchaser elects to not have any renewal period go into effect by providing written notice of such election to the other party hereto at least 90 days prior to the expiration of the then current term hereof. During any renewal period, all terms hereof shall remain the same.

X. AUTHORIZED DEALER PROGRAM

10.01 Purchaser hereby agrees that Seller shall be considered an "Authorized Dealer" and be entitled to participate in Purchaser's Authorized Dealer Program, as such Authorized Dealer Program may change from time to time in the sole discretion of Purchaser, for as long as Purchaser continues to maintain the Authorized Dealer Program and Seller continues to remain in full compliance with all of the terms and conditions of this Agreement and any Addendum (hereinafter referred to as the "Authorized Dealer Period"). Seller hereby acknowledges that the Authorized Dealer Program may be modified from time to time in the sole discretion of Purchaser, and may be terminated altogether at any time at the sole discretion of Purchaser, and in such event, all other terms and conditions of this Agreement shall continue to remain in full force and effect and Seller shall to be bound by all of the terms and conditions of this Agreement.

10.02 Purchaser hereby authorizes Seller during the Authorized Dealer Period to hold itself out as an Authorized Dealer of Purchaser.

10.03 This Agreement, and Seller's participation in the Authorized Dealer Program, does not create a relationship of partnership, corporation, joint venture, association for profit, or any other relationship among Purchaser and Seller. Seller shall at all times during the term hereof act as an independent contractor and none of Seller's employees, subcontractors, agents or representatives shall be considered employees, subcontractors, agents or representatives of Purchaser. Likewise, none of the employees, subcontractors, agents or representatives of Purchaser shall be considered employees, subcontractors, agents or representatives of Seller. Seller shall have no right or authority,

express or implied, to commit or otherwise to obligate Purchaser in any manner with respect to the marketing, sale or installation of alarm monitoring equipment or the marketing and sale of alarm monitoring contracts or the monitoring of alarm monitoring contracts. Seller shall be solely responsible for complying with all laws, rules, regulations, statutes, orders and ordinances applicable to its business and operations and shall indemnify, defend and hold Purchaser harmless from and against any liability, damages, loss, cost or expense (including reasonable attorneys' fees) which may be asserted against Purchaser as a result of the failure of Seller to so be in compliance. References by Seller to other parties that it is an Authorized Dealer or a participant in the Authorized Dealer Program shall be strictly limited to a representation that it is an independent contractor who has the right to present qualifying alarm monitoring contracts to Purchaser for purchase and for monitoring if accepted by Purchaser, and no other representations regarding its status may be made by Seller without the prior written consent of Purchaser.

Acknowledged and agreed to:

PURCHASER:

SELLER:

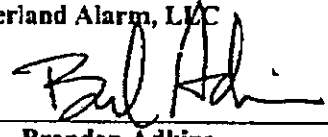
Monitronics International, Inc.

Badgerland Alarm, LLC

By:



Stephen M. Hedrick,
Vice President - Finance

By:


Brandon Adkins,
Owner

The persons listed below hereby represent and warrant that they are all of the shareholders, partners, members or owners of Seller, as applicable, and that they hereby join in execution of this Agreement in order to signify their agreement to be personally bound by the non-solicitation provisions of Section 2.03, the other business restrictions of Section 2.08, the assignment provisions of Section 7.05 and the forum selection and personal jurisdiction covenants of Section 7.12 as fully as if each of their individual name were stated in place of "Seller" in Sections 2.03, 2.08, 7.05 and 7.12; and each of the undersigned further represents, warrants and acknowledges that each of such persons has received a substantial benefit from Purchaser by virtue of this Agreement between Purchaser and Seller and, therefore, good and valuable consideration has been given to each of the undersigned for the agreement by each of the undersigned to be personally bound by the provisions of Sections 2.03, 2.08, 7.05 and 7.12.

By:


(Signature)
Brandon Adkins

By:

(Signature)

By:

Brandon Adkins
(Print or Type Name)

By:

(Print or Type Name)

**INDEX OF SCHEDULES AND EXHIBITS
TO ASSET PURCHASE AGREEMENT**

Schedule "A"	Form of Schedule A, List of Contracts
Schedule "B"	Form of Schedule B, Various Terms and Conditions of Agreement
Exhibit "A"	Form of Alarm Monitoring Agreement
Exhibit "B"	Form of Bill of Sale
Exhibit "C"	Form of Maintenance Service Agreement
Exhibit "D"	Form of Addendum A.
Exhibit "E"	Individual Nonsolicitation/Noncompete Agreement
Exhibit "F"	Form of UCC-1 Financing Statement
Exhibit "G"	Lifetime Service Plan Terms

FORM OF SCHEDULE "A"

LIST OF CONTRACTS

Schedule A

Contract: _____

Accounts By Type:

Closing Date: _____

____ Residential

Dealer Number: _____

____ Commercial

List of Contracts

Dealer: _____

____ Fire

Company: _____

____ Unknown

Fax: _____

____ Total

CLOSING:

<u>Type</u>	<u>Acct No.</u>	<u>Subs No.</u>	<u>Subscriber Name</u>	<u>Monthly Recurring Revenue</u>	<u>Purchase Multiple</u>	<u>Purchase Price</u>	<u>Contract Date</u>	<u>Unexpired Term</u>	<u>Prpd Disc Amt</u>
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FORM OF SCHEDULE "B"

VARIOUS TERMS AND CONDITIONS OF AGREEMENT

Section 2.01(a) Purchase Price \$
 Holdback Purchase Price \$
 Initial Purchase Price \$
 Less: Deferred Payment \$

Section 3.05 Less: Prepaid Monitoring Due \$

Section 2.01(a) Due Dealer At Closing

Section 2.01(a) Holdback Purchase Price: Shall be payable on the following date:

Section 2.01(b) Holdback Purchase Price Period: Period from the closing date through

Section 2.04 Purchased telephone numbers:

Section 2.09 Bonus Purchase Price Amount:

<u>Annualized Attrition Rate</u>	<u>Bonus Purchase Price Amount</u>
0% to 5%	10%
5.01% to 10%	5%
10.01% to 12%	2.5%
Greater than 12%	0%

Bonus Purchase Price Period:

The Bonus Purchase Price will be paid on Qualifying Contracts beginning in the 13 month and ending in the 96 month after the date of closing or subsequent closing.

Section 2.10 Premium Account Purchase Price: Add one multiple to Purchase Price if the credit score on a new installation is greater than a 700 Equifax Beacon score or if the Subscriber authorized Auto-Pay Service billing.

Section 5.01 Closing/Subsequent Closing (as applicable) shall take place on _____, 20____.
 at 2350 Valley View, Suite 100,
 Dallas, Texas, 75234.

Section 7.01 Address of Seller: Badgerland Alarm, LLC
 Brandon Adkins
 3356 Ambassador Dr.
 Madison, WI 53718

Address of Purchaser: Monitronics International, Inc.
 2350 Valley View, Suite 100,
 Dallas, TX 75234

EXHIBIT "A"
FORM OF ALARM MONITORING AGREEMENT

See attached.

EXHIBIT "B"

FORM OF BILL OF SALE

That Badgerland Alarm, LLC ("Grantor") for and in consideration of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration to Grantor in hand paid by Monitronics International, Inc. ("Grantee"), the receipt of which is hereby acknowledged, has Bargained, Sold Assigned, Transferred and Delivered, and by these presents does Bargain, Sell, Assign, Transfer and Deliver, unto the said Grantee all of Grantor's right, title and interest in and to the Alarm Monitoring Agreements (the "Contracts") listed on Schedule "A" hereto and incorporated herein by this reference between Grantor and the subscribers named in such Contracts, including all amounts payable after _____, 20____, under such Contracts to Grantor, and Grantee assumes the monitoring responsibilities and non-warranty period maintenance and service responsibilities of Grantor under such Contracts subject to Section 2.02 of the Purchase Agreement between Grantor and Grantee of even date.

For the consideration aforesaid, Grantor hereby constitutes and appoints Grantee, its successors and assigns, the true and lawful attorney or attorneys of Grantor, with full power of substitution, for Grantor and in Grantor's name and stead or otherwise, by and on the behalf of and for the benefit of Grantor, its successors and assigns, to demand and receive from time to time any and all payments under the Contracts hereby assigned, transferred and conveyed and to give receipts and releases for and in respect of the same and any part thereof, and from time to time to institute and prosecute in the name of Grantor or otherwise, but at the expenses and for the benefit of Grantee, its successors and assigns, any and all proceedings at law, in equity or otherwise which the Grantee, its successors and assigns, may deem proper in order to collect, assert or enforce any claim, right or title of any kind in and to the Contracts hereby assigned, transferred and conveyed and to do all such acts and things in relation thereto as Grantee, its successors or assigns, shall deem desirable; Grantor hereby declaring that the appointment made and the powers hereby granted are coupled with an interest and are and shall be irrevocable by Grantor in any manner or for any reason.

This Bill of Sale and the covenants and agreements herein contained shall inure to the benefit of Grantee, its successors and assigns, and shall be binding upon Grantor, Grantor's successors and assigns.

IN WITNESS WHEREOF, Grantor has caused these presents to be executed as of the 24 day of May, 2006

GRANTOR: Badgerland Alarm, LLC

By: [Signature]
Brandon Adkins, Owner

STATE OF Wisconsin

COUNTY OF Dane

The undersigned, a notary public, hereby certifies that on this 19 day of May, 2006 personally appeared before me, Brandon Adkins, who, being by me first duly sworn, declared that he signed the foregoing document in the capacity therein stated and that the statements therein contained are true.

[Signature]
Notary Public (Signature)

Bridget Brei
Printed or/Typed Name

My Commission Expires: April 20, 2009

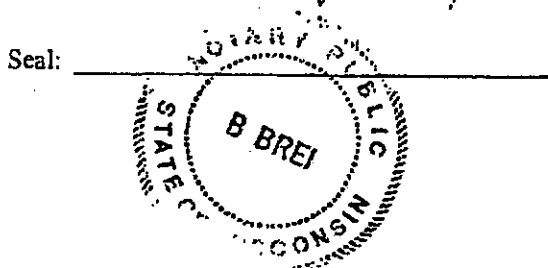


EXHIBIT "C"
FORM OF MAINTENANCE SERVICE AGREEMENT

See attached.

EXHIBIT "D"

FORM OF ADDENDUM

This Addendum is executed in connection with, and is deemed to be a part of, that certain Alarm Monitoring Purchase Agreement (the "Agreement") entered into effective as of May 24, 2006, by and between Badgerland Alarm, LLC ("Seller"), and Monitronics International, Inc. ("Purchaser"). Capitalized terms used herein shall have the same meaning as in the Agreement, unless expressly stated otherwise herein.

The Agreement is hereby incorporated by reference into this Addendum and becomes a part hereof, and all representations, warranties, covenants, terms and conditions of the Agreement also apply to this Addendum.

In consideration of payment of the purchase price set forth on Schedule B attached hereto, Seller hereby sells, assigns and transfers to Purchaser the Contracts listed on Schedule "A" attached hereto effective as of the Subsequent Closing Date set forth on Schedule "A" and Schedule "B." Schedule "B" sets forth various terms and conditions of the sale of such Contracts, which terms and conditions are incorporated herein by this reference. If applicable, Purchaser will also pay the bonus purchase price set forth on Schedule "B" upon the terms and conditions provided in Schedule "B."

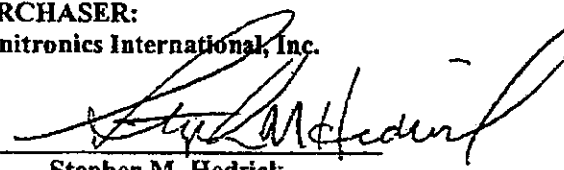
This Addendum shall also serve as a "Bill of Sale" and in this regard, Seller has, for good and valuable consideration to Seller, in hand paid by Purchaser, the receipt of which is hereby acknowledged, Bargained, Sold, Assigned, Transferred and Delivered, and by these presents does Bargain, Sell, Assign, Transfer and Deliver, unto the Purchaser all of Seller's right, title and interest in and to the Alarm Monitoring Agreements (the "Contracts") listed on Schedule "A" hereto and incorporated herein by this reference between Seller and the subscribers named in such Contracts, including all amounts payable after the Subsequent Closing Date under such Contracts to Seller, and Purchaser assumes the monitoring responsibilities and non-warranty period maintenance and service responsibilities of Seller under such Contracts subject to Section 2.02 of the Agreement.

For the consideration aforesaid, Seller hereby constitutes and appoints Purchaser, its successors and assigns, the true and lawful attorney or attorneys of Seller, with full power of substitution, for Seller and in Seller's name and stead or otherwise, by and on the behalf of and for the benefit of Seller, his/her/its successors and assigns, to demand and receive from time to time any and all payments under the Contracts hereby assigned, transferred and conveyed and to give receipts and releases for and in respect of the same and any part thereof, and from time to time to institute and prosecute in the name of Seller or otherwise, but at the expense and for the benefit of Purchaser, its successors and assigns, any and all proceedings at law, in equity or otherwise which Purchaser, its successors and assigns, may deem proper in order to collect, assert or enforce any claim, right or title of any kind in and to the Contracts hereby assigned, transferred and conveyed and to do all such acts and things in relation thereto as Purchaser, its successors or assigns, shall deem desirable; Seller hereby declaring that the appointment made and the powers hereby granted are coupled with an interest and are and shall be irrevocable by Seller in any manner or for any reason.

This Addendum shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns, except that none of the obligations of Seller hereunder may be assigned without prior written consent of Purchaser. Purchaser may assign this Addendum and any Exhibit (including non-competition provisions contained in this Addendum or any Exhibit) to any third party without consent of Seller or any other party.

IN WITNESS WHEREOF, Seller and Purchaser have caused these presents to be executed as of the 24 day of May, 2006

PURCHASER:
Monitronics International, Inc.

By: 
Stephen M. Hedrick,
Vice President-Finance

SELLER:
Badgerland Alarm, LLC


By: 
Brandon Adkins,
Owner

EXHIBIT "E"

INDIVIDUAL NONSOLICITATION / NONCOMPETE AGREEMENT

THIS INDIVIDUAL NONSOLICITATION/NONCOMPETE AGREEMENT (the "Nonsolicitation Agreement") is made and entered into effective the 24 day of May, 2006, by and between the Seller identified on the signature page(s) hereof ("Seller"), Monitronics International, Inc., ("Purchaser") and the other person(s) identified on the signature page(s) hereof and herein referred to as the "Principal(s)". This Nonsolicitation Agreement constitutes an addendum to that certain Alarm Monitoring Purchase Agreement, dated effective the date set forth on the signature page(s) hereof, by and between Seller and Purchaser (the "Purchase Agreement"), or a subsequent Addendum thereto if the Principal(s) become associated with Seller following the Initial Closing. Capitalized terms used herein which are not otherwise defined herein shall have the same meaning as in the Purchase Agreement.

RECITALS:

WHEREAS, Seller is the owner of the alarm monitoring contracts (the "Contracts") listed on Schedule A to the Purchase Agreement or an Addendum, as applicable, which Schedule A is incorporated herein by this reference; and

WHEREAS, Principal(s) is/are the/an owner, part owner, officer, director, partner, shareholder, member or significant employee of Seller, and Purchaser would not enter into the Purchase Agreement or an Addendum, as applicable, unless Principal(s) entered into this Nonsolicitation Agreement; and

WHEREAS, Seller and Principal(s) have agreed among themselves that a portion of the Purchase Price shall be divided among them or other consideration shall have been paid by Seller on behalf of Purchaser to Principal(s) in consideration for the agreement by Principal(s) to enter into this Nonsolicitation Agreement and be bound by terms hereof; and

WHEREAS, Principal(s) acknowledge(s) and agree(s) that such consideration has been received by Principal(s) and that such consideration would not have been paid to Principal(s) but for Purchaser's insistence that Principal(s) enter into this Nonsolicitation Agreement and that Seller cause such consideration to be paid to Principal(s) on behalf of Purchaser as an inducement for Principal(s) to enter into this Nonsolicitation Agreement with Seller and Purchaser; and

WHEREAS, Principal(s) acknowledge(s) and agree(s) that Purchaser would not have entered into the Purchase Agreement or any Addendum, as applicable, unless Principal(s) entered into this Nonsolicitation Agreement, and Principal(s) agreed to enter into this Nonsolicitation Agreement because Principal(s) will also receive material benefits from the execution of the Purchase Agreement or any Addendum, as applicable, and the performance by Purchaser thereunder.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and representations set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, the parties hereto agree as follows:

AGREEMENTS:

1. Principal(s) acknowledge(s) that one of the fundamental expectations of Purchaser in acquiring the Contracts is that the Contracts will be renewed by the Subscribers after expiration of their current terms and Principal(s) acknowledge(s) that Contracts customarily are so renewed. Accordingly, in consideration of Purchaser's payments set forth in Section 2.01(a) of the Purchase Agreement, or any Addendum, as applicable, which Seller and Principal(s) each hereby acknowledge and agree shall be allocated among themselves in a manner determined by them, and in consideration of other good and valuable consideration paid by Purchaser or by Seller on behalf of Purchaser, Principal(s) agree(s) with Purchaser that Principal(s) shall not, at any time within fifteen (15) years from the date such Contract was acquired by Purchaser from Seller, directly or indirectly, in any capacity (including, without limitation, for himself/herself or on behalf

of any other person or entity as an employee, officer, director, partner, agent, consultant, shareholder, member, owner or otherwise), contact, solicit or attempt to solicit or accept unsolicited monitoring or alarm installation business from the Subscriber to whom such Contract related. Purchaser and Principal(s) agree(s) that the amount of damage resulting to Purchaser from a violation of this Section is difficult to ascertain and acknowledge that Purchaser shall be entitled to liquidated damages from the Principal who violated this covenant in the amount of any affected Contract's monthly payment to Purchaser multiplied by fifty, in addition to permanent injunctive and other applicable relief. Such damages shall be paid by such Principal within ten (10) days after receipt of written demand from Purchaser. Purchaser shall also be entitled to equitable relief, including an injunction, and such relief shall be cumulative and in addition to any other remedies that Purchaser may have hereunder and/or at law or in equity, and Principal(s) agree(s) not to assert as a defense in any such equitable proceeding that an adequate remedy at law exists.

In furtherance of the foregoing, but without limiting same, without the prior written consent of Purchaser, which may be given or withheld in Purchaser's sole discretion, Principal(s) agree(s) not to sell or convey any customer lists or other information of Seller or otherwise related to the Contracts and the Subscribers to any other person nor offer to sell monitoring or other equipment to any Subscriber, other than in connection with Seller's provision of normal in-warranty maintenance services expressly agreed to under the Purchase Agreement.

2. Each Principal severally, and not jointly, represents and warrants to Purchaser that such Principal has full legal power and authority to execute, deliver and perform this Nonsolicitation Agreement and that this Nonsolicitation Agreement has been duly executed by, and constitutes, the legal, valid and binding obligation of such Principal, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, moratorium, insolvency or similar laws of general application affecting enforcement of rights of creditors and by general equity principles, including, but not limited to those restricting specific enforcement.

3. Seller represents and warrants to Purchaser that Seller has full legal power and authority to enter into and perform this Nonsolicitation Agreement; Seller is a corporation, limited liability company or partnership duly organized and validly existing under the laws of its state of organization and is duly authorized under applicable state and federal laws to conduct its business as heretofore conducted, and has all requisite corporate, limited liability company or partnership power and authority to own, lease and operate its properties and carry on its business as now being conducted; and this Nonsolicitation Agreement has been duly executed by, and constitutes a legal, valid and binding obligation of Seller, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, moratorium, insolvency or similar laws of general application affecting enforcement of rights of creditors and by general equity principles, including, but not limited to, those restricting specific enforcement.

4. All of the representations and warranties made by Principal(s) and Seller in this Nonsolicitation Agreement or in any attachment, certificate, document or list delivered by Principal(s) or Seller pursuant hereto or in connection with the subject matter of this Nonsolicitation Agreement or the Purchase Agreement shall survive the Closing and the consummation of the transactions contemplated hereby.

5. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or mailed by certified mail to the address of the party set forth on the signature pages hereof, or to such other address or addresses as each of the parties may communicate in writing to the others.

6. Each of the parties hereto hereby agree that after the date hereof, such party will from time to time, upon the reasonable request of any other party hereto, take such further action as the other may reasonably request to carry out the transactions contemplated by this Nonsolicitation Agreement.

7. This Nonsolicitation Agreement may be executed in any number of counterparts, each and all of which shall be deemed for all purposes to be one agreement.

8. This Nonsolicitation Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns, and heirs and personal representatives, as applicable. Purchaser may assign this Nonsolicitation Agreement to any third party without consent of any Principal, Seller or any other party.

9. This Nonsolicitation Agreement and the agreements referenced herein collectively contain the entire agreement between the parties hereto with respect to the transactions contemplated herein, and cannot be amended without the written consent of the parties hereto.

10. This Nonsolicitation Agreement shall be governed by and construed in accordance with the laws of the State of Texas (without regard to the choice of law provisions thereof).

11. It is the intention of the parties hereto that the covenants regarding the nonsolicitation of Subscribers under the Contracts be enforceable. To the extent that any court of competent jurisdiction finds that such covenants are unenforceable by their duration or scope, the parties hereto agree that they shall be enforced insofar as they may be enforced within the limits of the law of that jurisdiction, but that this Nonsolicitation Agreement as a whole shall be unaffected elsewhere.

12. Principal(s) and Purchaser agree that Dallas, Texas, is both the place of making and the place of performance of this Nonsolicitation Agreement. Each Principal(s) hereby irrevocably submits to the non-exclusive jurisdiction of any court of the State of Texas or Federal Courts of the United States of America located in Dallas County, Texas, over any suit, action or proceeding arising out of or relating to this Nonsolicitation Agreement. To the fullest extent that such Principal may effectively do so under applicable law, each Principal irrevocably waives and agrees not to assert by way of motion, as a defense or otherwise, any claim that such Principal is not subject to the jurisdiction of any such court, any objection that such Principal may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Acknowledged and agreed to effective the date and year first above written.

PRINCIPAL(S):

Brandon Adkins

(Signature)

Brandon Adkins

3356 Ambassador Dr. #2

(Mailing Address)

Madison WI 53718

(City, State, Zip)

(Signature)

(Name)

(Mailing Address)

(City, State, Zip)

SELLER:

Badgerland Alarm, LLC

By: Brandon Adkins

Brandon Adkins, Owner

3356 Ambassador Dr.

#2

Madison, WI 53718

PURCHASER:

Monitronics International, Inc.

By: Stephen M. Hedrick

Stephen M. Hedrick, Vice President- Finance

2350 Valley View, Suite 100

Dallas, TX 75234-5879

Date of Alarm Monitoring Purchase Agreement:

May 24, 2006

EXHIBIT "F"

Form of UCC-1 Financing Statement

Debtor:

Badgerland Alarm, LLC
3356 Ambassador Dr.
#2
Madison, WI 53718

Secured Party:

Monitronics International, Inc.
2350 Valley View, Suite 100
Dallas, Texas 75234

4. This financing statement covers the following types or items of property:

The collateral pledged and given as security hereunder consists of (I) any and all subscriber and customer accounts, now owned or hereafter acquired or created by Debtor; including any and all equipment leased to any such subscriber or other customer, communicators, telephone numbers, customer lists, files or deposits, rights to receive any payments in money or kind (including insurance proceeds thereon); (II) any and all maintenance services and/or equipment leasing with respect to any subscriber or customer account, now owned or hereafter acquired or created by Debtor; and (III) any and all contracts or agreements regarding any interest or right related to any communicator, telephone number, customer list, file or deposit of any such subscriber or customer now owned or hereafter acquired or created by Debtor.

EXHIBIT "G"

Lifetime Service Plan Terms

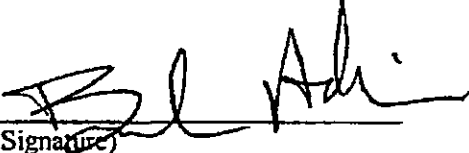
This Exhibit is executed in connection with, and is deemed to be a part of, that certain Alarm Monitoring Purchase Agreement (the "Agreement") entered into effective as of May 24, 2006, by and between Badgerland Alarm, LLC ("Seller"), and Monitronics International, Inc. ("Purchaser"). Capitalized terms used herein which are not otherwise defined herein shall have the same meaning as in the Purchase Agreement.

At its option, Purchaser may purchase Contracts with a Lifetime Service Plan, with terms approved by the Purchaser, whereby Purchaser assumes the non-warranty period servicing responsibilities of Seller under the Contracts from and after each Closing Date, but expressly assumes no warranty period service responsibilities or obligations of Seller.

In the event Purchaser may elect to purchase Contracts with a Lifetime Service Plan, Seller agrees to comply with the following requirements:

- a) Seller shall be obligated to provide all warranty period maintenance, repair, replacement or other service responsibilities during an initial one year warranty period from the date of installation at no charge to Subscriber.
- b) After the initial one year warranty period and until the Closing Date, Seller shall provide all Lifetime Service Plan maintenance, repair, replacement or other service responsibilities at no charge to Purchaser.
- c) After the Closing Date, Purchaser shall assume Lifetime Service Plan maintenance, repair, replacement or other service responsibilities of the Contract. Purchaser shall retain any amount billable to the Subscriber under the terms of the Lifetime Service Plan.
- d) Equipment installed under the Contracts with Lifetime Service Plan must utilize approved Monitronics brand alarm panels. Dealer must deliver Monitronics yard signs and window decals to the Subscriber at the time of the installation.
- e) Seller agrees to perform service on Contracts with Lifetime Service Plan upon request by Purchaser per the terms of the Maintenance Service Agreement, except that the total labor charge for any service performed shall not exceed \$50.00.
- f) Seller agrees that to the extent Seller does not perform its Lifetime Service Plan obligations and responsibilities under any Contract, Purchaser shall be entitled to provide, or contract with third parties to provide, such Lifetime Service Plan obligations and shall be entitled to charge Seller and Seller shall immediately pay an amount equal to the expenses incurred by Purchaser (herein called the "Lifetime Service Plan Charge(s)"). Purchaser may, at its option, setoff these amounts from the Holdback Purchase Price or other amounts due Seller by Purchaser.

By:


(Signature)

**Brandon Adkins, Owner
Badgerland Alarm, LLC**

EXHIBIT "H"
Page 1 of 3
DEALER LEAD AGREEMENT

THIS DEALER LEAD AGREEMENT (the "Dealer Lead Agreement") is made and entered into effective the 24 day of May, 2000, Badgerland Alarm, LLC ("Seller"), and Monitronics International, Inc., ("Purchaser"). This Dealer Lead Agreement constitutes an addendum to that certain Alarm Monitoring Purchase Agreement (the "Purchase Agreement") by and between Seller and Purchaser dated effective the 24 day of May, 2000. Capitalized terms used herein which are not otherwise defined shall have the same meaning as in the Purchase Agreement.

RECITALS:

WHEREAS, Seller is a dealer of Purchaser pursuant to the terms of various agreements, including the Purchase Agreement;

WHEREAS, in light of Seller's dealer relationship with Purchaser, it is in the best interest of Purchaser to institute from time to time certain programs (hereinafter "Dealer Lead Programs") designed to assist Seller in efforts to secure alarm monitoring agreements from customers (hereinafter "Contract(s)");

WHEREAS, both Purchaser and Seller anticipate that the Dealer Lead Programs will generate leads for potential customers, who may be interested in having an alarm system installed and monitored pursuant to the terms of a Contract (hereinafter referred to as a "Lead");

WHEREAS, it is the intent and desire that all Leads provided by Purchaser to Seller shall be governed by the terms of this Dealer Lead Agreement; and

WHEREAS, Seller and Purchaser hereby agree that those terms which are not amended and set forth below, are hereby still in full force and effect pursuant to that certain Alarm Monitoring Purchase Agreement;

NOW, THEREFORE, for and in consideration of the mutual terms and conditions of this Dealer Lead Agreement and the Purchase Agreement, and other good and valuable consideration, including, but not limited to, the costs Purchaser may incur from time to time when initiating and implementing a particular Dealer Lead Program, the receipt and sufficiency of which is hereby acknowledged, Purchaser and Seller hereby make and enter into the following agreement.

AGREEMENTS:

1. Seller and Purchaser agree that, unless modified herein, the terms and conditions of the Purchase Agreement shall control.
2. Seller hereby further agrees that should it fail to comply with any of the requirements of the Dealer Lead Program and this Dealer Lead Agreement, including but not limited to pursuing any Lead in a timely manner (as defined by Purchaser in its sole discretion in accordance with the Purchase Agreement), Purchaser shall have the right to re-assign any Lead previously provided to Seller to any other dealer of Purchaser without penalty or financial recompense owed to Seller under the terms of this Dealer Lead Agreement, the Dealer Lead Program, and the Purchase Agreement.

EXHIBIT "H"
Page 2 of 3
DEALER LEAD AGREEMENT

3. Seller hereby further acknowledges and agrees that Purchaser is under no obligation to create or maintain any specific Dealer Lead Program, it being expressly understood and agreed that the Dealer Lead Agreement shall apply only as to those programs that, from time to time, Purchaser may choose, in its full, complete, and sole discretion, to establish, implement, and offer to make available to Seller in connection with efforts to procure Contracts.

4. Seller shall use any and all information acquired from a Lead, including but not limited to, the Lead's identity and contact information, solely for purposes of furthering the mutual interests of Purchaser and Seller as reflected by the terms of this Dealer Lead Agreement. Seller shall also maintain the confidentiality of any and all information acquired from a Lead, including, but not limited to, the Lead's identity and contact information, unless and only to the extent necessary to fulfill the purposes and obligations of this Dealer Lead Agreement.

5. All Leads producing a Contract within eighteen (18) months from when the Lead was first provided or obtained shall be offered for sale to Purchaser (hereinafter the "Offer to Sell"). The Offer to Sell must be tendered to Purchaser within fourteen (14) days from the date the Contract is signed by the customer.

6. The terms of the sale of the Contract to Purchaser, including but not limited to the purchase price for each Contract, shall be subject to all terms of the Purchase Agreement, unless an express contrary provision is set forth herein.

7. Seller must offer Contracts, as well as related services, product and equipment, per the pricing and product schedules in effect at the time of installation, as determined by Purchaser in its sole discretion, and thereafter provided by Purchaser from time to time to Seller as appropriate.

8. If Seller breaches his/her/its obligation to tender the Offer to Sell, then, as to each such breach for each such Contract, Purchaser shall be entitled to recover from Seller the sum equal to 30 times the monthly monitoring rate. Seller and Purchaser having established this sum as a liquidated damage in lieu of other claims to recover damages given the difficulty of proving the monetary injury resulting from such a breach, and having acknowledged, agreed and stipulated that said liquidated amount represents a reasonable estimate of anticipated injuries that Purchaser will suffer as a consequence of a breach of such obligation.

9. Should Purchaser elect not to exercise its right to purchase certain Contracts tendered pursuant to this Dealer Lead Agreement and the Dealer Lead Program, Seller agrees to have all such rejected Contracts monitored through Purchaser's central monitoring station through the initial term of the Contract, at Purchaser's prevailing prices for such service as may exist from time to time.

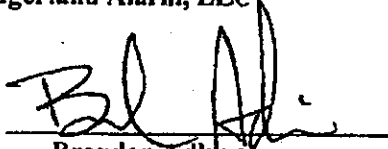
10. Seller agrees to pay Purchaser for each Lead installed, whether purchased or acquired by Purchaser or not, in accordance with the amount due for each Lead per the pricing schedule in effect at the time of installation. Seller's cost for each installed Lead will be deducted from the purchase price at the time of closing pursuant to the terms and conditions of the Purchase Agreement. If such Lead or Contract is not offered for purchase to Purchaser, then any amount due Purchaser by Seller may be offset from other monies then due Seller, or alternatively, Seller may be invoiced for such amounts due Purchaser, at Purchaser's discretion. All money due Purchaser pursuant to this Dealer Lead Agreement may be enforced and collected by all means recognized and/or made available for collecting obligations under the Purchase Agreement.

EXHIBIT "H"
Page 3 of 3
DEALER LEAD AGREEMENT

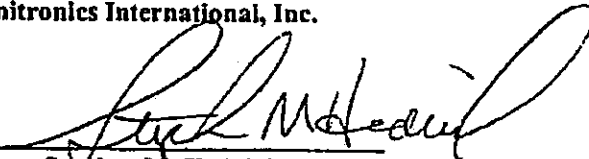
11. On Purchaser's demand, Seller agrees to provide Purchaser with all information reasonably necessary to fully and completely apprise Purchaser of the identity of all Leads as well as the status of Seller's efforts to generate Contracts from any and all such Leads. Purchaser shall also have the right to periodically inspect and conduct an audit of Seller's records and information, at a mutually agreeable date and time (not to be unreasonably withheld or delayed) during normal business hours, during the term of this Dealer Lead Agreement and/or the Purchase Agreement, and for three (3) years from the date of the final Lead provided by Purchaser to Seller under the terms of this Dealer Lead Agreement.

Acknowledged and agreed to effective the date and year first above written.

Badgerland Alarm, LLC

By: 
Brandon Adkins,
Owner

Monitronics International, Inc.

By: 
Stephen M. Hedrick,
Vice President-Finance