

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:

TOTAL COMM SYSTEMS, INC.,

Debtor.

Chapter 11

Case No. 16-15530 ELF

FINAL ORDER, (I) PURSUANT TO 11 U.S.C. §§ 363 and 364(c), AUTHORIZING SECURED POST-PETITION FACTORING, (II) AUTHORIZING DEBTOR TO ENTER INTO FACTORING AND SECURITY AGREEMENT, (III) GRANTING LIENS, SECURITY INTERESTS, AND SUPERPRIORITY CLAIM, (IV) MODIFYING THE AUTOMATIC STAY, (V) GRANTING RELATED RELIEF

This matter comes before the Court upon the Motion of Debtor Total Comm Systems, Inc. for an order (I) pursuant to 11 U.S.C. §§ 363 and 364(c) authorizing secured post-petition factoring, (II) for authority to enter into a post-petition factoring and security agreement, (III) granting liens, security interests, and superpriority claim, (IV) modifying the automatic stay, (V) granting related relief (the “Motion”). Upon consideration of the Motion and any responses or opposition thereto, and upon further consideration of the arguments of counsel and the evidence presented at the preliminary hearing that took place before this Court on September 1, 2016 (the “Preliminary Hearing”), the Interim Order entered by the Court on September 1, 2016, the Court makes the following findings of fact and conclusions of law:

A. This Court has jurisdiction to consider this motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this motion is a core proceeding pursuant to 28 U.S.C. §157(b). Venue of this case is proper in this district pursuant to 28 U.S.C. §§1408 and 1409.

B. On August 3, 2016 (the “Petition Date”), the Debtor filed its present Chapter 11 bankruptcy case (the “Bankruptcy Case”).

C. The Debtor is a debtor-in-possession and no trustee has been appointed in this Chapter 11 case.

D. Prior to the Petition Date, the Debtor and J D Factors, LLC (the "Factor") entered into a factoring and security agreement on or about September 16, 2009 to obtain (and provide) funding for the Debtor's business. The Factor agreed to purchase accounts from the Debtor based upon its eligible invoices and other information. Debtor's obligations to the Factor under the security agreement were secured by various assets of the Debtor, including "accounts, general intangibles, chattel paper, electronic chattel paper, instruments, deposit accounts, investment property, letters of credit, letters of credit rights, all proceeds of the foregoing and all books, records and computer data relating to the foregoing." The Factor perfected its security interest in the assets of Debtor by, among other things, filing a UCC financing statement against the Debtor on September 17, 2009, which has been subsequently renewed by timely continuation statement.

E. An immediate and critical need exists for the Debtor to obtain additional funds to continue the operation of the business. Without such funds, the Debtor and its estate will suffer immediate and irreparable harm. For example, without such funds, the Debtor will not be able to pay payroll and other operating expenses needed to carry on its business. The Debtor's ability to finance its operation and the availability to it of sufficient working capital and liquidity through the use of cash collateral and the incurrence of post-petition date financing is vital to the confidence of the Debtor's suppliers of goods and services, insurance carriers, to its customers and employees and to the preservation and maintenance of the going concern value of the Debtor's business.

F. The Debtor has obtained interim authority to use cash collateral; and interim authority of DIP factoring, however, the Debtor requires post-petition date financing on a final basis under Section 364 of the Bankruptcy Code in addition..

G. The Factor is willing, subject to Bankruptcy Court approval of the Motion, to purchase Debtor's post-petition Accounts and extend a factoring arrangement as more fully detailed in the terms set forth in the proposed Debtor-in-Possession Factoring and Security Agreement attached to the Motion as Exhibit "A" (the "Post-Petition Factoring Agreement"), the provisions of which are incorporated herein as if fully stated. (Capitalized terms used in this Order, which are not defined herein, shall have the meanings set forth in the Post-Petition Factoring Agreement.)

H. The Court hereby finds that, on a final basis that the terms of such Post-Petition Factoring Agreement are fair and reasonable under the circumstances, reflect the Debtor's exercise of prudent business judgment consistent with its fiduciary duties, and are supported by reasonably equivalent value and fair consideration. Factor has acted in good faith in agreeing to purchase Debtor's post-petition Accounts pursuant to the Post-Petition Factoring Agreement and in negotiating the terms of such factoring.

I. Accordingly, Factor is an "entity that is extending credit in good faith," as that phrase is used in §364(e) of the Bankruptcy Code, and both Factor and the Debtor are entitled to the protections afforded under §364(e) of the Bankruptcy Code. This Order is subject to, and Factor is entitled to, , the benefits of the provisions of §364(e) of the Bankruptcy Code.

J. The Debtor is authorized to enter into the Post-Petition Factoring Agreement with Factor, and in connection therewith, shall execute all documents required thereby and any and all

additional documents that may be reasonably required by Factor to carry out and consummate the Post-Petition Factoring Agreement.

K. The Court finds, on a final basis, that based on the Debtor's Motion and other filings to date, and in light of the Debtor's current financial situation as evidenced by the filing of the voluntary petition for relief, the Debtor is unable to obtain an adequate unsecured revolving credit facility allowable under §503(b)(1) of the Bankruptcy Code to be treated as an administrative expense of the estate pursuant to §364(b) of the Bankruptcy Code. Factor has conditioned the financing upon the grant of replacement liens on its existing collateral with the same priority as it had prepetition and a duly perfected post-petition lien on all Accounts subject only to the lien of the Internal Revenue Service and a post-petition lien against other Collateral . The lien on Collateral for which Factor did not have a pre-petition security interest shall be on a priority basis subject to the liens of existing creditors, as to their respective class of assets to the extent such existing creditors actually have been granted a security interest by the Debtor (or its pre-petition predecessor) in such specific class of assets, pending further order of the Court.

L. Good cause has been shown for the entry of this Order. Among other things, the entry of this Order will help minimize disruption of the Debtor's business and operations and permit the Debtor to meet payroll and other operating expenses, obtain fuel, retain customer and vendor confidence by demonstrating an ability to maintain normal business operations. The findings authorized by the Order are therefore in the best interest of the Debtor's estate.

M. The Court further finds that pursuant to Federal Rules of Bankruptcy Procedure 4001(c) and Local Bankruptcy Rule 5070-1(f), good and sufficient cause exists for an expedited hearing on the Motion.

N. Unless specifically addressed in this Order, this Order shall preserve each and every party's rights against any other party.

THEREFORE, WITH THE FINDINGS OF FACT AND CONCLUSIONS OF LAW FORMING A PART OF THIS ORDER, IT IS HEREBY ORDERED AND ADJUDGED AS FOLLOWS:

1. The Motion is hereby granted on a final basis, and the arrangements for post-petition factoring between Debtor and Factor are approved by this Court subject to the terms and condition set forth in the Post-Petition Factoring Agreement and this Order.

2. The terms and conditions of the Post-Petition Factoring Agreement are hereby approved subject to the provisions of the Court's Interim Order dated September 1, 2016. The Debtor is hereby authorized to enter into the Post-Petition Factoring Agreement and to incur the indebtedness provided for therein (the "Post-Petition Debt"), which the Debtor may utilize in accordance with this Order and the Post-Petition Factoring Agreement and other DIP documents. The Post-Petition Debt, subject to the terms and conditions set forth in this Order, the Post-Petition Factoring Agreement and its exhibits, shall be used only for working capital and other expenses incurred in the ordinary course of the Debtor's business, as well as fees to the United States Trustee consistent with any past and future cash collateral orders entered or that may be entered by this Court..

3. Except as limited by paragraph 4 below, and consistent with any past and future cash collateral orders entered or that may be entered by this court, the automatic stay provisions of 11 U.S.C. § 362 are hereby vacated and modified to the extent necessary to permit the Debtor to execute and deliver to Factor such other agreements, instruments and documents as may be necessary or deemed appropriate by Factor in order to evidence or secure the Post-Petition

Factoring Agreement or otherwise to effectuate the terms of the Post-Petition Factoring Agreement and this Order. The Debtor is authorized to enter into such nonmaterial modifications and amendments to the Post-Petition Factoring Agreement without further Court order as may be agreed upon in writing between the Debtor and Factor. If the Debtor has previously executed all or part of the Post-Petition Factoring Agreement, Debtor's execution thereof is valid and effective as of the date of execution.

4. The automatic stay provisions of 11 U.S.C. § 362 are further hereby vacated and modified to the extent necessary, as to Debtor and Debtor's bankruptcy estate, to permit Factor to exercise with respect to factored accounts, all rights and remedies arising under the Pre-Petition Factoring Agreement, the Post-Petition Factoring Agreement, and state law, and to protect its interest in, Debtor's pre-petition and post-petition Accounts, including but not limited to collecting the Accounts and applying the proceeds to reduce Debtor's Obligations under the Pre-Petition Factoring Agreement and the Post-Petition Factoring Agreement. This provision does not apply to property in which the Factor holds a security interest.

5. The Post-Petition Factoring Agreement shall be governed by California law, unless preempted by the Bankruptcy Code or the terms of this Order.

6. Pursuant to the Post-Petition Factoring Agreement, all Accounts sold thereunder shall constitute a true sale, and, as a result, Debtor does not retain a legal or equitable interest in the Accounts sold, in conformance with California Commercial Code ("Comm. Code") § 9318(a).

7. Pursuant to Comm. Code § 9406(a): (1) an account debtor (as that term is defined in Comm. Code § 9102(a)(3)) on the Accounts may discharge its obligation by paying the Debtor until, but not after, the account debtor receives a notification, authenticated by the Debtor or

Factor, that the amount due or to become due on the Account has been assigned and that payment is to be made to Factor; (2) after receipt of the notification, the account debtor may discharge its obligation by paying Factor and may not discharge the obligation by paying the Debtor; and (3) accordingly, the Debtor no longer maintains an ownership interest in the Accounts.

8. Any Accounts purchased by Factor pursuant to the Post-Petition Factoring Agreement, on or after the Petition Date, do not constitute property of the Debtor's bankruptcy estate pursuant to 11 U.S.C. § 541 and, accordingly, relief from the automatic stay is not required for Factor to collect on the Accounts pursuant to 11 U.S.C. § 362.

9. The automatic stay imposed by virtue of § 362 of the Bankruptcy Code is hereby modified insofar as necessary to permit Factor to take any action authorized or contemplated by this Order or the Post-Petition Factoring Agreement and to carry out the terms thereof, subject, however, to the satisfaction of any notice, procedural and other conditions contained in this Order or the Post-Petition Factoring Agreement.

10. Effective as of the Petition Date, the Obligations described in the Post-Petition Factoring Agreement, which are incorporated by reference herein, are and shall be valid and binding obligations on the Debtor, enforceable against the Debtor and its estate in accordance with its terms. The Debtor is authorized and directed to comply with each and every one of its Obligations under the Post-Petition Factoring Agreement without further Order of Court. The Debtor is authorized and directed to do and perform all acts, to make, execute and deliver the Post-Petition Factoring Agreement and all related instruments, agreements and documents, to pay all principal, interest, fees and other expenses within the Obligations as set forth in the Post-

Petition Factoring Agreement, including Factor's attorney's fees and costs incurred in connection with entering into the Post-Petition Factoring Agreement.

11. As security for the Post-Petition Factoring Agreement, Factor is hereby granted, with respect to all property as to which it held a prepetition lien, pursuant to § 364(c)(1) of the Bankruptcy Code, valid, priority, binding, enforceable, and perfected security interests in and liens with the same priority as such liens had prepetition on, and administrative expense priority, with priority over all other present and future security interests and liens of every kind (with the exception of the validly recorded and not preferential pre-petition liens of the Internal Revenue Service and Knight Capital Funding, LLC) on all Accounts, General Intangibles (including patents, trademarks, copyrights, licenses and royalties related thereto or arising therefrom), Chattel Paper, Electronic Chattel Paper, Instruments, Deposit Accounts, Investment Property, Letters of Credit, Letters of Credit Rights, the Reserve Account, Machinery, Equipment, Inventory, Goods, Vehicles, Rolling Stock, Trailers, contract rights ("Assets") as those terms are defined in the Uniform Commercial Code or the DIP Factoring Agreement or if not defined, as commonly understood to mean, in the amount sufficient to cover both pre-petition and post-petition liabilities of Debtor to the Factor. For clarification, Factor shall be granted a lien, but not a superpriority lien, on the Debtor's pre-petition assets as collateral to secure amounts due pursuant to the DIP Factoring Agreement. As security for the Post-Petition Factoring Agreement, Factor also is granted a valid priority, binding, enforceable and perfected security interests on all Assets (as defined in this Paragraph) for which Factor did not have a prepetition lien. The lien on Collateral for which Factor did not have a pre-petition security interest shall be on a priority basis subject to the liens of existing creditors, as to their respective class of assets to

the extent such existing creditors actually have been granted a security interest by the Debtor (or its pre-petition predecessor) in such specific class of assets, pending further order of the Court.

12. Except as specifically provided for in this Order, the liens and security interest granted to Factor hereunder and/or under the Post-Petition Factoring Agreement shall not, without the written consent of Factor, be subordinated to or made *pari passu* with any other lien under Section 364(d) of the Bankruptcy Code or otherwise, and shall not be “primed” under §364 of the Bankruptcy Code, and shall not be surcharged under §506(c) of the Bankruptcy Code. No claims, expenses, indebtedness, liabilities, or obligations, present or future, shall be granted a priority status equal to or greater than the priority of Factor or be secured by a security interest or lien with a priority status equal to or greater than that granted to Factor except as provided in paragraph 13 of this Order. Further, such liens and security interest granted to Factor hereunder and/or under the Post-Petition Factoring Agreement shall not be subject to avoidance, subordination, recharacterization, modification, or impairment in this or any successor bankruptcy case.

13. All debt due to Factor will have priority in accordance with the provisions of §364(c) of the Bankruptcy Code over any and all administrative expenses of any kind whatsoever including without limitation, the kind specified in §§ 105, 326, 328, 330, 331 503(b), 507(a), 507(b), 546(c), or 726 of the Bankruptcy Code (“Superpriority”). No costs or administrative expenses that have been or may be incurred in this Chapter 11 case, in any conversion of this Chapter 11 case pursuant to Section 1112 of the Bankruptcy Code, or in any other proceeding related thereto, and no priority claims, including without limitation, any other superpriority claims, are or will be senior to or on parity with the claims of Factor arising from the Post-Petition Debt, except for: i) such allowed expenses of the United States Trustee; and ii)

approved fees of attorneys, accountants and other professionals retained by Client in connection with the Bankruptcy Case in a sum not to exceed ~~Twenty Five Thousand Dollars~~ *Thirty Thousand Dollars* (\$30,000.00) previously paid as a pre-petition retainer to bankruptcy counsel for the Client, pursuant to Sections 364(c)(1), (c)(2), (c)(3) and (d) of the Bankruptcy Code for such purposes as are described in the Post-Petition Factoring Agreement.

14. Notwithstanding anything to the foregoing, Factor shall not be subject to any form of a “claw-back” or any other claim with respect Factor’s post-petition factoring or post-petition collection of any Accounts of the Debtor.

15. In addition, as provided in paragraph 35 of the Post-Petition Factoring Agreement, that certain pre-petition Collateral granted to secure Debtor’s Obligations to Factor and the post-petition Collateral granted to Factor under the Post-Petition Factoring Agreement and hereunder shall cross collateralize both pre-petition and post-petition Obligations due from the Debtor to Factor, and Factor is authorized to apply proceeds of post-petition Collateral to the pre-petition Obligations of Debtor and to apply the proceeds of the pre-petition Collateral to the post-petition Obligations of Debtor, without restriction.

16. Factor shall not be required to file any financing statements, mortgages, notices of lien or similar instruments in any jurisdiction or filing office, or to take any other action in order to validate or perfect the liens and security interest granted by or pursuant to this Order or pursuant to the Post-Petition Factoring Agreement.

17. Should Factor in its sole discretion, from time to time, choose to file such financing statements, mortgages, notices of lien or similar instruments, take possession of any collateral securing the Debtor’s Obligations to Factor, or to take any other action to validate or perfect any such security interest, mortgage or lien, the Debtor and its officers are hereby

authorized and directed to execute any such documents or instruments as Factor shall reasonably request in accordance with the terms of the Post-Petition Factoring Agreement and all such documents and instruments shall be deemed to have been filed or recorded at the time and on the date of entry of this Order. Notwithstanding that Factor is not required to do so in order to validate or perfect its liens and security interest granted pursuant hereto, Factor may file financing statements, mortgages, notices of lien or similar instruments in any jurisdiction or filing office and the Court finds that the name "Total Comm Systems, Inc." is proper to identify the Debtor and is the right name to use for such filings.

18. A certified copy of this Order, in the discretion of Factor, may be filed with or recorded in filing or recording offices in addition to or in lieu of such financing statements, mortgages, notices of lien or similar instruments, and all filing offices are hereby directed to accept such a certified copy of this Order for filing and recording.

19. This Order shall be binding upon and inure to the benefit of Factor and the Debtor and their respective successors and assigns, including without limitation, any chapter 11 or chapter 7 trustee hereinafter appointed, as applicable, as a representative of the Debtor's estate; provided, however, that Factor shall have no obligation to extend any financing to any chapter 7 or chapter 11 trustee appointed for the estate of the Debtor.

20. Debtor shall advise Factor promptly of any offers to purchase the Debtor's business and shall keep Factor informed of the progress of any and all sale negotiations, subject to a confidentiality agreement mutually agreeable to all parties to the negotiations. Debtor's obligations to Factor pursuant to the Post-Petition Factoring Agreement and this Order shall be paid in full at closing of any sale of Debtor's business.

21. Factor may seek further protection of its liens and security interests if Factor deems necessary in these or any superseding proceedings, to which the Debtor reserves all of its defenses.

22. The liens, security interests and other rights, benefits, protections and priorities granted to Factor under this Order and the Post-Petition Factoring Agreement shall survive any conversion or dismissal of this Chapter 11 case and shall remain in full force and effect notwithstanding any such conversion or dismissal or any order confirming a plan of reorganization of the Debtor.

23. In the event of any direct conflict between this Order and the terms of the Post-Petition Factoring Agreement, this Order shall govern and control, provided however, that except to the extent that specific provisions of this Order expressly limit specific provisions of the Post-Petition Factoring Agreement, nothing in this Order shall be construed as limiting any rights or remedies of Factor or obligations of the Debtor under the Post-Petition Factoring Agreement.

24. Nothing herein constitutes a waiver by Factor of any right it may have to oppose or object to any plan of reorganization, to challenge any impairment of its claim, its security interests in the Collateral, and incident thereto to introduce such evidence of its claim, lien and security interests and the value of its Collateral as may be appropriate under the circumstances.

25. Debtor shall execute and deliver to Factor any and all further agreements, instruments and documents, which may be reasonably necessary to effectuate the purposes of the Post-Petition Factoring Agreement and Debtor shall pay all costs of Factor's reasonable expenses incurred under the Post-Petition Factoring Agreement as a result of the Post-Petition Factoring Agreement and this Order.

26. The terms and conditions of this Order shall be immediately effective and enforceable notwithstanding the provisions of Fed. R. Bankr. Proc. 6004 to the extent applicable.

27. The final authority granted by this Order shall remain in effect until further Order of this Court on the Motion.

28. The Post-Petition Factoring Agreement is modified as follows: (a) The last sentence of ¶63 is stricken; and (b) Paragraph 77.2 and 77.3 shall not apply during the pendency of the bankruptcy case, unless the court orders otherwise.

Dated
ENTERED 10/5/16

SO ORDERED:


United States Bankruptcy Court

Eric L. Frank
Chief Judge

BIELLI & KLAUDER, LLC

/s/ Thomas D. Bielli

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AGREED AND SEEN, WITH PERMISSION TO ENDORSE:

FINEMAN KREKSTEIN & HARRIS PC

/s/Deirdre M. Richards

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Attorneys for J D FACTORS LLC

EXHIBIT “A”



J D Factors

DEBTOR-IN-POSSESSION FACTORING AND SECURITY AGREEMENT

THIS DEBTOR-IN-POSSESSION FACTORING AND SECURITY AGREEMENT (as it may be amended, replaced, supplemented or otherwise modified from time to time, this "Agreement"), is dated August, ____, 2016 for reference purposes, by and between Total Comm Systems, Inc., a Pennsylvania corporation (hereinafter called "Client"), with its principal business office located at 2480 Durham Rd. Bristol, PA 19007, and J D FACTORS LLC ("J D FACTORS"). Client and J D FACTORS agree as follows:

RECITALS

WHEREAS, J D FACTORS is in the business of purchasing Accounts.

WHEREAS, Client and J D FACTORS are parties to a certain Factoring and Security Agreement dated September 16, 2009 (as amended, replaced, supplemented or otherwise modified from time to time the "Pre-Petition Factoring Agreement"), pursuant to which, among other things, J D FACTORS, made advances and certain other financial and factoring accommodations to Client and received the option to purchase certain eligible accounts receivable of Client; Client's Obligations, as defined in the Pre-Petition Factoring Agreement, to J D FACTORS are referred to herein as the "Pre-Petition Liabilities."

WHEREAS, as security for the payment and performance of the Pre-Petition Liabilities, Client granted to J D FACTORS liens and security interests against certain of Client's property, including, but not limited to, Client's Accounts, General Intangibles, Chattel Paper, Electronic Chattel Paper, Instruments, Deposit Accounts, Investment property, Letters of Credits, Letter of Credit Rights, and all proceeds of the foregoing and all books, records and computer data relating to the foregoing (collectively the "Pre-Petition Collateral").

WHEREAS, in order to provide a guaranty and security for the repayment of the Pre-Petition Liabilities, Mike Pollitt executed and delivered to J D FACTORS that certain Continuing Guaranty and Waiver dated September 16, 2009 (the "Pollitt Guaranty").

WHEREAS, in order to provide a guaranty and security for the repayment of the Pre-Petition Liabilities, David V. Stewart executed and delivered to J D FACTORS that certain Continuing Guaranty and Waiver dated September 17, 2009 (the "Stewart Guaranty").

WHEREAS, on September 17, 2009, J D FACTORS perfected its lien against the Pre-Petition Collateral by filing with the Pennsylvania Secretary of State a UCC Factoring Statement bearing Filing No. 2009091706841 (the "UCC Factoring Statement"). Thereafter, J D FACTORS filed a UCC Factoring Statement Amendment on July 10, 2014 continuing the UCC Factoring Statement through September 16, 2019 and the UCC Factoring Statement is currently in effect.

WHEREAS, on August 3, 2016 (the "Petition Date"), Client commenced a Chapter 11 case by filing a voluntary petition for relief under the United States Bankruptcy Code, 11 U.S.C. § 101 et seq. (as amended the "Bankruptcy Code") in the Eastern District of Pennsylvania (the "Bankruptcy Court"), hearing Case No. 16-15530 (the "Bankruptcy Case").

WHEREAS, Client continues to operate as a debtor-in-possession pursuant to Section 1107 and 1108 of the Bankruptcy Code.

WHEREAS, Client desires to obtain from J D FACTORS, and J D FACTORS desires to extend to Client secured post-petition factoring with a first priority post-petition lien and security interest on Accounts (as described herein) and all pre and post petition assets of Client as more fully described herein to secure all Client's Obligations (including Pre-Petition Liabilities), whether arising pre or post petition, subject to the recorded lien of the Internal Revenue Service in the pre-petition amount of \$74,522.98; and, to the extent the security interest and lien is not sufficient to fully secure Client's Obligations (including Pre-Petition Liabilities) to J D FACTORS, then a superpriority administrative expense claim for such insufficiency, with priority over all other administrative expenses of the Bankruptcy Case, except for: i) such allowed expenses of the United States Trustee; and ii) approved fees of attorneys, accountants and other professionals retained by Client in connection with the Bankruptcy Case in a sum not to exceed Twenty-Five Thousand Dollars (\$25,000.00) previously paid as a pre-petition retainer to bankruptcy counsel for the Client, pursuant to Sections 364(c)(1), (c)(2), (c)(3) and (d) of the Bankruptcy Code for such purposes as are hereinafter described in this Agreement.

WHEREAS, Client has offered to sell certain of its post-petition Accounts to J D FACTORS and J D FACTORS has agreed to purchase Accounts from time to time pursuant to the terms of this Agreement.

WHEREAS, proceeds from the sale of such Accounts shall be used by Client for working capital and for payment of allowed first priority administrative expenses in the Bankruptcy Case.

WHEREAS, Client has been unable to obtain long term debtor-in-possession factoring on an unsecured basis or on terms as favorable or more favorable than the terms provided herein, and an immediate need exist for Client to obtain funds to continue operation of its business.

WHEREAS, pursuant to a proposed Order filed with the Bankruptcy Court on substantially even date of this Agreement (the "DIP Factoring Order"), pursuant to Sections 363 and 364(c) and (d) of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure 4001,

the Bankruptcy Court authorized (i) J D FACTORS' extension of secured post-petition factoring under the terms and conditions of this Agreement on a first priority basis on the Collateral, subject to the liens as specified in the DIP Factoring Order, with a superpriority administrative expense claim to the extent the security interest and lien granted hereunder are insufficient to fully secure Client's Obligations to J D FACTORS, and (ii) Client's repayment of the Obligations pursuant to the terms and conditions of this Agreement.

WHEREAS, in order to induce J D FACTORS to extend secured post-petition factoring to Client pursuant to this Agreement, and in consideration thereof, and in consideration of any loans or other financial accommodations heretofore or hereafter made by J D FACTORS to Client, whether pursuant to this Agreement or otherwise, Michael Pollitt has agreed to reconfirm his Guaranty will continue to guarantee all of the Obligations of Client now or hereafter owing to or held by J D FACTORS.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is acknowledged, and with the intent to be bound hereby, the parties agree to the following:

PURPOSE OF AGREEMENT:

1. Client desires to obtain DIP factoring, selling and assigning to J D FACTORS Acceptable Accounts at a discount below the face value of the invoices. Such DIP factoring is subject to the terms and conditions of the Agreement and is commercial in nature, and not for household, family, and/or personal use. Additionally, the DIP Factoring contemplated hereunder, the terms and conditions of the Agreement and the Agreement are all subject to approval by the Bankruptcy Court.

DEFINITIONS:

2. "Account" means all "Accounts" as defined in the UCC and all goods represented therefrom, including the rights of stoppage in transit, replevin and reclamation.

3. "Acceptable Account" means an Account for which J D FACTORS has issued its approval of the credit standing of the Account Debtor and terms of the sale of goods or performance of services and which has not been withdrawn prior to the actual delivery of the goods or the performance of the services.

4. "Customer" means Client's customer or the Account Debtor of J D FACTORS.

5. "Collateral" means all of Client's pre-petition and post-petition Accounts, General Intangibles (including patents, trademarks, copyrights, licenses and royalties related thereto or arising therefrom), Chattel Paper, Electronic Chattel Paper, Instruments, Deposit Accounts, Investment Property, Letters of Credit, Letters of Credit Rights, the Reserve Account, Machinery, Equipment, Inventory, Goods, Vehicles, Rolling Stock, Trailers, contract rights, all proceeds of the foregoing and all books, records and computer data relating to the foregoing, whether any of the foregoing is now existing or hereafter created or acquired.

6. "Credit Problem" means a Customer is unable to pay J D FACTORS on any Account purchased under this Agreement because of its financial inability to pay or an Insolvency Event.

6.1. "DIP Legal Expenses" means an amount equal to twenty-five thousand (\$25,000) dollars, which includes J D FACTORS' anticipated out of pocket cost and expenses, including fees and expenses of outside accountants, attorneys and advisors, in connection with the preparation, negotiation and consummation of this Agreement and in connection with the Bankruptcy Case, though said amount is not a cap or limit of any of Client's Obligations under this Agreement.

7. "Customer Dispute" means any dispute or claim, bona fide or not, as to the price, terms, quantity, quality or other possible defense to payment other than a Credit Problem or an Insolvency Event and there is no dispute related to any portion of that Account.

8. "Environmental Laws" means any federal, state or local law, rule, regulation or order relating to pollution, waste disposal, industrial hygiene, land use or the protection of human health, safety, or welfare, plant life or animal life, natural resources, the environment or property.

8.1. "Guarantor" means, Michael Pollitt and David Stewart and any other person now or hereafter guaranteeing payment of all or any portion of the Obligations.

9. "Insolvency Event" means a filing by a Customer of any proceeding under the United States Bankruptcy Code or an assignment for the benefit of creditors.

10. "Maximum Purchase Limit: Four Million Dollars (\$4,000,000).

11. "Misdirected Payment Fee" means Ten Percent (10%) of the face amount of any purchased Account which has been received by Client and not delivered to J D FACTORS in the next business day.

12. "Obligations" means the Pre-Petition Debt, and all other present and future obligations, liabilities and indebtedness of every nature of Client to J D FACTORS, monetary or non-monetary, under this Agreement or any other agreement, written or oral, between Client and J D FACTORS, including, without limitation, any amounts due J D FACTORS from Client arising or created post-petition per this Agreement or by other means, or post confirmation pursuant to any plan of reorganization approved in the Bankruptcy Case.

12.1. "Pre-Petition Debt" means all indebtedness, liabilities, and obligations, including, without limitation, the Pre-Petition Liabilities and all other indebtedness, liabilities and obligations in connection with the Pre-Petition Factoring Agreement owed by Client to J D FACTORS as of the Petition Date, whether direct or indirect, absolute or contingent, primary or secondary, due or to become due, including all interest thereon accruing after the Petition Date and all legal fees and collection expenses heretofore or hereafter incurred in collecting any of such indebtedness, liabilities, or obligations.

13. "Reserve Account" means a bookkeeping account on the books of J D FACTORS representing an unpaid portion of the purchase price for the Acceptable Accounts, maintained by J D FACTORS to ensure Client's performance of the provisions of this Agreement.

14. "Schedule of Accounts" means a form supplied by J D FACTORS to Client wherein Client lists such of its Accounts as it requests that J D FACTORS purchase under the terms of this Agreement.

15. "Statement of Account" shall have that meaning set forth in Paragraph 51 herein.

16. "UCC" means, the Uniform Commercial Code as adopted and in effect in the State of California.

16.1. "UCC Definitions" - all capitalized terms not defined herein shall have the same meaning as prescribed in the UCC.

WARRANTIES AND COVENANTS BY CLIENT: As an inducement for J D FACTORS to enter into this Agreement, and with full knowledge that the truth and accuracy of the representations and warranties in this Agreement are being relied upon by J D FACTORS in providing the factoring hereunder, Client represents, warrants and/or covenants that:

17. Client is properly licensed and authorized to operate the business of telecommunications services and maintenance under the trade name(s) of Total Comm Systems and Client's trade name(s) has been properly registered, filed and published as required by all applicable laws. Client has fulfilled all the local, state and federal requirements of law in properly registering itself to do business at all addresses in which it is located.

18. Client is in compliance with all applicable Environmental Laws.

19. Except that Client is operating as a debtor-in-possession in the Bankruptcy Case, Client's business is solvent and is paying all undisputed debts as they become due. Client has made and shall continue to make timely payment and/or deposits of required taxes, namely employee withholding taxes for federal and state, sales, use and excise taxes, as well as any other federal, state and/or local tax requirements as they become due. Client will furnish, upon request by J D FACTORS, satisfactory proof of payment and/or compliance of any or all taxes required by law.

20. Upon and after approval of this Agreement by the Bankruptcy Court, Client has the power and authority to incur the Obligations.

21. All financial records, statements, books or other documents shown to J D FACTORS by Client at anytime, either before or after the signing of this Agreement are true, complete, accurate, comply with general accepted accounting principles, and represent the true financial condition of Client.

22. Client will not, under any circumstances or in any manner whatsoever, interfere with or impair any of J D FACTORS' rights under this Agreement.

23. Client is the lawful owner of and has undisputed title to the Accounts purchased by J D FACTORS.

24. Each Customer's business is solvent to the best of Client's information and knowledge and Client has not received any notice, either oral or written, of a Credit Problem or an Insolvency Event.

25. Client will maintain adequate insurance coverage for Client's business and/or the property of Client's Customers in an amount acceptable to J D FACTORS in its reasonable discretion, and, at the request of J D FACTORS, name J D FACTORS as loss payee of such insurance. Client shall furnish J D FACTORS upon written request: (a) all information concerning such insurance carried and (b) lender loss payable endorsements (or their equivalent) in favor of J D FACTORS.

26. Each Account offered for sale to J D FACTORS is an accurate and undisputed statement of indebtedness by Customer to Client as a result of an absolute sale and not on consignment, or on approval, or hold basis, or guaranteed contract or subject to any other contingency and is for a certain sum which is due and payable in thirty days or less, or within such time as is agreed to, in writing by J D FACTORS and Client.

27. Each Account offered for sale to J D FACTORS is an accurate statement of a bona fide sale, delivery and acceptance of merchandise or performance of service by Client to customer and is not subject to a Customer Dispute.

28. Client does not own, control or exercise dominion over, in any way whatsoever, the business of any Customer/Account Debtor to be factored by Client to J D FACTORS.

29. Client will not factor or sell Accounts except to J D FACTORS for the period of this Agreement, and/or for as long as any Obligations remain due and owing.

30. Client will not grant a security interest in any of the Collateral without the written consent of J D FACTORS. In the event that a non-consensual lien is placed on any of the Collateral, Client shall have ten (10) days to remove or otherwise satisfy such lien.

31. Client will not change or modify the terms of any Account purchased under this Agreement unless J D FACTORS first consents to such change in writing.

32. Client will notify J D FACTORS in writing thirty (30) days prior to any change in the location of Client's place(s) of business, or if Client, has or intends to acquire any additional place(s) of business, or prior to any change in Client's chief executive office, the office or offices where Client's books and records concerning the Accounts are kept.

33. Client will notify J D FACTORS in writing thirty (30) days prior to any proposed change of Client's name, identity, use of additional trade names, and/or any proposed change in any of the officers, principals, partners, and/or owners of Client.

34. Client will not change its business structure, or sell, lease, transfer or otherwise dispose of all or substantially all of its property or assets, or consolidate with or merge into or with any business entity without the express written consent of J D FACTORS.

ADDITIONAL WARRANTIES AND COVENANTS BY CLIENT EFFECTIVE ON THE DATE AND AFTER THE DATE THE BANKRUPTCY COURT AUTHORIZES CLIENT TO ENTER INTO THIS AGREEMENT:

34.1. Effective on the date and after the date that the Bankruptcy Court authorizes Client to enter into this Agreement:

(a) Client shall be solvent and remain solvent;

(b) Client is and shall remain in compliance with all of its obligations as a debtor in the Bankruptcy Case;

(c) Client shall pay all allowed administrative expenses incurred in connection with the Bankruptcy Case, including but not limited to all costs and fees of Debtor's counsel and other professionals, fees owed to the Office of the U.S. Trustee, pursuant to Section 327, or Section 328 of the Bankruptcy Code and trade debt incurred during the Bankruptcy Case;

(d) Client shall provide J D FACTORS within two (2) business days of the filing of any and all reports filed in connection with the Bankruptcy Case, as well as any pleadings filed or received in connection with the Bankruptcy Case which were not filed through the Pacer system;

(e) Client shall not propose a plan of reorganization in connection with the Bankruptcy Case that does not provide J D FACTORS with the payment in full of the Obligations;

(f) Client shall file a plan of reorganization in connection with the Bankruptcy Case by no later September 30, 2016, that provides J D FACTORS with the payment in full of the Obligations; and

(g) Client shall not file any pleadings or take any actions in connection with the Bankruptcy Case, which J D FACTORS determines, in good faith, to impair any of J D FACTORS' rights under this Agreement.

COLLATERAL

35. Security Interest/Collateral: As a further inducement for J D FACTORS to enter into this Agreement and in order to secure payment and performance of the Obligations, Client gives to J D FACTORS a first priority security interest in the Collateral (subject only to liens as approved by J D FACTORS or as ordered by the Bankruptcy Court) and a first priority administrative expense lien in the Collateral. If during the Bankruptcy Case, J D FACTORS' security interest and lien is not sufficient to fully secure Client's Obligations to J D FACTORS, then J D FACTORS' claim for such insufficiency shall be an administrative expense in accordance with the provisions of Section 364(c)(1) of the Bankruptcy Code, with priority over all other administrative expenses, except for: i) such allowed expenses of the United States Trustee and ii) approved fees of attorneys, accountants and other professionals retained by Client in connection with the Bankruptcy Case in a sum not to exceed Twenty-Five Thousand Dollars (\$25,000.00) previously paid as a pre-petition retainer to bankruptcy counsel for the Client, and such priority shall continue notwithstanding any appointment of a trustee or any conversion of the Bankruptcy Case to a case under Chapter 7 of the Bankruptcy Code and will be prior to the administrative expenses of any superseding Chapter 7 case. The Parties hereto intend for the pre-petition Collateral granted to J D FACTORS and the post-petition Collateral granted to J D FACTORS hereunder to cross collateralize pre and post petition Obligations due from the Debtor to J D FACTORS and J D FACTORS may apply proceeds of post-petition Collateral to pre-petition obligations and pre-petition Collateral to post-petition obligations, without restriction. Moreover, once Accounts are factored with J D FACTORS, the Factored Accounts and proceeds thereof shall no longer be property of the estate.

36. Authorization: Client authorizes J D FACTORS to file any document necessary to perfect J D FACTORS security interest in the Collateral and Client further agrees to execute any and all documents necessary to perfect J D FACTORS' security interest.

ACCOUNT FUNDING AND OPERATING PROCEDURES

37. Notification: J D FACTORS may at any time and at its sole discretion notify any Customer/Account Debtor of Client to make payments directly to J D FACTORS.

38. Assignment: Client shall from time to time at its option sell, transfer and assign Accounts to J D FACTORS, which shall be presented to J D FACTORS on the Schedule of Accounts which shall be presented along with an original invoice together with one copy thereof, plus such other supporting documents as J D FACTORS may require, including but not limited to bills of lading, proof of delivery, contracts, or purchase orders.

39. Approval: J D FACTORS shall only purchase from Client Acceptable Accounts in its sole discretion and shall not be liable to Client or to any Account Debtor for its refusal to approve an Account. J D FACTORS approval of an Acceptable Account shall be automatically withdrawn in the event delivery of goods is not timely made or if Client has made any change in any of the terms of the purchased Account without J D FACTORS' prior written approval. J D FACTORS shall not purchase any Account if the purchase shall cause the Obligations to exceed the Maximum Purchase Limit.

40. Discount: J D FACTORS agrees to buy Acceptable Accounts from Client that have been approved for purchase from Client at a discount (fee) of Eight Percent (8%) from the face value of each Account.

41. Charges: J D FACTORS will deduct from each appropriate Sale of Accounts Receivable (Schedule of Accounts) of Client, J D FACTORS' standard wire transfer fee on all wire transfers and same-day or overnight courier service charges if used by Client.

42. Reserve Account: In addition to the discount referred to in Paragraph 40 above, J D FACTORS will reserve and withhold an amount in the Reserve Account an amount equal to seven percent (7%) of the gross face amount of all Accounts purchased. The Reserve Account may be held by J D FACTORS and applied by J D FACTORS against charge-backs or to pay any of the Obligations. The Reserve Account is not due and payable to Client until all of the Obligations are fully paid and/or satisfied. Client gives to J D FACTORS a security interest in this Reserve Account which secures all obligations and indebtedness arising hereunder.

43. Reserve Account Refund: Provided that there is no Event of Default and subject to the provisions of this Agreement, J D FACTORS shall, in its discretion, return to Client from the Reserve Account seven percent (7%) of the gross purchase price of any individual Account, when the Account is paid in full and there are no other outstanding Obligations of Client to J D FACTORS known or anticipated. Refunds under this Paragraph shall be made within the first three (3) working days of the new month, unless otherwise agreed to by J D FACTORS in an addendum to this Agreement.

44. Rebates: SEE ATTACHED ADDENDUM #1

45. ACH: In order to facilitate the purchase of the Accounts and payments thereon, J D FACTORS may initiate debit or credit entries to any Deposit Account maintained by Client through the ACH. This paragraph may only be terminated upon thirty (30) days notice to J D FACTORS.

46. Recourse To Client On Purchased Accounts: J D FACTORS will have no recourse against Client when an Account is not paid by Customer when due, if the sole reason for non-payment is a Credit Problem or an Insolvency Event.

47. Notice Of Dispute: Client will immediately notify J D FACTORS of any Dispute between Customer and Client.

48. Settlement Of Dispute: J D FACTORS may, but is not obligated to, settle or compromise any Dispute with a Customer in its sole discretion. Such settlement or compromise does not relieve Client of final responsibility for payment in full of the entire Account.

49. Charge-Back: If Client does not fully settle the dispute within three (3) business days, J D FACTORS may, in addition to any other remedies under this Agreement, charge-back or sell back the Account to Client. If an Account is charged-back pursuant to this Agreement, title to the Account shall vest with J D FACTORS until the Account is repurchased by Client.

50. Charge-Back For Invoicing Error: Mistaken, incorrect and/or erroneous invoicing, submitted by Client to J D FACTORS may, at J D FACTORS' discretion be deemed a disputed invoice and be charged-back to Client.

51. Statement of Account: J D FACTORS shall mail to Client its Statement of Account or post it online on J D FACTORS website. Client shall have twenty five (25) days from the date the Statement of Account is mailed or posted to dispute the contents contained therein by written notice to J D FACTORS. If Client fails to timely notify J D FACTORS in writing of any dispute to the Statement of Account, it shall be deemed an account stated.

52. Sole Property: Once J D FACTORS has purchased an Account, the Account and the payment from Customer as to that Account is the sole and exclusive property of J D FACTORS.

53. Hold In Trust: Client will hold in trust and safekeeping, as the property of J D FACTORS, and, on the next business day, turn over to J D FACTORS the identical check or other form of payment received by Client, whenever any payment on an Account purchased by J D FACTORS comes into Client's possession. Should Client come into possession of a check or other form of payment comprising payments owing to both Client and J D FACTORS, Client shall, on the next business day, turnover said check or other form of payment to J D FACTORS. J D FACTORS will refund Client's portion to Client subject to any indebtedness due for which payment has not been arranged. The parties hereto agree that if any payment on account of a purchased Account which has been received by Client is not timely delivered to J D FACTORS, pursuant to this agreement it will be impractical or extremely difficult to determine the resulting damages suffered by J D FACTORS. It is therefore agreed that in the event of such a breach by Client, Client shall pay to J D FACTORS the Misdirected Payment Fee.

54. Double Payments: Should J D FACTORS receive a double payment on an Account, or other payment which is not identified, J D FACTORS shall carry these sums as open items and shall return them directly to said payor upon proper identification.

55. Financial Records: Client will furnish J D FACTORS financial statements and information as requested by J D FACTORS from time to time.

56. Notice Of Seizure: Client will promptly notify J D FACTORS of any attachment, seizure or any other legal process entered into or levied against Client or any of Client's Customers and shall have ten (10) days after such attachment, seizure or levy to release the assets or post an appropriate bond to secure their release.

57. No Pledge: Client will not pledge the credit of J D FACTORS to any person or business for any purpose whatsoever.

58. Book Entry: Client will immediately upon sale of Accounts to J D FACTORS, make proper entries on its books and records disclosing the absolute sale of the Accounts to J D FACTORS.

59. Legal Fees: Client agrees to reimburse J D FACTORS on demand for: the actual amount of all costs and expenses, including attorneys' fees, which include but are not limited to the DIP Legal Expenses, which J D FACTORS has incurred or may incur in: (a) negotiating, preparing, or administering this Agreement and any documents prepared in connection herewith, all of which shall be paid contemporaneously with the execution hereof; (b) any way arising out of this Agreement; (c) enforcing or interpreting any provision of this Agreement; or (d) protecting, preserving or enforcing any lien, security interest or other right granted by Client to J D FACTORS or arising under applicable law, whether or not suit is brought.

60. Power Of Attorney: In order to carry out this Agreement, Client appoints J D FACTORS or any person designated by J D FACTORS, its special attorney in fact, coupled with an interest, with power to: (a) notify Customers that Client's Accounts have been assigned to J D FACTORS and that J D FACTORS has a security interest therein; (b) direct Client's Customers to make payment of all Accounts direct to J D FACTORS and forward invoices directly to such Customers; (c) Strike out Client's address on all Accounts mailed to Customers and put J D FACTORS' address on all Accounts; (d) receive, open and dispose of all mail addressed to Client, including Client's fictitious trade name via J D FACTORS' address; (e) endorse the name of Client including Client's fictitious trade name on any checks or other evidences of payment that may come into the possession of J D FACTORS on Accounts purchased by J D FACTORS or pursuant to default on any other documents relating to any of the Accounts or to Collateral; (f) in Client's name, or otherwise, demand, sue for, collect, and give releases for any and all monies due or to become due on Accounts; (g) compromise, prosecute, or defend any action, claim or proceeding as to the Accounts (g) from time to time offer trade discounts to Client's customer exclusive of Client's normal business custom with said Customer; (h) do any and all things necessary and proper to carry out the purpose intended by this Agreement and to protect Client's and J D FACTORS' interest in the Accounts or other Collateral; and (i) upon the happening of an Event of Default, notify the post office authorities to change the address for delivery of mail addressed to Client to such address as designated by J D FACTORS. The foregoing authority granted to J D FACTORS is irrevocable and shall remain in full force and effect until the Obligations are satisfied.

61. Indemnification, Release and Waiver:

UPON AND AFTER ENTRY OF AN ORDER APPROVING THIS AGREEMENT BY THE BANKRUPTCY COURT, CLIENT HEREBY RELEASES AND WAIVES ANY AND ALL CLAIMS (INCLUDING CONTRACT, TORT AND EQUITABLE CLAIMS) WHICH MAY BE ASSERTED AGAINST J D FACTORS, PRESENTLY EXISTING OR ARISING IN THE FUTURE, KNOWN OR UNKNOWN, ARISING FROM OR RELATING IN ANY MANNER TO THE PURCHASE, FINANCING, AND/OR COLLECTION OF ACCOUNTS PURSUANT TO THE PRE-PETITION AGREEMENTS BETWEEN CLIENT AND J D FACTORS AND THE CONDUCT OF J D FACTORS POST PETITION IN ADVANCE OF THIS AGREEMENT.

UPON AND AFTER ENTRY OF AN ORDER APPROVING THIS AGREEMENT BY THE BANKRUPTCY COURT, CLIENT HEREBY AGREES TO INDEMNIFY J D FACTORS FOR ALL LIABILITIES AND DAMAGES (INCLUDING CONTRACT, TORT AND EQUITABLE CLAIMS AND AVOIDANCE CLAIMS) WHICH MAY BE AWARDED AGAINST J D FACTORS, AND FOR ALL REASONABLE ATTORNEYS FEES, LEGAL EXPENSES AND OTHER EXPENSES INCURRED IN DEFENDING SUCH CLAIMS, ARISING FROM OR RELATING IN ANY MANNER TO THE PURCHASE, FINANCING, AND/OR COLLECTION OF ACCOUNTS PURSUANT TO THE PRE-PETITION AGREEMENTS BETWEEN CLIENT AND J D FACTORS AND THE CONDUCT OF J D FACTORS POST PETITION IN ADVANCE OF THIS AGREEMENT (INCLUDING ALL REASONABLE ATTORNEYS FEES, LEGAL EXPENSES AND OTHER EXPENSES INCURRED IN DEFENDING ANY SUCH CLAIMS BROUGHT BY CLIENT IF CLIENT DOES NOT PREVAIL IN SUCH ACTIONS). J D FACTORS SHALL HAVE SOLE AND COMPLETE CONTROL OF THE DEFENSE OF ANY SUCH CLAIMS AND IS HEREBY GIVEN AUTHORITY TO SETTLE OR OTHERWISE COMPROMISE ANY SUCH CLAIMS AS J D FACTORS IN GOOD FAITH DETERMINES SHALL BE IN ITS BEST INTERESTS. THIS SECTION SURVIVES TERMINATION OF THIS AGREEMENT.



Client's Initials

Waiver of Cal. Civ. Code Sec. 1542. Client recognizes, acknowledges, and waives the provisions of California Civil Code Section 1542, which provides:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

In waiving the provisions of Section 1542 of the California Civil Code, Client acknowledges that they may hereafter discover facts in addition to or different than those which they now believe to be true with respect to the matters released herein, but agree that they have taken that possibility into account in reaching this settlement, and the releases given herein shall remain in effect as a full and complete release notwithstanding the discovery or existence of such additional or different facts, as to which they expressly assume the risk.

Waiver of Known and Unknown Claims. It is further understood and agreed by Client, that the matters released herein are not limited to matters which are known or disclosed, and Client hereby expressly waive any and all rights and benefits which they now have, or in the future may have, conferred upon.

In this connection, Client hereby agrees, represents and warrants that they realize and acknowledge that factual matters now unknown to them may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses, which are presently unknown, unanticipated and unsuspected, and they further agree, represent and warrant that this Agreement has been negotiated and agreed upon in light of that realization and that they nevertheless hereby intend to release, discharge and acquit the parties set forth hereinabove from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses, which are in any way set forth in or related to the purchase, financing, and/or collection of Accounts pursuant to the pre-petition agreements between Client and J D FACTORS and the conduct of J D FACTORS in advance of this Agreement. The Parties, and each of them, further acknowledge that they have been advised by legal counsel with respect to the consequences of this waiver, and further agree that such waiver is an essential and material part of this Agreement, without which the consideration given pursuant hereto would not have been given.

DEFAULTS AND REMEDIES

62. Events Of Default: The following events will constitute an Event of Default: (a) Client defaults in the payment of any of the Obligations or in the performance of any provision hereof or of any other agreement now or hereafter entered into with J D FACTORS, or any warranty or representation herein proves to be false in any way, howsoever minor; (b) Client or any guarantor of the Obligations becomes subject to any bankruptcy or similar insolvency proceeding (other than the Bankruptcy Case); (c) any such guarantor fails to perform or observe any of such guarantor's Obligations to J D FACTORS or shall notify J D FACTORS of its intention to rescind, modify, terminate or revoke any guaranty of the Obligations, or any such guarantor shall cease to be in full force and effect for any reason whatsoever; or (d) J D FACTORS for any reason, in good faith, deems itself insecure with respect to the prospect of repayment or performance of any of the Obligations.

62.1. Events of Default in Bankruptcy Case. In addition to the Events of Default as provided for in paragraph 62 above, the following shall also constitute Events of Default, during the pendency of the Bankruptcy Case: (a) The Bankruptcy Court converts the Bankruptcy Case to a case under Chapter 7 of the Bankruptcy Code, dismisses the Bankruptcy Case or appoints a Chapter 7 or Chapter 11 trustee or examiner; (b) The failure of Client to comply with the terms of and operate in accordance with the Bankruptcy Code, Office of the U.S. Trustee rules, regulations or guidelines or any order of the Bankruptcy Court in connection therewith, without the prior written consent of J D FACTORS if there is no Court order authorizing the Client to act without the consent of J D FACTORS; (c) the venue of the Bankruptcy Case is changed from the United States Bankruptcy Court for the Eastern District of Pennsylvania; (d) Client commences or joins in any lawsuit, adversary proceeding or contested matter commenced against J D FACTORS in the Bankruptcy Case which seeks to invalidate any of the Obligations or any of J D FACTORS' liens or security interests upon or in the Collateral (whether owned by Client as of or acquired by Client following the commencement of the Bankruptcy Case), or any part thereof, or seeks to set off, counterclaim against, or subordinate any of the Obligations or any of J D FACTORS' liens or security interests upon or in the Collateral, or seeks to recover any legal or equitable remedy against J D FACTORS; (e) an order is entered in any lawsuit, adversary proceeding or contested matter in the Bankruptcy Case which invalidates any of the Obligations or security interest upon or in the Collateral or any part thereof or which permits the set off, counterclaim against, or subordination of any Obligations or any of J D FACTORS' liens or security interests upon or in the Collateral or recovers any legal or equitable remedy against J D FACTORS; (f) The Bankruptcy Court grants to any person an order for relief from or modification of the automatic stay under Bankruptcy Code Section 362 that would, in J D FACTORS' sole judgment, adversely affect Client's payment or performance of the Obligations or J D FACTORS' right to or interest in the Collateral; (g) the Bankruptcy Court grants to any party in interest (other than J D FACTORS) in the Bankruptcy Case a lien upon any Collateral pursuant to Bankruptcy Code Section 364(c) or Section 364(d), other than a purchase money security interest; or (h) Client fails to comply with its obligations as a Chapter 11 debtor in the Bankruptcy Case.

63. Remedies After Default: Upon the occurrence of any Event of Default, and at any time thereafter, J D FACTORS, at its option, and without notice or demand of any kind (all of which are hereby expressly waived by Client) may do any one or more of the following: (a) Cease advancing money or extending credit to or for the benefit of Client under this Agreement, and any other document or agreement; (b) Accelerate and declare all or any part of the Obligations to be immediately due, payable, and performable, notwithstanding any deferred or installment payments allowed by any instrument evidencing or relating to any Obligation; (c) Take possession of any or all of the Collateral wherever it may be found, and for that purpose Client hereby authorizes J D FACTORS without judicial process to enter onto any of the Client's premises without hindrance to search for, take possession of, keep, store, or remove any of the Collateral and remain on such premises or cause a custodian to remain thereon in exclusive control thereof without charge for so long as J D FACTORS deems

necessary in order to complete the enforcement of its rights under this Agreement or any other agreement; provided, however, that should J D FACTORS seek to take possession of any or all of the Collateral by Court process or through a receiver, Client hereby irrevocable waives; (i) any bond and any surety or security relating thereto required by any statute, court rule or otherwise as an incident to such possession; (ii) any demand for possession prior to the commencement of any suit or action to recover possession thereof; and (iii) any requirement that J D FACTORS retain possession of and not dispose of any such Collateral until after trial or final judgment; (d) Require Client to assemble any or all of the Collateral and make it available to J D FACTORS at a place or places to be designated by J D FACTORS which is reasonably convenient to J D FACTORS and Client, and to remove the Collateral to such locations as J D FACTORS may deem advisable; (e) place a receiver in exclusive control of Client's business and/or any or all of the Collateral, in order to assist J D FACTORS in enforcing its rights and remedies (f) Sell, ship, reclaim, lease or otherwise dispose of all or any portion of the Collateral in its condition at the time J D FACTORS obtains possession or after further manufacturing, processing or repair; at any one or more public and / or private sale(s) (including execution sales); in lots or in bulk; for cash, exchange for other property or on credit; and to adjourn any such sale from time to time without notice other than oral announcement at the time scheduled for sale. J D FACTORS shall have the right to conduct such disposition on Client's premises without charge for such time or times as J D FACTORS deems fit, or on J D FACTORS' premises, or elsewhere and the Collateral need not be located at the place of disposition. J D FACTORS may directly or through any affiliated company purchase or lease any Collateral at any such public disposition and, if permissible under applicable law, at any private disposition. Any sale or other disposition of Collateral shall not relieve Client of any liability Client may have if any Collateral is defective as to title or physical condition at the time of sale; (g) Demand payment of, and collect any Accounts, Instruments, Chattel Paper, Supporting Obligations and General Intangibles comprising part or all of the Collateral; (h) Demand and receive possession of any of Client's federal and state income tax returns and the books, records and accounts utilized in the preparation thereof or referring thereto. Any and all attorneys' fees, expenses, costs, liabilities and obligations incurred by J D FACTORS with respect to the foregoing shall be added to and become part of the Obligations, shall be due on demand, and shall bear interest at a rate equal to the highest interest rate applicable to any of the Obligations. During the Bankruptcy Case, after an Event of Default, J D FACTORS shall be entitled to apply amounts received on any Accounts to the Obligations then due and owing without the need to seek relief from the automatic stay. Additionally, J D FACTORS shall be entitled to apply to the Bankruptcy Court on shortened notice to Client and all interested parties as required by the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy rules of the United States Bankruptcy Court for the Eastern District of Pennsylvania of no more than ten (10) calendar days from the date of the occurrence of any Event of Default, for relief from the automatic stay to exercise any and all other rights hereunder which require relief from stay. In addition, during the Bankruptcy Case, J D FACTORS shall be entitled to compel Client to sell any or all of its assets pursuant to a Section 363(n) sale of the Bankruptcy Code or other applicable law and credit bid the Collateral in any such sale pursuant to Section 363(k) of the Bankruptcy Code or other applicable law.

64. **Deficiency:** The proceeds received by J D FACTORS from the disposition of or collection of any of the Collateral shall be applied to such extent and in such manner as J D FACTORS shall determine in its sole discretion. If any deficiency shall arise and the Obligations are not paid in full, Client shall remain liable to J D FACTORS therefore. In the event that, as a result of the disposition of any of the Collateral, J D FACTORS directly or indirectly enters into a credit transaction with any third party, J D FACTORS shall have the option, exercisable at any time, in its sole discretion, of either reducing the Obligations by the principal amount of such credit transaction or deferring the reduction thereof until the actual receipt by J D FACTORS of cash therefore from such third party.

MISCELLANEOUS PROVISIONS

65. **Termination:** This Agreement shall continue in full force and effect until terminated by certified written notice by either party.

66. **Post Termination:** After termination Client shall be liable to J D FACTORS for the full and prompt payment of the full amount of factored Accounts which are then outstanding and unpaid, disputed or undisputed, as well as any other indebtedness due J D FACTORS. J D FACTORS continues to have a security interest in the Collateral of Client until all indebtedness of Client to J D FACTORS is paid in full.

67. **Binding On Future Parties:** This Agreement inures to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of the parties thereto and may not be assigned by Client without J D FACTORS' prior written consent. This Agreement shall be binding upon the Trustee and any subsequently appointed trustee or examiner in the Bankruptcy Case.

68. **Cumulative Rights:** All rights, remedies and powers granted to J D FACTORS in this Agreement, or in any note or other agreement given by Client to J D FACTORS, are cumulative and may be exercised singularly or concurrently with such other rights as J D FACTORS may have. These rights may be exercised from time to time as to all or any part of the pledged Collateral as J D FACTORS in its discretion may determine.

69. **Payment In Full Checks:** Client authorizes J D FACTORS to accept, indorse and deposit on behalf of Client any checks tendered by an Account Debtor "in full payment" of its obligation to Client. Client shall not assert against J D FACTORS any claim arising therefrom, irrespective of whether such action by J D FACTORS affects an accord and satisfaction of Client's claims, under Sec. 3311 of the UCC.

70. **State Law:** This Agreement shall be governed by and construed in accordance with the internal laws of the State of California without regard to conflict of laws or principles.

71. **Invalid Provisions:** If any provision of this Agreement shall be declared illegal or contrary to law, it is agreed that such provision shall be disregarded and this Agreement shall continue in full force and effect as though such provision had not been incorporated herein.

72. **Entire Agreement:** This instrument contains the entire Agreement between the parties. Any addendum or modification hereto will be signed by both parties and attached hereto.

73. **Effective:** This Agreement becomes effective when it is accepted and executed by an authorized representative of J D FACTORS.

74. **Destruction Of Client's Documents; Limitations Of Actions:** Any documents, schedules, invoices or other papers delivered to J D FACTORS may be destroyed or otherwise disposed of by J D FACTORS six (6) months after the same are delivered to J D FACTORS, unless Client makes written request therefore and pays all expenses attendant to their return, in which event J D FACTORS shall return same when J D FACTORS' actual or anticipated need therefore has terminated. Client agrees that any claim or cause of action

by Client against J D FACTORS, its directors, officers, employees, agents, accountants or attorneys, based upon, arising from, or relating to this Agreement, or any other present or future agreement, or any other matter, cause or thing whatsoever, occurred, done, omitted or suffered to be done by J D FACTORS, its directors, officers, employees, agents, accountants, or attorneys, relating in any manner to Client, shall be barred unless asserted by Client by the commencement of an action or proceeding in a court of competent jurisdiction by the filing of a complaint within six (6) months after the first act, occurrence, or omission upon which claim or cause of action, or any part thereof, is based, and the service of a summons and complaint on an officer of J D FACTORS, or on any other person authorized to accept service on behalf of J D FACTORS, within thirty (30) days thereafter. Client agrees that such six month period provided herein shall not be waived, tolled, or extended except by the written consent of J D FACTORS in its sole discretion. This provision shall survive any termination of this Agreement or any other agreement.

75. **Venue; Jurisdiction:** The parties agree that any suit, action or proceeding arising out of the subject matter of this Agreement, or the interpretation, performance or breach of this Agreement, shall, if J D FACTORS so elects, be instituted in the appropriate state or federal court located in the County of Los Angeles (the "Acceptable Forums"), each party agrees that the Acceptable Forums are convenient to it, and each party irrevocably submits to the jurisdiction of the Acceptable Forums, and waives any and all objections to jurisdiction or venue that it may have under the Laws of the State of California or otherwise in those courts in any such suit, action or proceeding. Should such proceeding be initiated in any other forum other than an Acceptable Forum, Client agrees that it shall not contest any action by J D FACTORS to move such matter to a proper court within the Acceptable Forums.

76. **Term Of Agreement:** This Agreement shall remain in full force and effect for Six Months (6) from the date of execution of this Agreement. J D FACTORS shall reserve the right to terminate the Security Agreement at its discretion. CLIENT must notify J D FACTORS in writing of intention to terminate this agreement thirty (30) days prior to expiration of this agreement. This agreement will be automatically renewed for another Six (6) Month term on a continuing basis if no such written termination notice is given by CLIENT within thirty (30) days of expiration. Receipt of such notice must be acknowledged by J D FACTORS. In the event of early termination without the existence of an Event of Default, Client shall not pay any Termination Fee. In the event of a termination during an Event of Default, Client shall pay to J D FACTORS a penalty of One Percent (1%) of the Maximum Purchase Limit defined in section 10 of the Security Agreement.

77. **Waiver of Right to Jury Trial/ Judicial Reference/ Arbitration:**

77.1. **Jury Waiver.** To the fullest extent permitted by applicable law, J D FACTORS and Client each hereby irrevocably and expressly waive all right to a trial by jury in any action, proceeding, or cross-complaint (whether based upon contract, tort, or otherwise) arising out of or relating to this Agreement, the obligations or any of the transactions contemplated hereby or thereby or the parties' actions in the negotiation, administration, or enforcement hereof or thereof. J D FACTORS and Client each acknowledges that such waiver is made with full knowledge and understanding of the nature of the rights and benefits waived hereby, and with the benefit of advice of counsel of their choosing.

77.2. **Judicial Reference.** J D FACTORS and Client each prefer that any dispute between them be resolved in litigation subject to the jury trial waiver set forth herein, but the California Supreme Court has held that such pre-dispute jury trial waivers are unenforceable. This section will be applicable until: (a) the California Supreme Court holds that a pre-dispute jury trial waiver provision similar to that contained herein is valid or enforceable; or (b) the California legislature passes legislation and the governor of the State of California signs into law a statute authorizing pre-dispute jury trial waivers and as a result such waivers become enforceable.

Accordingly, J D FACTORS and Client each knowingly and voluntarily agree that any civil action or proceeding involving a dispute arising out of or relating to this Agreement, shall be tried solely through a judicial reference as provided in Sections 638 through 645.2 of the California Code of Civil Procedure ("CCP") and as described herein (the "Judicial Reference"). J D FACTORS and Client further realize that by agreeing to Judicial Reference as provided in CCP Sections 638 through 645.2, the parties will have waived their rights to trial by jury.

J D FACTORS and Client each further agree that the referee shall be a retired Judge or Justice selected by mutual written agreement of the parties. If the parties do not agree, the referee shall be selected by the Trial Court. J D FACTORS and Client further agree that the filing of any law and motion hearings or the initiation of any hearings to obtain any form of a pre-judgment remedy shall not operate as a waiver of the parties' right to trial solely through a Judicial Reference.

A request for appointment of a referee may be heard on an ex parte or expedited basis, and J D FACTORS and Client agree that irreparable harm would result if ex parte relief is not granted. The referee shall be appointed to sit with all the powers provided by law. The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, provide all temporary or provisional remedies, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a trial, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision pursuant to CCP Section 644 and the referee's decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court. The final judgment or order entered by the referee shall be fully appealable as provided by law. J D FACTORS and Client reserve the right to receive findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial, which new trial, if granted, is also to be a reference proceeding under this provision.

77.3. **Arbitration.** Although J D FACTORS and Client each prefer that any dispute between them be resolved solely through a bench trial or the Judicial Reference as set forth in this section, the California Supreme Court has held that a trial court may refuse to enforce a Judicial Reference agreement, and deny a motion for appointment of a referee under CCP Section 638, where there is a possibility of conflicting rulings on a common issue of law or fact, or based on considerations of judicial economy specifically, the duplication of efforts, increased costs, potential delays in resolution, and an unmitigated burden on the Superior Court.

Accordingly, if the trial court refuses to enforce the appointment of a judicial referee (and no successor statute is enacted) J D FACTORS and Client knowingly and voluntarily agree to submit and settle any dispute, controversy or claim arising out of relating to this Agreement to arbitration. This Agreement to submit to arbitration is presently effective but shall be enforced only in the event that the Jury Waiver and the Judicial Reference provision as set forth above and as provided in CCP Sections 638 through 645.1, is held unenforceable. The arbitration shall be conducted in Los Angeles, County, in the State of California and administered by a retired Judge or

Justice selected by mutual written agreement of the parties who shall be governed by the same procedure as if the parties were proceeding by the above Judicial Reference procedure. J D FACTORS and Client further agree that the filing of any law and motion hearings or the initiation of any hearings to obtain any form of a pre-judgment remedy shall not operate as a waiver of the parties' right to submit and settle any dispute, controversy or claim arising out of relating to this Agreement to arbitration.

The arbitration procedure shall be governed by the substantive and procedural laws of the State of California, including all aspects of its arbitration law pursuant to the California Arbitration Act ("CAA"), Sections 1280 through 1294.2 of the Code of Civil Procedure as amended from time to time. If a conflict exists between the provisions of the CAA and this Agreement, the language of this Agreement shall control. J D FACTORS and Client shall have all rights of discovery and remedies as they would in a California civil action pursuant to CCP Section 1283.05, and the arbitration shall be governed by all of the applicable rules set forth in the Civil Discovery Act, CCP Sections 2016.010 through 2036.050. All rules of evidence applicable to proceedings at law in the State of California will be applicable to the arbitration proceeding and the arbitrator is at all times required to strictly conform to these rules. The arbitrator shall prepare in writing and provide to the parties an award including factual findings explaining the reasons on which their decision is based.

The arbitrator shall not have the power to commit (a) errors of law or legal reasoning, (b) errors of fact, or (c) errors with regards to mixed questions of law and fact. In addition, the arbitrator shall not reach factual conclusions unsupported by substantial evidence. Furthermore, the arbitrator shall not have the power to render an award (a) not based on proper admissible evidence, (b) based on evidence not presented at the hearing, or (c) not in conformity with the substantive and procedural law of the State of California.

In any arbitration arising out of or related to this Agreement, the arbitrator is not empowered to award punitive or exemplary damages, except where permitted by statute, and J D FACTORS and Client waive any right to recover any such damages. If the arbitrator exceeds any of the foregoing specific powers, the award may be vacated or corrected by filing a petition pursuant to the CAA in the time frame provided in CCP Sections 1280 through 1294.2 in the Superior Court for the County of Los Angeles, in the State of California. The award is subject to review for legal error, factual error, confirmation, correction or vacatur only in a California State Court of competent jurisdiction and only pursuant to the CAA.

In reviewing the award, the Superior Court shall sit as if it were an Appellate Court, in all respects, including but not limited to the scope of review. The decision of the Superior Court is, itself, subject to review by the California Appellate Courts. The supervising Court shall have the power to review (a) whether the findings of fact rendered by the arbitrators are supported by substantial evidence and (b) whether, as a matter of law based on such findings of fact the award should be confirmed, corrected or vacated. Upon such determination, judgment shall be entered in favor of either party consistent therewith.

If any portion of this arbitration provision is held invalid or unenforceable, the remainder shall still be valid and enforceable and the arbitrator and/or supervising Court as applicable shall have the power to amend the arbitration procedures set forth herein so that this Agreement shall remain enforceable and binding.

J D FACTORS and Client each acknowledge that the judicial referee or arbitrator will charge fees and costs to conduct the Judicial Reference or arbitration. J D FACTORS and Client each agree to initially divide equally all Judicial Reference or arbitration fees and the compensation of the judicial referee or arbitrator. Notwithstanding the foregoing, the parties each further acknowledge that the judicial referee or arbitrator may decide that one party or the other is the prevailing party in which event the non-prevailing party will be obligated to reimburse the prevailing party for all of the fees and costs imposed in connection with the Judicial Reference or the arbitration.

78. **CONDITIONS PRECEDENT.** This Agreement shall be conditioned upon entry of an Order by the Bankruptcy Court in the Bankruptcy authorizing the Client to enter into this Agreement, the Cash Collateral Stipulation dated August 17, 2016, Michael Pollitt entering into that certain Acknowledgment and Consent to Cash Collateral Stipulation and DIP Factoring Agreement of substantially even date herewith and Total Comm Construction, Inc. providing its personal Guaranty guarantying all of the obligations of Client now owing and hereafter incurred to J D FACTORS and securing the amounts due under that Guaranty with a pledge of all of its assets pursuant to Security Agreement in form and substance satisfactory to J D FACTORS, which security interest is properly perfected by all applicable means.

Executed and accepted this 1 day of 9/2016 at Bristol PA
Month/Year City/State

TOTAL COMM SYSTEMS, INC.

CLIENT'S signatures witnessed by:

By [Signature]
Name: MICHAEL POLLITT
Title: President

By _____
Signature
Name and Title

Accepted this 14th day of September 2016
at West Chicago, IL
City and State

Sworn and subscribed before me this 1 day of September 2016

J D FACTORS, LLC [Signature]
By _____
Chip Wiley - Executive Vice President

NOTARY PUBLIC
COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Patricia LaPera, Notary Public
Jenkintown, Boro. Montgomery County
My Commission Expires March 23, 2019
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

ADDENDUM #1

This Addendum #1 refers to that certain Debtor-In-Possession Factoring Agreement dated August 12, 20156 (the "Agreement"), between the undersigned Total Comm Systems, a Pennsylvania corporation hereinafter called "Client" and J D FACTORS, LLC, its successors, assigns, affiliates, subsidiaries and related entities, hereinafter "J D FACTORS" and refers to the items below. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Agreement.

1. REBATES: As an Inducement to Client to sell only the Accounts from which prompt payments can be expected directly from Customer, J D FACTORS offers to return to Client a rebate as a percentage of the Discount charged (the "Rebate(s)"). Such Rebates will be credited when earned and applied first towards the outstanding DIP Legal Expenses. Upon payment in full of the DIP Legal Expenses, Rebates will be thereafter returned to the Client.

Fee Rebates are based on Days Outstanding. NET FEES AS FOLLOWS (%):

A. There shall be a Factoring fee of three-quarters of one percent (.75%) of invoice every ten (10) days.

This Addendum #1 refers only to the above item(s) and does not change the purpose and intent of the Agreement which remains in full force and effect

Executed and accepted this 1 day of 9/2016 at BRISTOL PA
Month/Year City/State

Total Comm Systems, Inc.

CLIENT'S signatures witnessed by:

By [Signature]
Name: Mike Pollitt
Title: President

By _____
Signature
Name and Title

Accepted this 1th day of September 2016
at West Chicago, IL
City and State

Sworn and subscribed before me this 1 day of September 2016
[Signature]
NOTARY PUBLIC

J D FACTORS, LLC [Signature]
By _____
Chip Wiley, Executive Vice President

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Patricia LaPera, Notary Public
Jenkintown Boro. Montgomery County
My Commission Expires March 25, 2019
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES