

## FRANCHISE DISCLOSURE DOCUMENT

PuroSystems, LLC  
A Florida Limited Liability Company  
6001 Hiatus Road, Suite 13  
Tamarac, FL 33321  
800-775-7876 or 954-722-6618  
www.PuroClean.com  
www.PuroCleanopportunity.com



We offer a PUROCLEAN<sup>®</sup> Franchise Business which provides: (a) drying, remediation, mitigation and cleaning services along with structure repair on property casualty losses and related forms of property damage; and (b) purification, remediation, mitigation and cleaning of HVAC systems, indoor air, structures, real property and personal property whether or not damaged by a casualty loss. You do not need any specific prior experience to operate a PUROCLEAN<sup>®</sup> business.

The total investment necessary to begin operation of a PUROCLEAN business within a territory of up to 100,000 people ranges from \$95,530 to \$124,420 (with financing of vehicle and Equipment and Supplies Package), and \$219,030 to \$245,920 (with purchase of vehicle and Equipment and Supplies Package). This includes \$59,000 that must be paid to us or our affiliates.

The total investment necessary to begin operation of a conversion PUROCLEAN<sup>®</sup> business within a territory of up to 100,000 people ranges from \$49,325 to \$123,320 (with financing of vehicle and Equipment and Supplies Package) and \$49,325 to \$244,820 (with purchase of vehicle and Equipment and Supplies Package). This includes \$29,500 to \$59,000 that must be paid to us or our affiliates.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Tim Courtney, CFE, Vice President Franchise Development at 6001 Hiatus Road, Suite 13, Tamarac, Florida 33321, (954) 379-5825.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 20, 2023

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit A.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only PUROCLEAN business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a PUROCLEAN franchisee?</b>	Item 20 or Exhibit A lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit B.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Inventory Control.** You must make inventory and supply purchases of at least 2% of your gross receipts each year, even if you do not need that much. Your inability to make these purchases or to maintain inventory levels at all times may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

**NOTICE REQUIRED  
BY  
STATE OF MICHIGAN**

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

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

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

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

**The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.**

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

**PUROSYSTEMS, LLC**

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**ITEM 1**  
**THE FRANCHISOR, AND ANY PARENT, PREDECESSORS, AND AFFILIATES**

The Franchisor

PuroSystems, LLC (“we”, “us” or “our”) was initially incorporated in the state of Florida on October 3, 1990, under the name Purofirst International, Inc. Our name was changed to PuroSystems, Inc. on December 31, 2002, and we converted to PuroSystems, LLC in September of 2015 (that conversion simply involved converting our existing franchisor entity from a corporation to a limited liability company). We maintain our principal place of business at 6001 Hiatus Road, Suite 13, Tamarac, Florida 33321. We conduct our business under our corporate name only. We do not maintain a sales office at any location other than our principal place of business. We do, however, lease training facilities in California and Michigan. Since September 2015, our parent company is Puro Enterprise Holdings, LLC, a Michigan limited liability company formed in September 2015 with its principal business address of 550 West Merrill Street, Suite 100, Birmingham, Michigan 48009.

We have offered franchises since 1991 for the establishment of businesses that operate restoration and construction services and other related services and products for fire, water and other forms of property casualty damage. In 1999 we added certain non-casualty related cleaning and purification services to the franchise offering. From 1991 to 2001 we offered these franchises under the trademark PUROFIRST<sup>®</sup>. We no longer offer franchises under the PUROFIRST mark. In 2001, we began to offer an alternate type of franchise, under the trademark PUROCLEAN<sup>®</sup> (the “Franchise Business”), to supply drying, repair, cleaning, mitigation, remediation and related services. We do not own or operate businesses of the types being franchised. We no longer offer franchises in any other line of business. As of the date of this Disclosure Document, we do not provide training or equipment for certain purification services, but we may do so in the future.

Our agents for service of process are listed in Exhibit B.

Our Predecessors and Affiliates

Before our incorporation in 1990, Purofirst, Inc., a Florida corporation incorporated on June 1, 1986, sold consulting services and products to dealers under the service mark “PUROFIRST”, of which seven such dealer relationships currently remain. On December 31, 2008, Purofirst, Inc. was dissolved and transferred all of its assets to us. We provide the remaining PUROFIRST dealers with the right to use the PUROFIRST mark.

We do not have any predecessors. Founded in 1972, our affiliate Signal USA, LLC d/b/a Signal Restoration Services provides emergency and environmental property restoration services across all 50 States through its network of eight offices in Michigan, California, Texas, Tennessee, Missouri, Florida, and New York. Signal Restoration Services maintains its principal place of business at 2490 Industrial Row Drive, Troy, Michigan 48084. Signal Restoration Services does operate company businesses through these offices that offer services to customers that are similar to PUROCLEAN franchisees but do not do so under the PUROCLEAN Marks. Signal Restoration Services does not and has not offered franchises in this business or any other line of business. Signal Restoration Services may, in the future, offer certain services, such as training assistance, to PUROCLEAN franchisees.

## The Franchise Offered

If you receive our approval, you (individuals, partnerships, corporations, and the owners of partnerships and corporations will be referred to as “you” or “your”) will have the right to sign a franchise agreement (the “Franchise Agreement”) for the establishment and operation of a PUROCLEAN business. A PUROCLEAN business provides drying, cleaning, painting, repair, mitigation, remediation, construction and replacement services and subcontract services to insurance companies, businesses and residential clients and others who have been subject to fire, flood, vandalism, trauma, mold and/or other casualties, as well as, purification, cleaning and odor removal services and products, all according to our established system whether or not casualty related. As a PUROCLEAN franchisee, you will provide all of the above services as well as restoration, remediation, mitigation, construction, purification and other related services and products to businesses and residential clients whether or not insurance covers them. You may work out of your home (where permitted) or a new or existing place of business (the “Office”). Your Office must be located in your Protected Office Location (“POL”). You will use most equipment, other than office equipment, from your vehicle, which we recommend you purchase in connection with the operation of the Franchise Business. The Franchise Agreement grants you the right to use the trademarks, trade name, service mark, and commercial symbols associated with your Franchise Business as we now designate and as we may designate in the future (the “Proprietary Marks”) for use in the operation of the Franchise Business.

New franchisees (excluding Conversion Franchisees and franchisees that entered the system by purchasing an existing PUROCLEAN business) may take advantage of our Clean Start Program during their first year of operation. Under the terms of the Clean Start Program, qualifying franchisee may notify us of their desire to terminate the Franchise Agreement and we will assume the franchisee’s obligations under the franchisee’s vehicle lease agreement (provided the vehicle is leased from our designated supplier) and initial Equipment and Supplies Package lease (provided the initial Equipment and Supplies Package is leased from our designated supplier), provided franchisee satisfies the requirements of the Clean Start Program as detailed in Schedule 2 to the Franchise Agreement.

## Conversion Franchisees

In addition to our standard franchise offering, we offer a conversion program for established mitigation and reconstruction businesses that wish to join the PUROCLEAN franchise system and that meet our financial and experience criteria (“Conversion Franchisees”). Through the conversion program, qualified existing mitigation and/or reconstruction businesses (“Existing Businesses”) can convert to a PUROCLEAN Franchised Business once all the conversion program conditions have been met and after successfully completing our initial training program. In consideration of the PUROCLEAN franchise, we offer Conversion Franchisees discounted franchise fees and royalty rates based on the Existing Business’ established mitigation and/or reconstruction business gross volume. Conversion Franchisees also may continue operating any other portion of their Existing Business. A copy of the Conversion Addendum is attached as Schedule 1 to the Franchise Agreement

## Market and Seasonality

The market for the services and products you offer is developed or is developing. You will compete with other similar restoration services including other PuroClean franchisees, PUROFIRST franchisees, building and HVAC contractors, carpet cleaners, carpenters, building and remediation contractors and cleaning services.

## Industry-Specific Regulations

Where required by law, you must be a licensed building, remediation or HVAC contractor or be qualified by a licensed contractor. In some states you may also be required to have specialty licenses to perform certain aspects of the services that you will offer. For example, you may need to obtain a mold remediation, demolition, drywall removal, bactericide, biocide, or other similar license. If you do not have or are not qualified to have one or more of these licenses, you may be prohibited from performing these segments of the Franchise Business. You should investigate the existence of these laws in your state.

## **ITEM 2** **BUSINESS EXPERIENCE**

### **CEO, Chairman & Director: Mark Davis**

Mr. Davis joined PuroSystems, LLC as CEO, Chairman and Director in September 2015. Mr. Davis has been Co-CEO of our Troy, Michigan based affiliate, Signal Restoration Services, since 2012.

### **Vice Chairman & Director: Frank Torre**

Mr. Torre joined PuroSystems, LLC as Vice Chairman and Director in September 2015. Mr. Torre has been the Chairman and Co-CEO of our Troy, Michigan based affiliate, Signal Restoration Services, since 2012. Since 2008, Mr. Torre has served as Chairman of Board of Directors of the Rehabilitation Institute of Michigan in Detroit, Michigan, and founded Torre Golf Management in Broomfield Hills, Michigan.

### **President and Chief Operating Officer: Steven P. White**

Mr. White joined us as Chief Operating Officer in September 2013 and became President and Chief Operating Officer in January 2014.

### **Executive Vice President of Operations: Sterling “Bud” Summers**

Mr. Summers joined us as Regional Director in November 2015 and currently serves as our Executive Vice President of Operations.

### **Vice President, Franchise Development: Timothy Courtney**

Mr. Courtney joined us in June 2017 as Vice President of Franchise Development.

## **Director of Training & Technical Services: Darren Hudema**

Mr. Hudema joined us in February 2019 as Director of Training & Technical Services. Prior to joining PuroSystems, from September 2010 to February 2019, Mr. Hudema was a Restoration Products Specialist, Senior Account Manager and IICRC WRT/ASD Instructor for Legend Brands and was based in Nashville, Tennessee.

### **ITEM 3** **LITIGATION**

#### **Prior Actions**

*PuroSystems, LLC v. David DePaoli*, Case Number: 01-19-0002-3841, American Arbitration Association (Filed August 1, 2019). We brought this action against our former franchisee, David DePaoli, to recover \$70,000 in damages based on DePaoli's failure to pay royalties and other fees when due. In December of 2019, DePaoli filed a counterclaim alleging misrepresentation, breach of contract, and wrongful interference with contract. The counterclaim seeks rescission of DePaoli's franchise agreement and damages in an amount to be determined. We denied all allegations in the counterclaim. The parties entered into a settlement agreement covering all claims on June 3, 2022, under which DePaoli agreed to pay us the total sum of \$32,702.50.

*PuroSystems, Inc. v. William and Bonnie Savage*, Southeast Case Management Center, Case No. 01-15-0003-5189. Filed May 13, 2015. We brought this action against our former franchisees, William and Bonnie Savage ("the Savages"), to recover over \$800,000 in damages based upon the Savages' failure to pay royalties and other fees when due, and their abandonment of their franchise before the expiration of the term called for in their franchise agreement. The Savages filed a counterclaim in June 2015 alleging breach of contract, fraud in the inducement, fraudulent omission, and breach of the implied covenant of good faith and fair dealing based upon alleged failures to provide sufficient training, support in accordance with industry standards, and trade secrets. The counterclaim sought rescission of the Savages' franchise agreement and damages in an amount to be determined. The parties entered into a settlement agreement covering all claims on September 3, 2015, under which the Savages agreed to pay us the total sum of \$180,000.

*PuroSystems, Inc. v. John Burke*, American Arbitration Association, Southeast Case Management Center, Case No. 01-14-0000-3162. Filed May 2, 2014. We brought this action against our former franchisee, John Burke ("Burke"), to recover over \$1,500,000 in damages based upon Burke's failure to pay royalties and other fees when due, and his abandonment of his franchise before the expiration of the term called for in his franchise agreement. Burke filed a counterclaim in December 2014 alleging breach of contract, fraud in the inducement, fraudulent omission, and breach of the implied covenant of good faith and fair dealing based upon alleged failures to provide sufficient training, support in accordance with industry standards, and trade secrets. The counterclaim sought rescission of Burke's franchise agreement and damages in an amount to be determined. The parties entered into a settlement agreement covering all claims on July 28, 2015 under which Burke agreed to pay us the total sum of \$500,000.

*Anthony Paterra v. Vulcan Site Services, d/b/a Signal Restoration Services, Frank Torre and Mark Davis*, Case No. 2015-146661-CK, In the Sixth Judicial Circuit for the County of Oakland,

Michigan. Filed April 20, 2015. Paterra alleged breach of contract, violations of MCL 600.2961, and fraud in the inducement against Vulcan Site Services, d/b/a Signal Restoration Services, Mark Davis and Frank Torre. Paterra claims he was induced to leave his previous employer by the defendants with the offer of a compensation and commission plan and the defendants failed to pay the commission plan as agreed. Paterra sought damages in excess of \$600,000. The defendants filed a Motion for Summary Disposition arguing, among other things, that Paterra's claims were not supported by the evidence and must fail as a matter of law. While the motion was pending, the parties resolved the claims pursuant to court-ordered case evaluation, with the defendant Signal Restoration Services agreeing to pay Paterra \$75,000.

Other than the 4 actions listed above, no litigation is required to be disclosed in this Item.

#### **ITEM 4** **BANKRUPTCY**

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

#### **ITEM 5** **INITIAL FEES**

##### **Single Unit Franchise Agreement**

**Initial Franchise Fee.** Upon signing the Franchise Agreement, you must pay to us an Initial Franchise Fee in the amount of \$59,000. The Initial Franchise Fee is fully earned upon receipt and non-refundable in consideration of administrative and other expenses we incur in entering into the Franchise Agreement, and for our lost or deferred opportunity to enter into the Franchise Agreement with others.

We participate in the International Franchise Association's VetFran Program and offer qualified individuals honorably discharged from any branch of the U.S. Military and who request it at the time of signing a Franchise Agreement a 25% discount off the Initial Franchise Fee. We also give certain credits for training to existing franchisees that purchase more than one franchise and who would not require initial training.

During our fiscal year ended December 31, 2022, we collected Initial Franchise Fees that ranged from \$25,000 to \$55,000.

##### **Conversion Franchise Agreement**

We offer Conversion Franchisees a discounted Initial Franchise Fee, based on the gross receipts their Existing Business earned from providing mitigation and/or reconstruction services within the 12-month period before the franchisee applied for a PUROCLEAN franchise. Conversion Franchisees are entitled to a 5% discount per \$200,000 in gross receipts earned by their Existing Business from providing mitigation and reconstruction services, up to a maximum 50% discount off the Initial Franchise Fee (\$27,500).

**ITEM 6**  
**OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Date Due</b>	<b>Remarks (Note 1)</b>
Royalty Fee	See Note 2	8 <sup>th</sup> day of each month on Gross Receipts for the prior month	Gross Receipts means all revenue and income of every kind relating to the operation of the Franchise Business (including deposits and interest and any revenue or income you receive from the sale of supplies, services or materials) and income derived from the direct or indirect use of our Proprietary Marks. Does not include taxes collected by the Franchise Business on behalf of the government.
Optional Training Program Fee	See Note 3	Before training	If you attend an optional program, course, or seminar, we may charge you a fee
Transfer Fee	\$25,000 or the then-current Transfer Fee at the time of the transfer	Before transfer	Payable by the transferee, although any broker fee is paid by Franchisee
Renewal Fee	\$5,000	Before renewal	See Item 17 for more information regarding renewal
Accounting Fee	Cost of Accountant	As incurred	See Note 4
Administrative & Bank Fees	Actual Bank Fees plus \$25.00	As incurred	Insufficient Funds Fee & Verification of Balance Fees
Audit by Franchisor	Cost of Audit	As incurred	Required if audit reveals understatement of Gross Receipts by 5% or more in any month
Indemnification	Will vary under circumstances	15 days after billing	You must reimburse us if we are held liable for claims from your operation of the Franchise Business
Late Fee (Royalty Fees)	Greater of \$10 or 5% per day after the Royalty Fee due, although any rate will not exceed the lower of 18 percent per annum simple interest or the maximum permitted by applicable law	If funds are not available by the 8 <sup>th</sup> day of the month	Payable on overdue Royalty Fees
Taxes and Fees	Federal, state, or local taxes	As incurred	See Note 5
Local Advertising	2% of Gross Receipts on local advertising and promotion	As agreed	See Note 6
Marketing Fee	2% of Gross Receipts	Same day as Royalty Fee	See Note 7

<b>Type of Fee</b>	<b>Amount</b>	<b>Date Due</b>	<b>Remarks (Note 1)</b>
Annual National Convention Registration Fee	\$595 per year	30 days before Convention	See Note 8
Minimum Equipment and Supply Purchase Requirements	2% of Franchisee's Gross Receipts	As incurred	See Note 9
DASH Software	\$500	Monthly	Payable to Next Gear Solutions, Inc.
IICRC AMRT Course	\$595	Within 90 days of initial training	See Note 10
IICRC Examination Fees	\$310 (two exams at \$80 each and one exam at \$150)	As incurred	Payable to IICRC See Note 11
Optional Certified Priority Response Program Participation Fees	\$49 per job lead, plus costs of additional insurance and credit and criminal background checks	As agreed	See Note 12
Liquidated Damages	Greater of \$100,000 the amount of the Royalty and Marketing Fees accrued under the Franchise Agreement during the 12 full calendar months of the operation of the Franchise Business preceding termination multiplied by the lesser of five or the number of years remaining under the Initial Term	Date of termination of the Franchise Agreement	Payment of liquidated damages is due if the Franchise Agreement is terminated due to your default or you otherwise prematurely terminate the Franchise Agreement

**Notes:**

1. All fees are imposed and collected by, and are payable to us or our affiliates. All fees are non-refundable. Except as noted below, all fees are uniformly imposed. On occasion, we may consider reducing the royalty fee or other fees on a temporary basis to fit a particular concern or circumstance, taking into account a variety of factors relevant for the situation. Conversion Franchisees generally will pay the same Item 6 fees as new franchisees, except for the Royalty Fee as described below in Note 2.

2. On or before the 8<sup>th</sup> day of each month during the term of the Franchise Agreement, you will submit to us a royalty report (in the form we prescribe) and pay us a royalty fee (the "Royalty Fee") as calculated below based upon your Gross Receipts during the preceding month.

**Mitigation Services Royalty Fee:**

Mitigation Services means and includes all work not included in Reconstruction Services including all drying, remediation, mitigation, cleaning, carpet cleaning, duct cleaning work, textiles, dry cleaning by in plant dry cleaning companies and related services on property casualty

losses and related forms of property damage. Your Royalty Fee for Mitigation Services will be calculated as follows:

<u>On Cumulative Gross Receipts for the Current Calendar Year</u>	<u>You Pay</u>
For your first \$0 to \$249,999.99 of Mitigation Services Gross Receipts	10%
For your next \$250,000 to \$499,999.99 of Mitigation Services Gross Receipts	9%
For your next \$500,000 to \$749,999.99 of Mitigation Services Gross Receipts	8%
For your next \$750,000 to \$999,999.99 of Mitigation Services Gross Receipts	7%
For your next \$1,000,000 to \$1,249,999.99 of Mitigation Services Gross Receipts	6%
For your next \$1,250,000 to \$1,499,999.99 of Mitigation Services Gross Receipts	5%
For your next \$1,500,000 to \$1,749,999.99 of Mitigation Services Gross Receipts	4%
For any remaining Mitigation Services Gross Receipts of \$1,750,000 and over	3%

Reconstruction Services Royalty Fee:

Your Royalty Fee for Reconstruction Services will be 3% of your Reconstruction Services Gross Receipts without any deduction for subcontractor-performed work. We have temporarily reduced (until December 31, 2023) the individual franchisee Royalty Fee for Reconstruction Services to 2% of your Reconstruction Services Gross Receipts. Reconstruction Services means and includes all reconstruction work to repair damages from fire, flood, or other catastrophic events of loss which includes electrical, dry-wall, painting, plumbing, roofing, carpentry, cabinetry, a floor covering replacement or installation work. Reconstruction Services do not include remodeling or construction work unrelated to a casualty loss, demolition work, rental of dumpsters, electrical power generators, or other rental services.

If an audit shows that there has been an underreporting of Reconstruction Services Gross Receipts and/or Gross Receipts from Reconstruction Services cannot be validated, all Gross Receipts from Reconstruction Services will be subject to the Royalty Fee calculation for Mitigation Services.

If your combined Royalty Fee for Mitigation Services and Reconstruction Services for the preceding month is less than the Minimum Royalty Fee noted below, we will have the right to withdraw from your bank account an amount equal to the greater of the Minimum Royalty Fee as outlined in the table below and the actual Royalty Fee you paid.

<u>Period of Term</u>	<u>You Pay (per month)</u>
1 <sup>st</sup> year	\$400
2 <sup>nd</sup> year	\$1,000
3 <sup>rd</sup> year	\$1,500
4 <sup>th</sup> year	\$2,500
5 <sup>th</sup> year	\$2,500

Period of Term	You Pay (per month)
6 <sup>th</sup> – 20 <sup>th</sup> year	Prior year plus CPI

For each year over the initial five years or for each year after the last year that there was a set Minimum Royalty, the Minimum Royalty Fee will be determined by the prior year’s Minimum Royalty Fee, plus an amount equal to the percentage change in the Consumer Price Index, all Urban Consumers (1982-84 = 100), published by the U.S. Department of Labor, Bureau of Labor Statistics (“CPI”) for the period from January 1 through December 31 of the year immediately prior to the upcoming year or renewal year of the Franchise Agreement.

At any time during any calendar year, if the Royalty Fees and Minimum Royalty Fees paid by Franchisee are equal to or greater than the total Minimum Royalty Fees payable for that calendar year, then no further Minimum Royalty Fee would be due for the balance of that calendar year. Once a Royalty Fee or Minimum Royalty Fee is paid, it is neither refundable nor creditable to any future or past fees owed. So long as the Franchise Business is opened within 60 days of signing this Agreement and there is no default of this Agreement during the first year, Minimum Royalty Fees for the first three months of this Agreement are waived (there is no waiver if this Agreement is signed as a renewal or transfer). Royalty Fees are not waived and must be paid in a timely manner.

Conversion Franchisees:

Conversion Franchisees must pay a Royalty Fee on Gross Receipts generated by the Franchised Business and on any non-mitigation and/or non-reconstruction services performed by the Existing Business as a result of a lead from the Franchised Business. Conversion Franchisees will not pay a Royalty Fee on any other gross receipts generated by the Existing Business when a construction business becomes a Conversion Franchisee the construction work that is not related to a fire, flood or other disaster remains separate from the Franchised Business – examples are adding a deck to a house, remodeling a dated kitchen, and basically anything cosmetic. If, however, the construction work came from a lead that we provide to the Conversion Franchisee, the Royalty Fee for Reconstruction Services would apply.

If the Conversion Franchisee maintains at least \$500,000 in yearly Gross Receipts for the mitigation and/or reconstruction services it provides and is otherwise compliant with the terms of the Franchise Agreement and Conversion Addendum, we will provide Conversion Franchisees with the following Royalty Fee Discounts during the following months of operation:

Months of Operation	Mitigation Services Royalty Fee Discount	Reconstruction Services Royalty Fee Discount
First 12 Months	50% on Franchisee’s Gross Receipts, up to the Baseline Gross Receipts (defined below); no royalty discount on additional sums earned	<ul style="list-style-type: none"> <li>100% on Franchisee’s Gross Receipts</li> </ul>
Months 13 to 24	40% Gross Receipts, up to the Baseline Gross Receipts; no royalty discount on additional sums earned	<ul style="list-style-type: none"> <li>90% on Franchisee’s Gross Receipts</li> </ul>

<b>Months of Operation</b>	<b>Mitigation Services Royalty Fee Discount</b>	<b>Reconstruction Services Royalty Fee Discount</b>
Months 25 to 36	30% Gross Receipts, up to the Baseline Gross Receipts; no royalty discount on additional sums earned	<ul style="list-style-type: none"> <li>• 80% on Franchisee’s Gross Receipts</li> </ul>
Months 37 to 48	No discount on Gross Receipts	<ul style="list-style-type: none"> <li>• 70% on Franchisee’s Gross Receipts</li> </ul>

“Prior Gross Receipts” equals the Gross Receipts earned by the Existing Business from providing mitigation and reconstruction services, respectively during the 12-month period immediately preceding the execution of the Franchise Agreement and Conversion Addendum. In order to remain eligible for the Royalty Fees Discount, Conversion Franchisees must maintain a revenue volume equal to the Prior Gross Receipts. We will conduct an annual review of each Conversion Franchisee’s Gross Receipts from providing mitigation and reconstruction services within 45 days after the receipt of full records and reports to determine whether each Conversion Franchisee remains eligible for the Royalty Fees Discount, and will advise the Conversion Franchisee if we will continue to extend the discount. Conversion Franchisees must provide full records and reports as outlined in the Franchise Agreement and proprietary Manual in order to be eligible for discounts within 15 days after the close of each calendar year.

The Royalty Fee Discount will not apply to Conversion Franchisees who otherwise provide construction and remodeling services through their Existing Businesses.

3. We may charge each individual a fee for attending any optional or additional training seminars. If the seminar is held away from our Florida training center (“PuroClean Academy”), the fee will be determined by dividing the expenses (including salaries) we incur to travel to and stay at the site of the seminar by the number of seminar attendees. If, however, specific sales and marketing training is included in the seminar training, our training expenses may be paid out of the Marketing Fees or may be paid by you.

4. You are required, at your expense, to employ a competent accounting firm to produce annual financial statements and submit such financial statements to us by February 15th of the following year.

5. You are required to pay to us (or any subsidiary, affiliate, or designee) promptly and when due the amount of all sales taxes, use taxes, personal property taxes, filing fees or document stamps and similar taxes imposed upon, required to be collected, or paid by us on the account of services or goods furnished by us to you through sale, lease, loan or otherwise or on account of collection by us of the Initial Franchise Fee, Minimum Royalty Fee or any other payments to us under the Franchise Agreement.

6. You must spend at least 2% of your monthly Gross Receipts on approved and documented local advertising and promotional activities which include but are not limited to direct-mail, list acquisition, trade advertising, continuing education courses for agents spent for the direct benefit of your franchise. Expenditures for wages and referral fees will not count toward your local advertising requirements.

In addition, you must maintain (at your sole expense) a competitive advertising program that meets our requirements and specifications as outlined more fully in the proprietary Manuals.

We may designate a local or regional advertising cooperative and require you to contribute to and participate in the advertising cooperative. Each franchise business, including any company- or affiliate-owned businesses, will be a member of the advertising cooperative. Each franchise or company-owned business will have one vote per business.

7. You must pay a Marketing Fee of 2% of Gross Receipts. Marketing Fees will be collected by means of ACH and are due at the same time as the Royalty Fee. Certain franchisees whose franchises have been in existence since at least 2004 do not pay the Marketing Fee. The Marketing Fee cap for 2023 is \$21,500.

8. We have the right but not the obligation to hold an Annual National Convention (“Convention”). If we do hold a Convention you must attend and pay us a registration fee. The registration fee for our last Convention was \$595 (\$495 for early registration), but we have the right to change the registration fee. The registration fee does not include your costs to attend the Convention such as transportation, lodging and meals. The registration fee and three nights of hotel accommodations will be collected by means of ACH 30 days prior to the Convention. We estimate that the total charge will range from \$1,400 to \$1,700.

9. You must purchase, at a minimum, an equivalent of 2% of your Gross Receipts per year of designated products from our designated supplier.

10. You will be required to complete the IICRC Applied Microbial Remediation Technician course within 90 days of completion of our PuroClean Academy initial training program. We offer this course from time to time at our location in Broward County, Florida at a cost of \$595.00. If may complete this course with another provider if you choose. Third parties offer the course for approximately \$1,000.

11. We provide IICRC-approved instruction during the initial training class for Water Restoration Technician (WRT) and Applied Structural Drying (ASD) certification. Following the initial training class, all franchisees must complete the IICRC exams to receive their IICRC certifications. The cost for the IICRC certification exam is currently \$80 per exam. The exam fee for the IICRC Applied Microbial Remediation Technician course is \$150, but this course is not included in the initial training class.

12. Qualified franchisees that choose to participate in the optional Certified Priority Response (“CPR”) Vendor Programs must pay us an administration fee of \$49 per job lead for certain administrative operations performed by our staff. The CPR administration fees may be adjusted from time-to-time. In addition, participating franchisees must pay for the cost of obtaining and maintaining the minimum insurance requirements, as well as the cost of additional background checks, training, and equipment required under the CPR Participation Guidelines and Program Agreement.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

**A. NEW FRANCHISEES**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee	\$59,000	Lump Sum	Upon Signing of Franchise Agreement	Franchisor
Vehicle (see Note 1)	\$3,000 to \$3,500 (Finance option)  \$65,000 (Base Purchase Price)	As Incurred – first 3 months  Lump Sum	30 Days Before Opening	Designated Vehicle Supplier or Financing Company
Equipment and Supplies Package (see Note 2)	\$3,500 to \$5,000 (Financed)  \$65,000 (Purchase)	As Incurred— first 3 months  Lump Sum	30 Days Before Opening	Designated Supplier or Financing Company
Insurance Premium (see Note 3)	\$1,500 to \$1,875	As Incurred – 3 month range	One Week Before Opening	Insurance Agent
Office Furniture (see Note 45)	\$0 to \$2,200	Lump Sum	15 to 30 days Before Opening	Suppliers
Office Supplies (see Note 4)	\$100 to \$300	As Incurred – 3 month range	15 to 30 Days Before Opening	Suppliers
Telephone & Utility Deposits and Fees (see Note 5)	\$350 to \$500	As Incurred	As Required	Utility Companies
High-Speed Internet Access	\$200 to \$300	As Incurred – 3 month range	As Required	Internet Service Provider
VOIP Telephone Equipment & Services Fee (see Note 6)	\$455	As incurred – 3 month range	As Required	Suppliers
Answering Service	\$100 to \$365			
Professional Fees (see Note 7)	\$0 to \$500	As Incurred – monthly	As Required	Professionals
Uniforms (see Note 8)	\$200 to \$500	As Agreed	As Required	Suppliers
Opening Advertising and Marketing Materials	\$0 to \$2,200	As Incurred – 3 month range	As Required	Suppliers
Training Expenses (see Note 9)	\$6,000	As Incurred	As Required	Third Parties
Mentoring Program	\$2,500 to \$4,500			
Continuing Education Courses (see Note 10)	\$0 to \$2,000	As incurred – 3 month range	As Required	Third Parties
Facility Rent	\$0 to \$2,500	Lump Sum	As Required	Landlord
Business Licenses (see Note 11)	\$0 to \$550	Lump Sum	As Required	Governmental Licensor
Laser Printer	\$150 to \$500	Lump Sum	30 Days Before Opening	Third Parties
DASH Software (see Note 12)	\$3,000	As Incurred – First three months	As Required	Third Party – Next Gear Solutions, Inc.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Insurance Industry Claims Estimating Software (see Note 13)	\$375	As Incurred – first 3 months	As Required	Third Party – Xactware Solutions, Inc.
Security Deposit (see Note 14)	\$0 to \$3,000	Lump Sum	As Required	Leasing or Financing Company
Camera	\$100 to \$300	Lump Sum	30 Days Before Opening	Third Parties
Additional Funds (three month period) (see Note 16)	\$15,000 to \$25,000	As Needed – 3 month range	As Required	Third Parties
<b>Total (with Finance Options)</b>	\$95,530 to \$124,420			
<b>Total (with purchase of vehicle and Equipment and Supplies Package)</b>	\$219,030 to \$245,920			

Unless otherwise noted, all amounts are non-refundable. We provide indirect financing for vehicles and other required equipment through the programs described in Item 10.

Notes:

1. To ensure that the system wide vehicle fleet is well kept and to project the highest brand standards, we require you to acquire your vehicle from our designated supplier. We reserve the right to change our designated vehicle supplier or identify other designated vehicle suppliers from time to time. You may purchase or lease your vehicle. The estimate for vehicle payments shown in the initial investment chart above represents the amount it will cost you to lease your vehicle from our current designated vehicle supplier for a period of 3 months, which is the initial phase for the Franchise Business. If you purchase your vehicle, the estimated base purchase price is \$65,000.
2. You also must obtain an initial package of inventory, equipment, and supplies that must be purchased from our designated supplier (the “Equipment and Supplies Package”). The initial costs associated with leasing these items will range from \$3,500 to \$5,000. If you buy (rather than lease) the Equipment and Supplies Package, then you will pay the designated supplier \$65,000, which excludes freight and sales tax. The estimate in the above chart represents an estimate of the monthly finance payments for a period of 3 months which is the initial phase for the Franchise Business. You may be required to make a down payment. The Supplies and Equipment Package includes, among other items, new dehumidifiers, Computer System and other drying and cleaning equipment, carpet cleaners and an initial supply of cleaning products. The purchase of pre-owned equipment from unapproved sources, including other franchisees, is strictly prohibited. The third-party financing company will acquire these items from our designated supplier and then provide them to you.

The actual amount due at inception of a financing arrangement will depend on your credit history and rating. Depending on the type of financing you choose, you may owe additional amounts at the end of the financing term.

The initial package does not include certain equipment and products necessary for you to perform certain services that are not yet offered by the Franchise Business, but may be in the future. You will be given a reasonable time to purchase or lease equipment needed for any such future services.

3. The amount in the above chart represents an estimate of the monthly insurance premium payments for a period of three months which is the initial phase for the Franchise Business. Average annual expenses range from \$6,000 to \$7,500. You may be required to pay the entire annual premium initially or a portion as a down payment. These figures do not include Workers' Compensation Insurance. You must obtain Workers' Compensation insurance to cover your employees in amount required by applicable state law.
4. Supplies you will need include office furniture, calendar, stationery, and other general office supplies. The amount of office supplies identified in the chart represents an estimate of the monthly expenses for the initial phase of 3 months.
5. You will be required to pay telephone and utility deposits. The amount of the deposits will depend on the practices of the utility companies and the lessor. The amount in the above chart represents an estimated range of the monthly payments for the initial phase of 3 months for an office or rental facility.
6. Phone equipment must be purchased from our required supplier, currently Clarity Communication Advisors, Inc. The estimate in the table above includes the cost of required equipment, initial activation fees and 3 months of monthly service fees.
7. You may elect to consult the services of an accountant, attorney or other professional service provider.
8. At your sole expense, your technical employees and sales staff are required to wear the standard PUROCLEAN uniforms leased or sold to you by us or one of our approved vendors or by an alternative uniform service of your choice who is able to supply the required uniforms. Current charges are averaging \$100-\$250 per employee which initially includes one technician and owner.
9. You will incur expenses associated with our PuroClean Academy initial training program. The estimate in the table above includes the costs associated with the IICRC WRT and ASD certification and testing during our initial training program. The estimate also includes EPA Lead Renovation, Repair and Painting (RRP) certification, IICRC AMRT training, and subrogation training. You must obtain both individual and firm RRP certification prior to the initial training program. Subrogation training must be completed prior to the initial training program. IICRC AMRT training must be completed within 90 days of completion of the initial training program. We offer IICRC AMRT training from time to time at a cost of \$595, plus a \$150 exam fee. For the IICRC training we offer, we provide instructors and instructional materials, but you will need to arrange and pay for transportation, lodging, and food for yourself and any employees, and for any wages for the employees. The total cost will depend on the distance you must travel to the training location, the type of accommodations you choose, and the number of people who attend training.

10. You must hold four continuing education courses during the first year after you begin operating your Franchise Business. We recommend that you hold one continuing education course every 3 months during the first 12 months that you operate your Franchise Business.
11. Some states (or other governmental bodies) require you to obtain a license before beginning operations. The specific requirements and the costs of the license will vary.
12. You must purchase and utilize the DASH Software provided by Next Gear Solutions, Inc., our current designated supplier. The initial setup fee is \$1,500. The monthly user license fee is approximately \$500. This fee may increase from time to time. We may require you to use an alternative operating system in the future. We reserve the right to change our designated programs and designated suppliers from time to time.
13. You will be required to purchase and utilize the Insurance Industry Claims Estimating Software provided by Xactware Solutions, Inc., our current designated supplier. In order to use the Insurance Industry Claims Estimating Software you also must sign an XactAnalysis License Agreement (attached as Exhibit L) and Xactware Solutions, Inc. License Agreement (attached as Exhibit M) with Xactware Solutions, Inc. The cost of this software is approximately \$125 per month for each user license you obtain. The estimate in the table above represents the cost to license this software for the initial period of 3 months. We may establish a master license arrangement for the Industry Claims Estimating Software from our designated supplier, currently Xactware Solutions, Inc. We reserve the right to change our designated programs and designated suppliers from time to time.
14. Depending on your credit score and credit history, you may be required to pay our designated vehicle supplier a security deposit. On average, the security deposit will range from \$1,000 to \$3,000.
15. You will need capital to support ongoing expenses, such as payroll and utilities, to the extent that these costs are not covered by sales revenue. We estimate that the amount stated will be sufficient to cover ongoing expenses for the initial phase of operating the Franchise Business, which we calculate to be 3 months. This is only an estimate. We relied on our 20 years in the business to compile the amounts included in the chart. However, all figures are estimates. We have not calculated sales tax or any other type of tax or fee that may be levied in connection with the purchase of this franchise or any of the items listed above. You should review these figures carefully with an independent business advisor before making any decision to purchase the franchise.

**B. CONVERSION FRANCHISEES**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee (see Note 1)	\$29,500 to \$59,000	Lump Sum	Upon Signing of Franchise Agreement	Franchisor

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Vehicle (see Note 2)	\$0 to \$3,500 (Finance option)  \$0 to \$65,000 (Base Purchase Price)	As Incurred—first 3 months  Lump Sum	30 Days Before Opening	Designated Vehicle Supplier or Financing Company
Equipment and Supplies Package (see Note 3)	\$0 to \$5,000 (Financed)  \$0 to \$65,000 (Purchase)	As Incurred—first 3 months  Lump sum	30 Days Before Opening	Designated Supplier or Financing Company
Insurance Premium (see Note 4)	\$1,500 to \$1,875	As Incurred – 3 month range	One Week Before Opening	Insurance Agent
Office Furniture (see Note 5)	\$0 to \$2,200	Lump Sum	15 to 30 days Before Opening	Suppliers
Office Supplies (see Note 5)	\$0 to \$300	As Incurred – 3 month range	15 to 30 Days Before Opening	Suppliers
Telephone & Utility Deposits and Fees (see Note 6)	\$0 to \$500	As Incurred	As Required	Utility Companies
High-Speed Internet Access	\$0 to \$300	As Incurred – 3 month range	As Required	Internet Service Provider
VOIP Telephone Equipment & Services Fee (see Note 7)	\$0 to \$455	As incurred – 3 month range	As Required	Suppliers
Answering Service	\$100 to \$365			
Professional Fees	\$0 to \$500	As Incurred – monthly	As Required	Professionals
Uniforms (see Note 8)	\$200 to \$500	As Agreed	As Required	Suppliers
Opening Advertising and Marketing Materials	\$0 to \$1,100	As Incurred – 3 month range	As Required	Suppliers
Training Expenses (see Note 9)	\$1,000 to \$6,000	As Incurred	As Required	Third Parties
Mentoring Program	\$0 to \$4,500			
Continuing Education Courses (see Note 10)	\$0 to \$2,000	As incurred – 3 month range	As Required	Third Parties
Facility Rent	\$0 to \$2,500	Lump Sum	As Required	Landlord
Business Licenses (see Note 11)	\$0 to \$550	Lump Sum	As Required	Governmental Licensor
Laser Printer	\$150 to \$500	Lump Sum	30 Days Before Opening	Third Parties
DASH™ System (see Note 12)	\$1,500 to \$3,000	As Incurred—first 3 months	As Required	Third Party – Next Gear Solutions, Inc.
Insurance Industry Claims Estimating Software (see Note 13)	\$375	As Incurred – first 3 months	As Required	Third Party – Xactware Solutions, Inc.
Security Deposit (see Note 14)	\$0 to \$3,000	Lump Sum	As Required	Leasing or Financing Company
Camera	\$0 to \$300	Lump Sum	30 Days Before Opening	Third Parties
Additional Funds (three month period) (see Note 15)	\$15,000 to \$25,000	As Needed – 3 month range	As Required	Third Parties
<b>Total (with Finance Options)</b>	\$49,325 to \$123,320			

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
<b>Total (with Purchase Options)</b>	\$49,325 to \$244,820			

Unless otherwise noted, all amounts are non-refundable. We provide indirect financing for vehicles and other required equipment through the programs described in Item 10.

Notes:

1. Conversion Franchisees will receive a 5% discount off of the Initial Franchise Fee for every \$200,000 in gross receipts earned by their Existing Business from mitigation and reconstruction services earned in the 12 month period immediately preceding the date of their Franchise Agreement, up to a discount of 50% off of the Initial Franchise Fee.
2. Conversion Franchisees may continue to use their Existing Business's vehicles, if the vehicles otherwise meet our standards and specifications. To the extent the Existing Business's vehicles do not comply with our standards and specifications, Conversion Franchisees must acquire at least one vehicle meeting our standards and specifications from our designated supplier. We reserve the right to change our designated vehicle supplier or identify other designated vehicle suppliers from time to time. You may purchase or lease your vehicle. The estimate for vehicle payments shown in the initial investment chart above represents the amount it will cost you to lease your vehicle from our current designated vehicle supplier for a period of 3 months, which is the initial phase for the Franchise Business. If you purchase your vehicle, the estimated base purchase price is \$60,000. 50% of all vehicles must be rebranded within 30 days of completing initial training, and the remainder must be rebranded within 12 months after a Conversion Franchisee signs the Franchise Agreement.
3. Conversion Franchisees can continue to use equipment which is not branded with our logos but otherwise meets our standards and specifications until the earlier of: (a) 5 years after the original manufactured date; or (b) 3 years from the date of their Franchise Agreement. To the extent Conversion Franchisees do not have equipment meeting our standards and specifications, they must purchase all required equipment within 30 days of signing a Franchise Agreement. We strongly recommend that Conversion Franchisees finance their initial Equipment and Supplies Package from an unrelated third party. The low end of the estimate assumes that the Existing Business has equipment that meets our standards and specifications. The high end of the estimate assumes that the Existing Business does not have any equipment meeting our standards and specifications and new equipment is purchased. The estimated cost to purchase the Equipment and Supplies from our designated supplier is \$65,000.
4. The amount in the above chart represents an estimate of the monthly insurance premium payments for a period of three months, which is the initial phase for the Franchise Business. Average annual expenses range from \$6,000 to \$7,500. You may be required to pay the entire annual premium initially or a portion as a down payment. These figures do not include Workers' Compensation Insurance. You must obtain Workers' Compensation insurance to cover your employees in amount required by applicable state law. You must

maintain the required minimum amounts of insurance solely in connection Franchised Business.

5. To the extent their Existing Businesses do not already have such goods, Conversion Franchisees will need to purchase office supplies and equipment including office furniture, calendar, stationery, and other general office supplies. The amount of office supplies identified in the chart represents an estimate of the monthly expenses for the initial phase of 3 months.
6. To the extent Existing Businesses do not have telephone and utilities services providers, Conversion Franchisees will be required to pay telephone and utility deposits. The amount of the deposits will depend on the practices of the utility companies and the lessor. The amount in the above chart represents an estimated range of the monthly payments for the initial phase of 3 months for an office or rental facility.
7. Conversion Franchisees can use their Existing Business's telephone numbers in connection with the operation of the Franchised Business, provided the numbers are assigned to us within 15 days after signing a Franchise Agreement. If Conversion Franchisees wish to create a new telephone number solely in connection with their Franchised Businesses, then they must purchase their phone equipment from our required supplier, currently Clarity Communication Advisors, Inc. The low estimate in the table above assumes the Conversion Franchisee uses their existing telephone equipment and number and the high estimate includes the cost of required equipment, the initial activation fees, and 3 months of monthly service fees to be paid to Clarity.
8. All technical employees and sales staff engaged in the operation of the Franchised Business must wear the standard PUROCLEAN uniforms, and generally average \$100-\$250 per employee which initially includes one technician and owner.
9. Conversion franchisees will incur expenses associated with our PuroClean Academy initial training program. The estimate in the table above includes the costs associated with the IICRC WRT and ASD certification and testing during our initial training program. The estimate also includes IICRC AMRT training and subrogation training that must be completed within 90 days of completion of the initial training program. We offer IICRC AMRT training from time to time at a cost of \$595, plus a \$150 exam fee. For the IICRC training we offer, we provide instructors and instructional materials, but you will need to arrange and pay for transportation, lodging, and food for yourself and any employees, and for any wages for the employees. The total cost will depend on the distance you must travel to the training location, the type of accommodations you choose, and the number of people who attend training.
10. Conversion Franchisees must hold four continuing education courses during their first year of operations. We recommend holding one continuing education course every 3 months during the first 12 months of operation.
11. Conversion Franchisees must obtain any licenses necessary to provide the products and services authorized under the Franchise Agreement.

12. Conversion Franchisees must purchase and utilize the DASH Software provided by Next Gear Solutions, Inc., our current designated supplier. The initial setup fee is \$1,500. The monthly user license fee is approximately \$500. This fee may increase from time to time. We may require you to use an alternative operating system in the future. We reserve the right to change our designated programs and designated suppliers from time to time.
13. You will be required to purchase and utilize the Insurance Industry Claims Estimating Software provided by Xactware Solutions, Inc., our current designated supplier. In order to use the Insurance Industry Claims Estimating Software you also must sign an XactAnalysis License Agreement (attached as Exhibit L) and Xactware Solutions, Inc. License Agreement (attached as Exhibit M) with Xactware Solutions, Inc. The cost of this software is approximately \$125 per month for each user license you obtain. The estimate in the table above represents the cost to license this software for the initial period of 3 months. We may establish a master license arrangement for the Industry Claims Estimating Software from our designated supplier, currently Xactware Solutions, Inc. We reserve the right to change our designated programs and designated suppliers from time to time.
14. Conversion Franchisees may be required to pay security deposits ranging from \$1,000 to \$3,000 for required vehicles, depending on their credit scores.
15. Conversion Franchisees will need capital to support ongoing expenses, such as payroll and utilities, to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount stated will be sufficient to cover ongoing expenses for the initial phase of operating the Franchise Business, which we calculate to be 3 months. This is only an estimate. We relied on our decades in the business to compile the amounts included in the chart. However, all figures are estimates. We have not calculated sales tax or any other type of tax or fee that may be levied in connection with the purchase of this franchise or any of the items listed above.

## **ITEM 8** **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must obtain your initial Equipment and Supplies Package of restoration, remediation, mitigation and purification equipment and products (i.e. drying, remediation and cleaning equipment and chemical products) and the Computer System before you begin operating your Franchise Business. Aramsco/Interlink Supply is the only approved supplier of the items included in the Equipment and Supplies Package and we are the only approved supplier of the Computer System. As described below, you also must purchase replacement or additional products and equipment from Aramsco/Interlink Supply. As of the date of this Disclosure Document, Aramsco/Interlink Supply is the only approved source for restoration products and equipment, and we do not have any obligation to you to appoint additional sources.

The required purchases in this Item 8 contributed \$762,841 or 2.9% of our \$26,047,425 total revenue in the last fiscal year, as noted in our 2022 audited financial statements included as Exhibit C. This revenue came in the form of rebates and direct sales.

During the first 18 months following the effective date of the Franchise Agreement, and for each full calendar year after the 18 months, you must purchase an equivalent of 2% of your Gross Receipts in consumable branded products from Aramsco/Interlink Supply. We may conduct a review of your purchase history to ensure your compliance with the minimum purchase requirements. All products, equipment and supplies used and offered for sale by you in the Franchise Business must meet our then-current standards and specifications, including but not limited to branding requirements (including our color and label requirements) as established in the proprietary Manuals or otherwise in writing.

As noted in the previous paragraph, you must purchase all products and equipment solely from suppliers who demonstrate to our continuing satisfaction, the ability to meet our standards and specifications, who possess adequate quality control and capacity to supply your needs promptly and reliably, and who have been approved by us in the proprietary Manuals or otherwise in writing. For example, you must use the DASH Software and enter into a License Agreement for the DASH Software, a copy of which is attached as Exhibit K. You must also enter into an XactAnalysis License Agreement (attached as Exhibit M) and Xactware Solutions, Inc. License Agreement (attached as Exhibit N) with Xactware Solutions, Inc., our designated supplier for the Insurance Industry Claims Estimating Software.

Additionally, we will obtain, in our name, a telephone number(s) for use in the operation of your Franchised Business. The telephone number will include a local area code and prefix reflective of your approved office location. You will not be permitted to use non-local prefixes in your Franchised Business' telephone number, including, but not limited to, 800, 844, 855, 866, 877 or 888. The telephone number(s) will belong to us, but you will be permitted to use it during the term of the Franchise Agreement. You will pay our designated supplier (currently, Clarity Communication Advisors, Inc.) for your monthly telephone fees. You must sign Clarity's Telephone Number Release Agreement (attached as Exhibit I). We reserve the right to change our designated supplier or add additional approved suppliers at any time. Future additional approved suppliers may include, but are not limited to, Voicisity LLC.

You also must obtain your vehicle from one of our designated vehicle suppliers. We reserve the right to change our designated vehicle supplier or identify additional designated vehicle suppliers at any time. We reserve the right to change our designated suppliers and designated products and requirements from time to time, and you will be responsible for complying with these changes at your expense.

We also may identify certain products you must use without reference to a particular manufacturer. For example, at this time we require that you use Low Grain Refrigerant Dehumidifiers and no other type. We reserve the right to change these requirements and you will be responsible, at your expense to make the changes.

As of the issuance date of this Disclosure Document, no officer has an ownership interest in any approved suppliers.

Except for the Equipment and Supplies Package and the PUROCLEAN branded equipment you must purchase from us or our designated affiliate or supplier on an ongoing basis, there are no other products and equipment needed to operate your Franchise Business that you must purchase or license from us or our affiliate as of the date of this Disclosure Document. We reserve the right

to designate a primary or single source of supply for other required items, and we or an affiliate may be that single source. Except for items where we have designated a single source, if you wish to purchase products, supplies, materials or equipment from other suppliers, you must submit to us a written request to approve the proposed supplier, together with the evidence of conformity with our specifications as we may require. For example, certain equipment and uniforms must be of a specific model and color. We will have the right to require you to permit our representatives to inspect the supplier's facilities, and that you deliver samples from the supplier for evaluation and testing either to us or to an independent testing facility that we designate. We may charge you an amount not to exceed the reasonable cost of the evaluation and testing. We must, within 30 days after our receipt of the completed request and completion of the evaluation and testing (if required), notify you in writing of our approval or disapproval of the proposed supplier. We will not unreasonably withhold approval. You must not sell or offer for sale any products nor use any equipment of the proposed supplier until you receive our written approval of the proposed supplier. We may revoke our approval of particular products, equipment, or suppliers when we determine that such products, equipment, or suppliers no longer meet our standards. We review a number of criteria in determining whether a particular supplier meets our standards including, among others: (1) whether the product, supply or material meets our standards and/or specifications; (2) the supplier's facilities must be adequate to meet the needs of our franchisees; (3) the supplier's facilities must be accessible to our periodic evaluation; (4) the supplier must possess adequate quality controls; and (5) each supplier must require each manufacturer of equipment or supplies to name us as an additional named insured on a liability insurance policy in the amount of two million dollars (\$2,000,000.00) or more at no cost to us. Upon receipt of written notice of our revocation of approval, you must cease to use or sell any disapproved products and cease to purchase from any disapproved supplier.

You must conduct all advertising and promotional activities either through our designated advertising agents or according to our requirements, as noted in the proprietary Manuals or otherwise in writing or on our Intranet Support site. You must not use any advertising or promotional materials until you have received written approval from us. You must submit samples of all advertising and promotional plans and materials to us, for our prior approval if the plans and materials have not been prepared or previously approved by us. If you have not received written notice of disapproval within 15 days after our receipt of the materials, we will be deemed to have approved them. Any advertising or marketing materials you create or produce in connection with the operation of your Franchised Business can be used only by you. You must spend 2% of your annual Gross Receipts on local advertising, and pay to us a 2% Marketing Fee.

You must procure and maintain during the term of the Franchise Agreement, the types and amounts of insurance covering the operation of the Franchise Business and the Office from insurance carriers reasonably acceptable to us. The cost of insurance purchased in accordance with our specifications will represent approximately 1% of your total purchases in connection with the establishment of your business, and 2% of your total purchases in the operation of your business. These percentages do not include workers' compensation insurance, which will vary with the payroll amount and category of employees. Workers' compensation insurance may be as high as 10% of payroll. You must obtain workers' compensation insurance in an amount required by applicable state law.

Of your total purchases and leases that must conform to our specifications, we estimate that 80% will be purchased from us, our affiliates, our designated suppliers or suppliers with products that meet our specifications in connection with the establishment of your Franchise Business. Of your total purchases and leases that must conform to our specifications, we estimate that approximately 10% to 20% will be purchased from us, our affiliates, our designated suppliers or suppliers with products that meet our specifications in the ongoing operation of your Franchised Business.

We may negotiate purchase and lease arrangements with suppliers for the benefit of the System, but not on behalf of individual franchisees. Currently, we have arrangements with a number of suppliers, including suppliers of paint and painting products, flooring, carpet, stationery, insurance, software, ASP, vehicle financing and leases and uniforms. We also have arrangements with a background screening company. Specifically, we currently receive rebates ranging from 2.5% to 20%, based upon our franchisees' purchases and leases of products and equipment, marketing materials, printing needs, promotional products, business gifts and apparel/uniforms. We also receive a rebate from ADP, Inc. ("ADP") based on payments you make to ADP for payroll and tax processing and filing services (collectively "Payroll Services"). Specifically, we receive an 8% to 17% rebate based on number of clients sold in a calendar year. All rebates are paid into our general revenue fund. We reserve the right to be compensated by a supplier for creating or maintaining a relationship or arrangement with approved or recommended suppliers.

You will pay the then-current price in effect for any approved supplies or products we identify. In some instances, the cost for the approved supplies or products may be higher than the cost of other similar supplies and products on the market.

There currently are no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price terms), for the benefit of the franchise system. We consider a variety of factors when determining whether to renew or grant additional franchises. Among the factors we consider is compliance with the requirements described above.

#### Conversion Franchisee Purchasing Requirements

To the extent Conversion Franchisees do not already own or lease equipment meeting our standards and specifications, they must purchase or lease the equipment before opening their Franchised Business, as noted above. We will conduct an audit of each Conversion Franchisee's existing equipment and will provide a list of additional equipment and supplies to be purchased within 30 days after they sign a Franchise Agreement. Such equipment and supplies must be obtained from our designated supplier, Aramsco/Interlink Supply

Conversion Franchisees may continue to use equipment which is not branded with our logos but otherwise meets our standards and specifications, until the earlier of (a) 5 years after the original manufactured date; or (b) 3 years from the effective date of the Franchise Agreement.

In terms of rebranding each vehicle, 50% of all vehicles must be rebranded within 30 days of completing initial training, and the remainder must be rebranded within 12 months of executing this Agreement.

**ITEM 9**  
**FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.**

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	§ 3 of Franchise Agreement	Item 11
b. Pre-opening purchases/leases	§§ 7.4, 7.5, 7.6, and 7.7 of Franchise Agreement	Items 5, 7, and 8
c. Site development and other pre-opening requirements	§§ 3 and 7 of Franchise Agreement	Items 7, 8, and 11
d. Initial and ongoing training	§ 7.1 and 7.2 of Franchise Agreement	Item 11
e. Opening	Not Applicable	Item 11
f. Fees	§§ 5 and 6 of Franchise Agreement	Items 5, 6, 7 & 10
g. Compliance with standards and policies/Operating proprietary Manual	§§ 7 and 9 of Franchise Agreement	Items 8, 11, and 14
h. Trademarks and proprietary information	§ 8 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/ services offered	§§ 7.4, 7.5, 7.6 and 7.7 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Not Applicable	Item 11
k. Territorial development and sales quotas	Not Applicable	Item 12
l. Ongoing product/service purchases	§§ 7.4, 7.5, 7.6 and 7.7 of Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	§ 7 of Franchise Agreement	Item 11
n. Insurance	§ 7.10 of Franchise Agreement	Item 7
o. Advertising	§ 6 of Franchise Agreement	Items 6, 7, and 11
p. Indemnification	§ 10 of Franchise Agreement	Item 6
q. Owner's participation/ management/staffing	§§ 7.3 and 7.8 of Franchise Agreement	Item 15
r. Records/reports	§§ 5.2 and 7.4 of Franchise Agreement	Item 6
s. Inspections/audits	§§ 7.9 and 7.10 of Franchise Agreement	Items 6, 8, and 11

Obligation	Section in Franchise Agreement	Disclosure Document Item
t. Transfer	§ 11 of Franchise Agreement	Item 17
u. Renewal	§ 2.2 of Franchise Agreement	Item 17
v. Post-termination obligations	§§ 13 and 14 of Franchise Agreement	Item 17
w. Non-competition covenants	§ 14 of Franchise Agreement	Item 17
x. Dispute resolution	§§ 17 and 20 Franchise Agreement	Item 17
y. Other	§21	Item 17
Conversion Program	Schedule 1 to the Franchise Agreement	Items 1, 5, 6, 7, 8, 10, 11, 17, 19
PuroClean Clean Start Program	Schedule 2 to the Franchise Agreement	Item 10

## **ITEM 10** **FINANCING**

We do not offer any direct financing assistance. We offer indirect financing to our franchisees through Road Ready Rides and Mike Albert Fleet Solutions. Your ability to obtain a lease through Road Ready Rides and Mike Albert Fleet Solutions will depend on a number of factors including current market conditions, your credit history and your personal financial condition. We do not guarantee your notes, leases or other obligations and we are unable to estimate whether you will be able to obtain a lease through Road Ready Rides or Mike Albert Fleet Solutions or any other third party for any or all of your investment. It is not our practice or intent to sell, assign or discount to a third party all or part of any financing arrangement.

### **Vehicle and Equipment and Supplies Financing**

You must lease or purchase your vehicle from one of our designated vehicle suppliers. Our current designated vehicle suppliers are Road Ready Rides/Selig Leasing and Mike Albert Fleet Solutions (collectively referred to below as our “Vehicle Lease Suppliers”), but we reserve the right to change our designated vehicle supplier or identify additional designated vehicle suppliers. If you lease your vehicle from one of our designated vehicle suppliers, your actual payment terms will vary depending on the terms offered by our designated vehicle suppliers at the time you sign your Franchise Agreement, your credit history, and other factors.

You also may obtain financing for your Equipment and Supplies Package from Aztec Financial. We do not receive any direct or indirect payment or other consideration from Aztec Financial if you finance your Equipment and Supplies Package from them. If you obtain financing for your Equipment and Supplies Package from Aztec Financial, your actual payment terms will vary.

Sample copies of the Aztec Lease Agreement and the Road Ready Rides/Selig Leasing (RRR/SL) and Mike Albert Fleet Solutions (MAF) Lease Agreements are attached to this Disclosure Document as Exhibit N. The terms and conditions of the attached sample agreements may change. Below is a summary of the lease/financing terms offered by each:

Item Financed	Source of Financing	Down Payment	Amount Financed	Term	APR %	Monthly Payment	Pre-payment Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Equipment and Supplies Package	Aztec Financial See Note (1)	As low as \$0	Up to 100%	See Note (2)	Varies based on individual profile (3)	See Note (4)	See Note (5)	See Note (6)	See Note (7)	No (8)
Vehicle	RRR/SL or MAF See Note (1)	As low as \$0	Up to 100%	See Note (2)	Varies based on individual profile (3)	See Note (4)	See Note (5)	See Note (6)	See Note (7)	No (8)

(1) We reserve the right to change our designated supplier or identify additional designated suppliers at any time.

(2) The term of the lease offered by RRR/SL and MAF must be for a minimum of 12 months. The most commonly requested term is 60 months (or five years). The financing term offered by Aztec Financial can range from 13 to 72 months. The most commonly requested term is 48 months (or 4 years).

(3) The rates will vary (6-12% APR) based upon current market conditions, your individual credit history, your personal financing condition, and other factors the lender may deem appropriate.

(4) The total number of monthly payments will depend on the term of your lease or loan. Payments will be due monthly, and the installment payments will consist of a fixed payment each month. On average, monthly payments under a Vehicle Lease Agreement range from \$450 to \$1,100 per month. Aztec offers a range of repayment options depending on your needs and qualifications. The total number and amount of monthly payments will depend on the term of your contract. The first payment under your Aztec Contract will be applied at the time of delivery of the equipment, and the installment payments will consist of a fixed payment each month.

(5) The remaining base rental figure (the balance owed) under your Vehicle Lease Agreement can be satisfied at any time after the 24<sup>th</sup> month without penalty. Aztec offers contracts, including loans and leases, that can be paid early. In the event of an early payoff the customer is obligated to pay the contract in an amount equal to the equivalent amortized balance calculated as if this lease were a loan (Balance), plus any accrued and unpaid charges, and a nominal early cancellation charge.

(6) The Vehicle Lease Suppliers maintain ownership of the vehicle leased under the Lease Agreement. Additionally, depending on your credit score, you may be required to pay the Vehicle Lease Suppliers a security deposit and/or capitalized price reduction. Aztec Financial maintains a security interest in the equipment under the Aztec Finance Agreement. The lenders have the right to make UCC filings indicating their interest in the underlying assets. Depending on your overall credit profile, you may be required to pay a security deposit. The security deposit/capitalized price reduction will range from 5% to 20%.

(7) If any lease payment is not paid within 10 days after it is due, you will pay a late fee. If you default under the Vehicle Lease Agreement, the lender may demand immediate payment of the total outstanding balance due and owing under the Vehicle Lease Agreement, plus all costs for collection including attorney's fees. The lender will also have the right to retake possession of the

vehicle, with all equipment, instruments and accessories and subsequently lease or sell the vehicle to a third party.

With Aztec Financial, if any contract payment is not paid within 3 days of the due date, you will be assessed a late fee equal to 10% of the unpaid amount under the contract. If you default under the Aztec contract, Aztec Financial may demand immediate payment of the total outstanding balance due plus all costs for collection including attorney's fees. In the event of default, Aztec Financial will have the right to retake possession of the equipment and subsequently sell the equipment to a third party and you will be liable for any and all deficiency balances.

(8) A default under the terms of your Vehicle Lease Agreement or Aztec Finance Agreement will not result in a default of your Franchise Agreement.

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

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

Pre-Opening Obligations

Before you open the Franchise Business, we must provide the following assistance and services to you:

1. Training at our location. (Franchise Agreement, § 4.2). We will provide Conversion Franchisees and/or their designated managers with initial training at the next available training session after they sign a Franchise Agreement. Any additional persons required to attend training under Section 7.1 of the Franchise Agreement may attend a subsequent initial training class during the first six months of opening the Franchised Business. (Conversion Addendum, § 12).

2. One copy of the proprietary Manuals (which may be supplied to you on computer disk, on our website or through print or other electronic media), on loan for the term of the Franchise Agreement, as more fully described below (Franchise Agreement, § 4.3).

3. Use of our trade and operating procedures and methods (which must be maintained in strict confidentiality) (Franchise Agreement, § 4.4).

4. Provide you with standards and specifications for the furniture, fixtures, equipment, vehicles, and inventory necessary to operate a Franchised Business. (Franchise Agreement, §§ 7.5, 7.6). We will conduct an inventory of each Conversion Franchisee's Existing Business's furniture, fixtures, equipment, vehicles, and inventory and provide each Conversion Franchisee with a detailed list of additional purchases each Conversion Franchisee will need to make to conform the Existing Business to our current standards. (Conversion Addendum § 11).

We are not obligated by the Franchise Agreement or any other agreement to provide any other supervision, assistance or services before the opening of the Franchise Business.

## Site Selection

You must operate the Franchise Business only from a location within the POL as described in the Franchise Agreement. You must select an Office only within the POL, which we must approve in advance. We will approve or disapprove the proposed site within 14 days of receiving notification from you as to the site. If the site selection cannot be agreed upon, there are no other consequences other than the Franchise Business cannot be operational. We do not provide you with assistance in selecting a location for the Office. You must not relocate the Office without our prior written approval. (Franchise Agreement, § 3.4).

Before you can schedule and attend field training (as described in more detail below), an approved site for your Office must be acquired and secured. We may, but are not required to, permit you to schedule your field training prior to securing a site for your Office if a signed letter of intent to lease or purchase your Office Site is provided in advance of scheduling the field training.

Conversion Franchisees must operate their Franchised Businesses from their Existing Business's location. (Conversion Addendum, § 14).

## Opening the Franchise Business

The length between the signing of the Franchise Agreement and the opening of the Franchise Business ranges from 30 to 120 days. Factors that affect this time period are the timely payment of fees, purchase of equipment and completion of training. Conversion Franchisees must complete their pre-opening obligations and open the Franchised Business within 60 days of signing the Franchise Agreement.

## Continuing Obligations

During the operation of the Franchise Business, we must provide the following assistance and services to you:

1. Use of the Proprietary Marks and copyrighted materials during the term of the Franchise Agreement (Franchise Agreement, § 4.1);
2. Ongoing support and technical information by telephone, internet, intranet, ASP or other technology that may be available in the future (Franchise Agreement, § 4.5);
3. Marketing consulting (Franchise Agreement, § 4.6); and
4. Advertising consulting (Franchise Agreement, § 4.6).

We are not obligated by the Franchise Agreement or any other agreement to provide any other supervision, assistance or services after the opening of the Franchise Business.

## Marketing

We collect a "Marketing Fee" from you in an amount equal to 2% of your Gross Receipts. The Marketing Fees will be paid in the same manner and at the same time as the Royalty Fee. We

intend to use the Marketing Fees to build brand awareness and to provide marketing, advertising and promotional materials and services to benefit the System as well as conduct marketing, advertising or promotional campaigns for the System. We have temporarily capped (until December 31, 2023) the individual franchisee and company-owned Marketing Fee contribution at a maximum of \$21,500 annually. Our company-owned PuroClean businesses pay the Marketing Fee at the same rate as the franchisees. All franchisees do not pay the Marketing Fee. While not required, we also may contribute to Marketing Fees from time to time. We will administer the Marketing Fees and will, at your written request, provide you with an annual unaudited statement of the receipts and disbursements of the Marketing Fees. We are not required to spend any particular amount on marketing, advertising, or promotion in the area where your Franchise Business is located. We may conduct up to one week of marketing training within the first 30 days of opening your Franchise Business without any cost to you. We have the right to receive an administrative fee to cover related sales promotion, marketing and administrative expenses. We will have no fiduciary duty to you with respect to the collection or expenditure of Marketing Fees, and the Marketing Fees will not be held in a trust or escrow account. If all of the Marketing Fees are not spent in the fiscal year in which they accrue, the remaining amounts will be retained for use in the following years.

During our fiscal year ending December 31, 2022, the Marketing Fees were spent in the following approximate amounts: 4% travel and trade shows, 51% national account development, 24% marketing programs and public relations, 19% internet marketing and 2% general and administrative. We or our affiliate may be reimbursed for administrative costs and overhead incurred in administering the Marketing Fees. We will not use the Marketing Fees to advertise principally for franchise sales, but we do reserve the right to add internet links, subset ads and other types of add-on advertising that would be used for selling franchises.

There is a franchisee advisory council known as the Network Leadership Council (“NLC”) that will also act as the Marketing Fees advisory council. Currently, the NLC is comprised of 8 franchisees that are elected for a two-year term. We may appoint additional franchisees to serve on the NLC from time to time. As the PUROCLEAN system grows, however, we may form a different franchisee advisory council or marketing committee that will, in part, provide advice on advertising and promotional activities to us. We likely will retain the power to form, change or dissolve any franchisee advisory council established in the future.

As of the date of this Disclosure Document, we do not fund any advertising or marketing program for the products or the services offered by you. Although we are not contractually required to do so, we may make marketing material available to you.

Although we do not presently require, in the future we may require you to participate in a local or regional advertising cooperative. The primary purpose of any cooperative will be to help establish a larger overall presence in a particular market. The Franchise Agreement does not provide and we do not currently have a plan for determining: 1) how the area or membership of the cooperative is defined; 2) who is responsible for administration of the cooperative; 3) whether the cooperative must operate from written governing documents; or 4) whether cooperatives must prepare annual or periodic financial statements. The Franchise Agreement does give us the power to require that cooperatives be formed, changed or merged.

You may use your own advertising materials so long as you obtain prior written approval of the proposed advertising materials from us. You must submit samples of all advertising and promotional materials to us for our prior approval of such plans and materials have not been prepared or previously approved by us. If written notice of disapproval is not received by you from us within 15 days of our receipt of such materials, we shall be deemed to have approved them. These materials must be directed to our Marketing Department. Any advertising or marketing materials you create or produce in connection with the operation of your Franchised Business can be used only by you. Our Field Support Specialists will determine the best approach for marketing support for Conversion Franchisees immediately after they have attended initial training. (Conversion Addendum, § 6).

We are not obligated to continue or add to any specific existing programs or other types of services nor are we obligated for future development of programs.

### Computer Systems

You will receive a computer system that we develop or select for the Franchise Business (the “Computer System”). The Computer System includes a laptop computer and all hardware, software, and office automation capabilities described below and the data used to record and analyze sales, inventory, product usage and tax information. As of the date of this Disclosure Document, there is no cost to you for the Computer System. The Computer System you receive will include all hardware, software and office automation capabilities that we currently require. As of the date of this Disclosure Document, the Computer System includes the items below:

- Apple iPad
- One IBM ThinkPad or an equivalent laptop that we select, including a docking station and wireless mouse
- Microsoft® Windows 10 Professional operating system (or a higher version of Microsoft Operating System);
- An anti-virus program that meets our specifications, which may include Microsoft Windows Defender, Malwarebytes®, Norton® or McAfee®;
- One-year Microsoft® Office Home & Business Edition (or a higher version of Microsoft Office) from Microsoft Corporation subscription;
- One-year Adobe Acrobat Standard subscription;
- QuickBooks® Desktop Pro by Intuit®. We have developed a PuroClean customized chart of accounts to be used in conjunction with QuickBooks® Pro, which cannot be altered unless we authorize in writing;
- Badger web-based routing software. The first six months license fee is included. After the first six months, at Franchisee’s option and expense, there is a renewal license fee of approximately \$500 per year;

- Xactimate® from Xactware® software for the Insurance Industry Claims Estimating Software (monthly subscription payable to Xactware directly);
- DASH™ System (monthly subscription payable to Next Gear Solutions, Inc. directly); and
- Access to PuroFAB and PuroDrive (web-based software).

You are required to use our proprietary web-based financial analysis and benchmarking royalty reporting program, PuroFAB. We will provide you with access to PuroFAB. There is no cost to you to access PuroFAB.

In addition to PuroFAB, you also must use the DASH restoration business and job management software or other operating system we designate. The cost to license DASH is currently \$500 per month per office. This fee may increase from time to time. You will be required to sign a user license agreement with Next Gear Solutions, Inc. in connection with your use of DASH. We may access messages, information and data stored on or transmitted through DASH.

In order to access the Insurance Industry Claims Estimating Software, you must enter into an Xactware Solutions, Inc. License Agreement with Xactware Solutions, Inc. You may be required to license additional proprietary software from us, an affiliate or a third party, and you also may be required to pay a software licensing or use fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software.

You may not substitute a comparable software package for these functions. Additional software may be required in order to qualify to participate in National Accounts Programs and receive National Call Center job referrals.

We anticipate that certain companies and individuals will begin to conduct business over the Internet or Intranet. In order for you to participate in this business you will be required to pay a transaction fee to the service provider. We have used our best efforts to insure that we have a ‘favorite’ pricing arrangement on our current transaction fee structure (as outlined below) with XACTWARE INFORMATION SYSTEMS, INC. for our franchisees that wish to participate in the program. There are other minor fees that may be charged including cancellation, toll free phone charges, etc. At this time we do not anticipate those charges to be over \$10 per transaction. We have no exclusive agreement and XACTWARE INFORMATION SYSTEMS, INC. has the right to market their products to the general public (Franchise Agreement, §7.13).

#### **Fee Structure XactNet**

<b>Estimate Value</b>	<b>Charge</b>
\$0 - \$499.00	\$5.59
\$500.00 - \$1,999.00	\$11.23
\$2,000.00 - \$9,999.00	\$19.14

## **Fee Structure XactNet**

<b>Estimate Value</b>	<b>Charge</b>
\$10,000.00 and higher	\$33.85

You must store all data and information that we designate and report data and information in the manner we specify, including through our intranet or other online communications. We will have the right to independently access the information, application and data stored on your Computer System at any time. You also must have your Franchise Business connected to the internet using a connection method we approve, currently DSL, Broadband or Cable modem. You may use any local ISP of your choice as long as the access path complies with the DASH Software specifications. Mobile Broadband Internet access generally costs between \$75 and \$100 per month.

We have the right to determine the content and use of any website or other online or electronic media associated with the Proprietary Marks. You may not separately register or use any domain name or any portion of a domain name or other Web site or URL name associated with the Proprietary Marks, or participate in any website or other electronic media (including social media) that markets goods and services similar to those offered through your Franchise Business unless it is approved in writing by Franchisor. Your general conduct on the Internet or other electronic media, including your use of the Proprietary Marks or any advertising is subject to the terms and conditions of the Franchise Agreement or any other rules, requirements or policies that we may identify from time to time.

The data storage, phone line, modem, communication software, internet access, internet e-mail account and all additional hardware and software needed to implement and maintain these services is at your cost. We may own, maintain, and control all software, hardware, websites, telephone numbers, e-mail addresses, facsimile numbers and other forms of internal and external communication you use in connection with your Franchise Business.

Neither we, nor any affiliate or third party is obligated to provide ongoing maintenance, repairs, upgrades or updates to the Computer System. We currently do not require that you purchase a maintenance, repair, upgrade or update service contract for the Computer System, but we reserve the right to do so in the future. The current annual cost of a service contract is \$200 to \$500.

We do not provide support or warranties for hardware or third party software; any support or warranties are provided solely by the manufacturer.

We reserve the right to designate changes or enhancements to the Computer System used in your Franchise Business including changes or enhancements to computer hardware, software and other equipment. You must upgrade or update hardware and software, as directed by us. There are no contractual limitations on the frequency and cost of this obligation. At such time as we designate the change or enhancement to the Computer System, you may be required to make certain payments to us or our designated suppliers. You will have 60 days to install and commence using the changed or enhanced Computer System. You must acquire the right to use hardware,

software, peripheral equipment and accessories, and arrange for installation, maintenance and support services of the initial, changed or enhanced Computer System all at your cost.

We will advise you in writing of any required upgrades to your computer software and give you a reasonable time period in which to comply.

Proprietary Manuals

In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you must operate the Franchise Business in accordance with the standards, methods, policies, and procedures specified in the proprietary Manuals or on our online training site, one copy of which will be available to you through our password protected Internet web page, on CD or through print or other electronic media for the term of the Franchise Agreement. You must treat the proprietary Manuals, and the other written materials created for or approved for use in the operation of the Franchise Business, and the information contained in them, as confidential, and must use all reasonable efforts to maintain such information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce the materials, in whole or in part, or otherwise make them available to any unauthorized person. The proprietary Manuals will remain our sole property and must be kept in a secure place in the Office. We may, from time to time, revise the contents of the proprietary Manuals, and you must comply with each new or changed standard (Franchise Agreement, §16 & §9). The Table of Contents from our proprietary Manuals is attached as Exhibit D. The proprietary Manuals contain a total of 523 pages.

Training

Our New Franchise Training (NFT) is offered through our state-of-the-art PuroClean Academy located at our corporate facility in Tamarac, FL. NFT consists of 15 days of instruction. Approximately three days of instruction will be offered online. Approximately 12 days of instruction and hands-on training will be conducted at our location. The 15 days of instruction may not be consecutive. We will conduct our initial training program as follows:

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom and Online Training</b>	<b>Hours of Hands-On Training</b>	<b>Location</b>
Product and Equipment Orientation. In person – Includes hands on carpet cleaning demo (Online training and/or 1/2-day in-person session, 1 <sup>st</sup> wk.)	3	1	Tamarac, Florida
Safety Program (4-hour session, 1 <sup>st</sup> wk.)	4	0	Tamarac, Florida
Estimating & Pricing (Online training and/or 1.25-day in-person session, 1 <sup>st</sup> wk.)	10	10	Tamarac, Florida
Marketing Route Generation (Online training and/or 4-hour in-person session, 1 <sup>st</sup> wk.)	2	2	Tamarac, Florida
Business Management (Online training and/or 2-hour in-person session, 1 <sup>st</sup> wk.)	2	0	Tamarac, Florida

<b>Subject</b>	<b>Hours of Classroom and Online Training</b>	<b>Hours of Hands-On Training</b>	<b>Location</b>
Accounting (Online training and/or 1-hour in-person session, 1 <sup>st</sup> wk.)	2	1	Tamarac, Florida
Sales Training (1 <sup>st</sup> & 3 <sup>rd</sup> wk.)	8	2	Tamarac, Florida
DASH/PuroLogic (Operations / Administration) (1 Day 2 <sup>nd</sup> wk.)	8	8	Tamarac, Florida
Water Damage Restoration (5 days) (2nd wk.)	28	15	Tamarac, Florida
Mold Remediation (2-hour session) (3 <sup>rd</sup> wk.)	2	0	Tamarac, Florida
Marketing Training 1 hr. 1 <sup>st</sup> wk.) 2 sessions – Online post academy 8 hrs. total	9	0	Tamarac, Florida
Business Development/CPR 1 hour class/3 hrs. online post academy	4	0	Online
<b>Total: 116 Hours/160 Hours with AMRT class</b>	<b>82 Hours/114 with AMRT</b>	<b>39Hours/49 hrs. with AMRT</b>	

It is not unusual for certain segments of the training to vary somewhat from what is shown above. Business requirements and other factors may result in changes to the schedule. We will attempt to give you advanced notice when this occurs.

We may conduct some of the initial training identified above through computer-based training or at other locations we designate.

Training materials will include the proprietary Manuals and use of equipment and supplies. We reserve the right to alter the training program to accommodate special circumstances.

The PuroClean Academy NFT will be led by Darren Hudema and conducted by other members of our training staff and IICRC instructors who have experience in various aspects of the restoration industry, building industry, support industry and/or have various degrees related to business and administration. In addition, some of our vendors and suppliers may present during the PuroClean Academy initial training program. The PuroClean Academy NFT program is mandatory and must be completed by you if you are an individual, and, at our option, each of your principals owning 25% or more of the Franchise Business (if you are a corporation or partnership), and your manager (if you or a principal will not manage the Franchise Business). Training must be completed to our satisfaction before the opening of the Franchise Business.

For all required PuroClean Academy NFT courses, including the IICRC Water and Fire Restoration Certifications, we will provide, at no charge to you, instructors, online training and training materials for up to two attendees. Additional attendees may be charged a fee. You, however, are responsible for all costs associated with completing the IICRC exams to receive your

IICRC certifications. The cost for the IICRC certification exam is currently \$80 per exam and \$150 for AMRT. PuroClean requires that someone maintains their IICRC certification and maintain the IICRC's guidelines for IICRC CEC's which may require training outside of the PuroClean Academy initial training at a cost to you. You or your employees will be responsible for all other expenses incurred by them in connection with any such courses, seminars, and programs including all travel related costs and wages.

We may require, any manager subsequently employed by you to complete our NFT program, to our satisfaction. You and your manager and other employees also must attend such additional courses, seminars, and other training programs as we may reasonably require from time to time which also includes maintaining IICRC credentials. We may offer optional training programs, courses, mentoring and seminars to you and we may charge you a reasonable fee for the additional training programs. For all optional training programs, courses, and seminars, you or your employees will also be responsible for the expenses described above. (Franchise Agreement, § 7.2)

After successfully completing NFT, we may require you to participate in a five-day mentoring program before your initial field training. However, we are not obligated to offer a mentoring program. The mentoring program may include, among other things, time spent with an experienced PuroClean franchisee on production, administration, sales and/or marketing. We will assign you the closest available mentor to your Protected Office Location. You will pay us approximately \$2,500 in addition to any travel and lodging expenses you incur to participate in the mentoring program.

We may also provide field training for up to two days. Field training typically occurs after your completion of the mentoring program. Our Initial Field Trainers or our Regional Directors may provide the initial field training. Field training may be conducted virtually. You may not schedule or attend field training until you have completed NFT and an approved site for your Office is acquired and secured. If you request a change in the agreed-upon field training schedule, you will be responsible for any associated costs and expenses as a result of the requested change in schedule, including any travel related penalties or change fees.

You will be required to complete the IICRC Applied Microbial Remediation Technician course within 90 days of completion of our PuroClean Academy initial training program. We offer this course from time to time at our location in Broward County, Florida at a cost of \$695.00. You may complete this course with another provider if you choose. Third parties offer the course for approximately \$1,000-1300.

We provide IICRC-approved instruction during NFT for Water Restoration Technician (WRT) and the Applied Structural Drying (ASD). All franchisees must complete and pass the IICRC exams to receive their IICRC certifications. The cost for the IICRC WRT and ASD certification exam's is currently \$80 per exam per designation and is payable to the IICRC by check or credit card. The exam fee for the IICRC Applied Microbial Remediation Technician course is \$150, which is not included during the initial NFT.

We have the right but not the obligation to hold an annual National Convention ("Convention"). If we do hold a Convention, you must attend and pay us a registration fee. The registration fee for our last Convention was \$695 (\$595 for early registration), but we have the

right to change the registration fee. The registration fee does not include your costs to attend the Convention such as transportation, lodging and meals. The registration fee and three nights of hotel accommodations will be collected by means of ACH 30 days prior to the Convention. This amount is due to us even if you fail to attend the Convention. We estimate that the total charge will range from \$1,400 to \$1,700.

### Warranty

We do not offer or authorize you to offer any type of warranty under our name.

## **ITEM 12** **TERRITORY**

You will be assigned a Protected Office Location (“POL”) where you must establish and operate an Office for your Franchise Business from a single location within your POL. PuroClean offers an “open territory” system, and except as described in this Item 12, there are no restrictions or limitations as to the customers you or any other PuroClean franchisee may market or service. Further, there are no limitations on the customers we or our affiliates may market or service. Although you will receive a POL, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control or that are otherwise affiliated with us. You may market and service customers located inside and outside of your POL.

The POL is a specific agreed upon area identified in your Franchise Agreement containing a population generally of up to 100,000. We must approve in advance the location of your Office. You may not relocate the Office without our prior written approval, which we will not unreasonably withhold provided the proposed relocation site is within your POL and otherwise meets our then-current site and layout criteria and all lease agreements and assignment of lease agreements have been approved and signed by all parties. During the term of the Franchise Agreement we will not establish or operate, or license any other party the right to establish or operate, a PuroClean business from an office or business address located inside your POL. Except as otherwise provided in this Item 12, other PuroClean franchisees or company-owned businesses may market and service customers located inside and outside of your POL.

We reserve the right to create and implement regional or national strategic alliance accounts. For example, we may create a strategic alliance account consisting of regional or national insurance program managers and/or administrators and real estate and property managers (“Account Participants”). Through a strategic alliance account, we will serve as the central contact within the PuroClean System for Account Participants to refer business. We have the absolute right to assign any business received through the strategic alliance account program to a third party. The third party may or may not be a PuroClean franchisee, but is qualified to participate in the strategic alliance account program and who is able to perform the services requested within the timeframe and in accordance with the specific circumstances and requirements identified by the Account Participant.

Our right to assign business received through the strategic alliance account to any third party who is qualified to participate in the strategic alliance account program is absolute and will not be restricted by any growth strategy we may implement. Additionally, we have the right to

designate anyone as an Account Participant and assign the business received from the Account Participant to any PuroClean franchisee or third party.

If you are assigned business that is referred through the strategic alliance account program, the terms, conditions and procedures under which you provide services may differ from your standard terms, conditions and procedures. We will identify the terms, conditions, and procedures for providing services to a customer referred through a strategic alliance account program in the proprietary Manual or other system communications. These terms, conditions and procedures will govern any services you provide to a customer referred to you through a strategic alliance account program.

We retain all rights that are not expressly granted to you under the Franchise Agreement. For example, we may establish and operate a franchised or company-owned PuroClean business whose office or business address is located outside your POL. This right will correspond with our then-current market growth strategies. Additionally, we may establish and operate, and/or license others to establish and operate, within and outside of your POL, any business providing services under marks other than the PuroClean Proprietary Marks in the areas of casualty contracting, casualty restoration, remediation, mitigation, construction, purification, drying, cleaning, painting, repair, and replacement services and/or subcontract services to insurance companies, business and residential clients and others who have been subject to fire, flood, vandalism, trauma, mold and/or other casualties, as well as, purification, cleaning and odor removal services whether or not casualty related, which business or businesses may solicit and provide services to any customer located inside and outside your POL. In addition, our affiliate Signal Restoration Services may establish and operate, and/or license others to establish and operate, its business within and outside of your POL in the areas of emergency and environmental property restoration services. We also may offer, sell or distribute, within and outside your POL, any products associated with the PuroClean System (now or in the future) or identified by the PuroClean Proprietary Marks, or any other marks, through any distribution channels or methods. This includes, without limitation, to other cleaning or restoration service businesses, stores or locations, or any business or store of any kind, or by mail order, catalogue, or the Internet (or any other existing or future form of electronic commerce). For example, we may distribute products through retail stores and locations. Finally, we may merge with, acquire or become associated with any businesses or stores of any kind under other systems and/or other marks, which businesses and stores may convert to or operate under the PuroClean Proprietary Marks and offer or sell products and services that are the same as, similar to, or different than the products and services offered at or from your Franchise Business. Such businesses may be located anywhere within or outside your POL. We are not required to pay you any compensation if we exercise any of the rights specified above inside your territory (POL).

Although we have the right to do so (as described above), we have not operated or franchised, and have no plans to operate or franchise, other businesses selling similar products or services under different proprietary marks.

Continuation of your franchise does not depend on you achieving a certain sales volume, market penetration, or other contingency.


Except as otherwise provided in this Item 12, we do not restrict you from soliciting or accepting orders from outside your territory (POL), but you do not have the right to use other channels of distribution, such as the Internet to make sales inside or outside your territory (POL).

Upon request, we will consider granting you an additional Franchise Business based on your compliance with your existing Franchise Agreement and other qualifications.

In addition to your POL, you may be assigned a “Halo” territory containing a population generally of up to 150,000. Your Office cannot be located within the Halo territory. As long as you remain in good standing under the Franchise Agreement and the Halo program is in effect, PuroSystems will not establish or operate, nor license any other person the right to establish or operate, a PuroClean business using the PuroClean proprietary marks from an office or business address located within the Halo zip codes, which are non-exclusive. We retain all of our rights applicable to POL’s for Halo territories. Your Halo territory will be terminated with no right to reinstatement if you are in default (with or without notice) of your Franchise Agreement. PuroSystems will review the Halo program at the end of each calendar year, and may modify or discontinue the program, including any and all Halo territories, at that time.

**ITEM 13**  
**TRADEMARKS**

The Franchise Agreement grants you the right to operate your Franchise Business under the name PUROCLEAN and under any other proprietary marks currently used or that we may use in the future in the operation of the Franchise Business (collectively, the “Proprietary Marks”). We also claim common law trademark rights for all of the Proprietary Marks. We have filed or intend to file all required affidavits and renewals for the Proprietary Marks listed below:

Trademark	Application/ Registration No.	Filing/ Registration Date	Register
	5291763	September 19, 2017	Principal
  PUROCLEAN THE PARAMEDICS OF PROPERTY DAMAGE & Design	5147759	February 21, 2017	Principal
THE PARAMEDICS OF PROPERTY DAMAGE (STYLIZED)	2981448	August 2, 2005	Principal
PUROCLEAN (STYLIZED)	2977204	July 26, 2005	Principal
THE REAL RECESSION PROOF FRANCHISE	3888980	December 14, 2010	Principal

There are no agreements currently in effect that significantly limit our rights to use or license the use of such proprietary marks that are material to the franchise.

Your use of the Proprietary Marks and any goodwill is to our exclusive benefit and you retain no rights in the Proprietary Marks. You also retain no rights in the Proprietary Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Proprietary Marks unless we direct in writing. We may change the System presently identified by the Proprietary Marks including the adoption of new Marks, new products, new equipment or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution. You must comply within a reasonable time if we notify you to discontinue or modify your use of any Proprietary Mark. We will have no liability or obligation as to your modification or discontinuance of any Proprietary Mark.

There are no current effective determinations of the United States Patent and Trademark Office, the trademark administrator of this state, or any court, nor is there any pending interference, opposition, or cancellation proceeding, nor any pending material litigation involving the Proprietary Marks which may be relevant to their use in this state or in any other state.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Proprietary Marks, or to participate in your defense or indemnify you. We reserve the right to control any litigation or proceeding related to the Proprietary Marks and we have the sole right to decide to pursue or settle any infringement action related to the Proprietary Marks. You must notify us promptly of any infringement or unauthorized use of the Proprietary Marks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Proprietary Marks, you must make the changes or substitutions at your own expense.

There are no infringing uses actually known to us that could materially affect your use of the Proprietary Marks in this state or any other state.

#### **ITEM 14** **PATENT, COPYRIGHTS, AND PROPRIETARY INFORMATION**

We claim common law copyright and trade secret protection for several aspects of the franchise System including our Operations proprietary Manual, advertising, and business materials.

There are currently no effective determinations of the United States Patent and Trademark Office, the United States Copyright Office, or a court regarding our pending patent or materials in which we claim a common law copyright interest. We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the payment valuation system/service or other intellectual property, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to our intellectual property, and we have the sole right to decide to pursue or settle any infringement action related to our intellectual property. You must notify us promptly of any infringement or unauthorized use of the intellectual property of which you become aware. If we determine that a trademark infringement action requires

changes or substitutions to the intellectual property, you must make the changes or substitutions at your own expense.

### Confidential Operations Proprietary Manuals

You must operate the Franchise Business in accordance with the standards, methods, policies, and procedures specified in the proprietary Manuals, one copy of which we will provide to you on loan for the term of the Franchise Agreement. The proprietary Manuals may be supplied to you through a secured area of our website, on CD, or through other electronic or print media.

You must treat the proprietary Manuals, training materials, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. The proprietary Manuals will remain our sole property and must be kept in a secure place. You may not divulge any password for access to our web site or CD to an unauthorized person.

We may from time to time revise the contents of the proprietary Manuals, and you must comply with each new or changed standard.

### Ownership of Innovations

All ideas, concepts, procedures, techniques, processes or marketing materials concerning the PUROCLEAN Franchise Business or containing the Proprietary Marks, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System or works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you will assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

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

If you are an individual, you must exclusively and directly supervise the Franchise Business for at least forty hours of each business week and must devote a full-time effort to directing outside sales (or hire an experienced outside salesperson). If you are a corporation or partnership, one of the equity owners or partners must exclusively and directly supervise the Franchise Business on its premises for at least forty hours of each business week. If you are a legal entity, each shareholder (if you are a corporation) or general and limited partner (if you are a partnership) must sign a written agreement with us personally guaranteeing the performance of all obligations under the Franchise Agreement. If you have purchased an additional franchise from us, you may employ a fully trained manager for the management and operation of the second Franchise Business. The manager must have attended our initial classroom-training program prior to employment. The manager need not have an equity interest in the Franchise Business. The manager must maintain all of our trade secrets, and we may require all managers to sign a non-disclosure agreement in a form we accept. The franchisor places no limitations on you as to whom

you may hire as a manager. There are no other restrictions that we require to be placed on your manager.

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

The Franchise Agreement prohibits you from offering or selling any goods or services that Franchisor has not approved in writing. You must sell all goods and services that we authorize. You must discontinue selling and offering for sale any services or products that we may disapprove in writing at any time. We have the right to change the types of authorized goods and services, and there are no limits on our right to make such changes. Except as otherwise prohibited, you may market and service customers located inside and outside of your POL. There are no limits on the customers to whom you may sell goods or services.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

**The table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	§ 2.1 of Franchise Agreement	20 years
b. Renewal or extension of the term	§ 2.2 of Franchise Agreement	One consecutive term of 20 years
c. Requirements for franchisee to renew or extend	§ 2.2 of Franchise Agreement	Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, payment of renewal fee, release, execute new Franchise Agreement, and others  If you seek to renew your franchise at the expiration of the initial term or a renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights
d. Termination by franchisee	Schedule 3 to Franchise Agreement	Under the terms of the Clean Start Program, qualifying franchisees may notify us of their desire to terminate the Franchise Agreement and we will assume the franchisee's obligations under the franchisee's vehicle lease agreement (provided the vehicle is leased from our designated supplier) and initial Equipment and Supplies Package lease.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	§ 12 of Franchise Agreement	Default under Franchise Agreement, bankruptcy, abandonment, and other grounds; see § 12.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
g. “Cause” defined – curable defaults	§ 12.1 of Franchise Agreement	You have 30 days following receipt of written notice from us to cure defaults not specified in § 12.2 of the Franchise Agreement.
h. “Cause” defined – non-curable defaults	§§ 12.2 and 21 of Franchise Agreement  § 16 of the Conversion Addendum	Bankruptcy; fraud; voluntary abandonment; conviction of felony, and others; see §§ 12.2 and 21.  In addition, we have the right to terminate the franchise agreement with notice but without opportunity to cure if Conversion Franchisees: (a) relocate their Existing Businesses without our prior written consent, or operates use the franchise granted to them in connection with any other businesses they may now or in the future own, without our prior written consent; and (b) transfer any interest in their Existing Businesses without our prior written consent.
i. Franchisee’s obligations on termination/ non-renewal	§§ 13 and 14 of Franchise Agreement	Obligations include complete de-identification; payment of amounts due; comply with post-term covenants; and others: see § 13.
j. Assignment of contract by franchisor	§ 11.1 of Franchise Agreement	There are no limits on our right to assign the Agreement.
k. “Transfer” by franchisee - defined	§ 11.2 of Franchise Agreement	Includes transfer of interest in Franchise Agreement, Franchisee, or all or substantially all of the assets of the Franchise Business.
l. Franchisor approval of transfer by franchisee	§ 11 of Franchise Agreement	We have the right to approve transfers.
m. Conditions for franchisor approval of transfer	§ 11 of Franchise Agreement	Includes payment of money owed, non-default, release by you, execution of new Franchise Agreement, and payment of transfer fee and any applicable referral fee. A transfer to a corporation for convenience of ownership also requires our approval. See § 11.4 of Franchise Agreement.
n. Franchisor’s right of first refusal to acquire franchisee’s business	§ 11.5 of Franchise Agreement	We can match any offer.
o. Franchisor’s option to purchase franchisee’s business	Not Applicable	Not Applicable
p. Death or disability of franchisee	§ 11.6 of Franchise Agreement	Interest in Franchise Business will be transferred to a third party approved by us.
q. Non-competition covenants during the term of the franchise	§ 14.1.1 of Franchise Agreement	Includes prohibition on engaging in any other type of business similar to any PuroSystems Franchise Businesses

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
r. Non-competition covenants after the franchise is terminated or expires	§ 14.1.2 of Franchise Agreement  § 14 of the Conversion Addendum	Includes 2-year prohibition similar to (q) within the Protected Office Location or within a 50-mile radius of the Office and a prohibition against soliciting or accepting business from prior referral sources.  We will permit franchisees who sign the Conversion Addendum to continue offering and selling any products or services which are not offered or authorized for sale by System franchisees during and after the term of the Franchise Agreement, if the additional products or services offered by Conversion Franchisees are not substantially similar to or serve a similar purpose as the goods and services authorized or offered for sale by System franchisees.
s. Modification of the agreement	§ 22 of Franchise Agreement	Must be in writing signed by both parties.
t. Integration/merger clause	§ 22 of Franchise Agreement	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document may not be enforceable.
u. Dispute resolution by arbitration or mediation	§ 17 of Franchise Agreement;	Mediation by mutually acceptable mediator or through established mediation service selected by us. In lieu of mediation, we may require you to submit certain disputes to a group of franchisees selected by the National Leadership Council. Arbitration in Broward County, Florida according to AAA or CPR Rules (subject to state law).
v. Choice of forum	§ 20.1 of Franchise Agreement	Florida (subject to state law)
w. Choice of law	§ 20.1 of Franchise Agreement	Florida (subject to state law)

**ITEM 18**  
**PUBLIC FIGURES**

We do not use any public figures to promote our franchise.

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

## **Background**

This Item 19 contains certain historical data submitted to us by our franchisees for the period January 1, 2022 to December 31, 2022 (the “2022 Measurement Period”). There were 298 PUROCLEAN Franchisees in operation for the full 2022 Measurement Period that had been opened for one or more full years. This does not include the Franchisees who opened during 2022 and were not open the full 2022 Measurement Period or the franchisees that closed in 2022, although none of those opened and closed during the 2022 Measurement Period. All 298 Franchisees in operation the full 2022 Measurement Period are included as part of a subset in this Item 19 (the “Reporting Franchisees”). Included in this Item 19 is information regarding the Average and Median Annual Gross Sales for the Reporting Franchisees, based on the number of years of operation.

The information contained in this Item 19 includes data was submitted to us by our franchisees through the royalty reporting tool PuroFAB Financial Analysis & Benchmarking. We have not audited this information, nor independently verified this information.

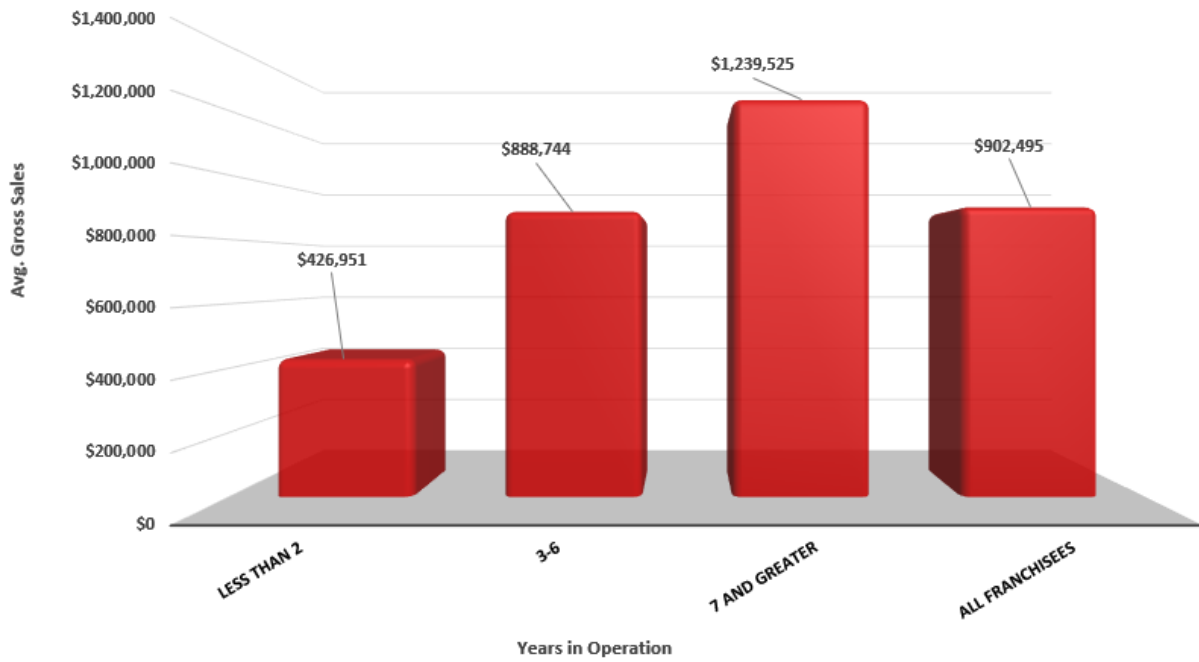
The franchisees included in this Item 19 operate businesses substantially similar to the business being offered in this Disclosure Document.

## **Average and Median Annual Gross Sales**

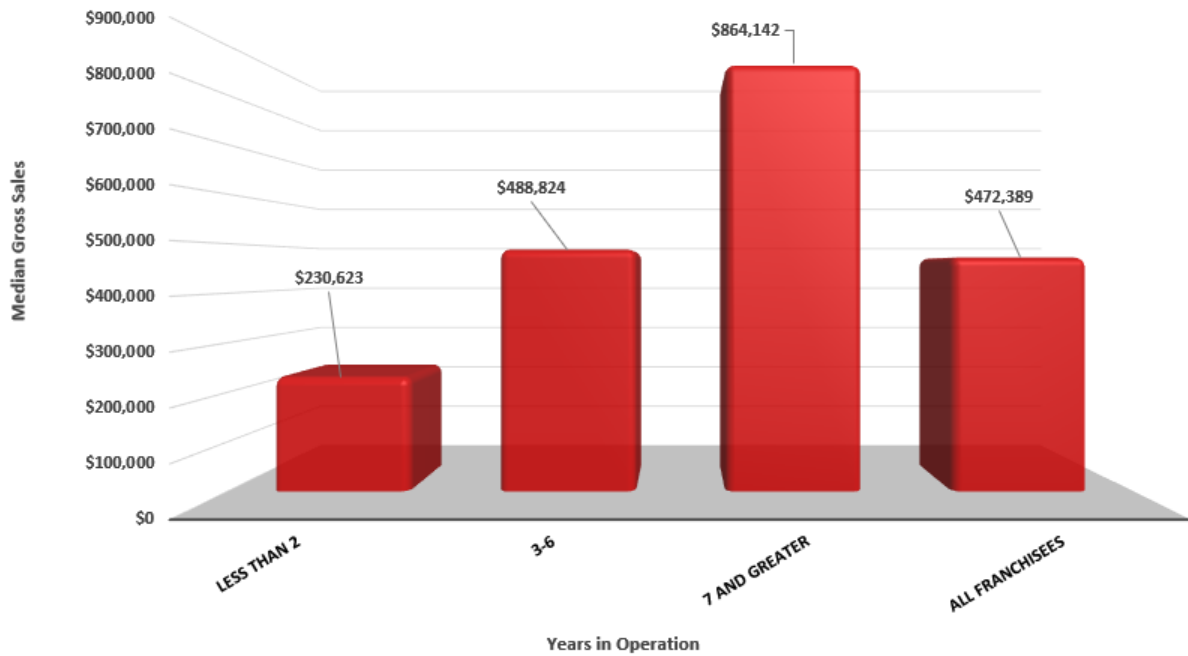
The following tables and graphs present the Average and Median Annual Gross Sales for the Reporting Franchisees broken down on (1) the number of years of operation and (2) the top, 2<sup>nd</sup>, 3<sup>rd</sup>, and bottom quarter gross sales.

<b>Years in Operation</b>	<b>Average Annual Gross Sales 2022</b>	<b>Median Annual Gross Sales 2022</b>	<b>Number of Reporting Franchisees</b>
Less than 2	\$426,951	\$230,623	80 (19 or 24% exceeded average)
3 - 6	\$888,744	\$488,824	101 (31 or 31% exceeded average)
7 and Greater	\$1,239,525	\$864,142	117 (40 or 34% exceeded average)
All Franchisees	\$902,495	\$472,389	298 (96 or 32% exceeded average)

## 2022 Average Total Gross Sales Reporting Franchisees



## 2022 Median Total Gross Sales Reporting Franchisees



## Notes:

1. “Average Annual Gross Sales” is defined as the total of all paid and/or collected sales invoices or other items or services billed to the customer for all “completed sales” less any discounts. Sales of products and services are considered “completed sales” when the franchisee collects payment from the customer. The average is determined by dividing the sum of the Reporting Franchisee’s Annual Gross Sales by the number of Reporting Franchisees.
2. “Median Annual Gross Sales” is defined as the middle value, above and below which an equal number of Reporting Franchisees lie. In other words, half of the Reporting Franchisees for each sub-set exceeded this value and half of them did not.
3. Summary of All Franchisees during the 2022 Measurement Period  
As of December 31, 2022, there were 298 Reporting Franchisees in operation, with an average Annual Gross Sales of \$902,495, of which 96 franchisees (32%) attained or exceeded the stated average and the median Annual Gross Sales was \$472,389. For this subset, the Annual Gross Sales for the lowest performing Reporting Franchisee was \$0 and \$9,082,923 for the highest performing Reporting Franchisee.
4. Summary of Reporting Franchises Opened Less than 2 Years during the 2022 Measurement Period  
During the 2022 Measurement Period, there were 80 Reporting Franchisees in operation less than 2 years, with an average Annual Gross Sales of \$426,951, of which 19 franchisees (24%) attained or exceeded the stated average, and the median Annual Gross Sales was \$230,623. For this subset, the Annual Gross Sales for the lowest performing Reporting Franchisee was \$3,925 and \$4,148,600 for the highest performing Reporting Franchisee.
5. Summary of Reporting Franchises Opened 3 to 6 Years during the 2022 Measurement Period  
During the 2022 Measurement Period, there were 101 Reporting Franchisees in operation 3 to 6 years, with an average Annual Gross Sales of \$888,744, of which 31 franchisees (31%) attained or exceeded the stated average, and the median Annual Gross Sales was \$488,824. For this subset, the Annual Gross Sales for the lowest performing Reporting Franchisee was \$0 and \$9,082,923 for the highest performing Reporting Franchisee.
6. Summary of Reporting Franchises Opened 7 or More Years during the 2021 Measurement Period  
During the 2022 Measurement Period, there were 117 Reporting Franchisees in operation 7 or more years, with an average Annual Gross Sales of \$1,239,525, of which 40 franchisees (34%) attained or exceeded the stated average, and the median Annual Gross Sales was \$864,142. For this subset, the Annual Gross Sales for the lowest performing Reporting Franchisee was \$0 and \$7,705,739 for the highest performing Reporting Franchisee.

**Assumptions:**

1. **Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.**
2. This analysis does not contain any information concerning the operating costs and expenses that you will incur in operating your business. Operating costs and expenses may vary substantially from business to business. Therefore, we recommend that you make your own independent investigation. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a Franchised Business.

Written substantiation of the data used in preparing this information will be made available upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Timothy Courtney, VP Franchise Development at 6001 Hiatus Road, Suite 13, Tamarac, Florida 33321 and (954) 379-5825, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1**

**Systemwide Outlet Summary For Years 2020 to 2022**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
<b>Franchised Outlets</b>	2020	252	277	+25
	2021	277	311	+34
	2022	311	350	+39
<b>Company Owned</b>	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
<b>Total Outlets</b>	2020	252	277	+25
	2021	277	311	+34
	2022	311	350	+39

**TABLE NO. 2**

**Transfers of Outlets From Franchisees to New Owners  
(Other than the Franchisor) For Years 2020 to 2022**

State	Year	Number of Transfers
Alabama	2020	0
	2021	1
	2022	0
Arizona	2020	0
	2021	0
	2022	1
Arkansas	2020	0
	2021	0
	2022	1
California	2020	1
	2021	0
	2022	1
Colorado	2020	0
	2021	1
	2022	1
Florida	2020	0
	2021	2
	2022	0
Indiana	2020	1
	2021	0
	2022	0
Michigan	2020	0
	2021	1
	2022	2
Missouri	2020	0
	2021	0
	2022	1
New Jersey	2020	0
	2021	0
	2022	1

State	Year	Number of Transfers
New York	2020	0
	2021	1
	2022	1
North Carolina	2020	2
	2021	0
	2022	1
Ohio	2020	0
	2021	0
	2022	1
Oklahoma	2020	1
	2021	0
	2022	0
South Carolina	2020	0
	2021	0
	2022	1
Tennessee	2020	0
	2021	0
	2022	1
Virginia	2020	0
	2021	0
	2022	1
Washington	2020	0
	2021	0
	2022	1
Wisconsin	2020	0
	2021	0
	2022	1
Total	2020	5
	2021	6
	2022	16

Transfers of outlets from franchisees to new owners occurred only in the states identified above. For those states not identified in the table, no transfers of outlets from franchisees to new owners occurred in 2020, 2021 or 2022.

**TABLE NO. 3**  
**Status of Franchised Outlets**  
**For Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations	Outlets at End of Year
							Other Reasons	
Alabama	2020	6	1	0	0	0	0	7
	2021	7	1	1	0	0	0	7
	2022	7	0	0	0	0	0	7
Arizona	2020	5	0	0	0	0	1	4
	2021	4	0	0	0	0	0	4
	2022	4	2	0	0	0	1	5
Arkansas	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
California*	2020	24	5	0	0	0	2	27
	2021	27	8	0	0	0	0	35
	2022	35	8	1	0	0	1	41
Colorado*	2020	8	3	0	0	0	1	10
	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	0	0	10
Connecticut	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Florida*	2020	23	6	2	0	0	1	26
	2021	26	2	0	1	0	1	26
	2022	26	10	0	1	0	0	35
Georgia	2020	8	1	0	0	0	0	9
	2021	9	3	0	0	0	4	8
	2022	8	3	0	0	0	0	11
Hawaii	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations	Outlets at End of Year
							Other Reasons	
Idaho	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	0	1	3
	2022	3	0	0	0	0	0	3
Illinois	2020	10	3	0	0	0	0	13
	2021	13	2	0	0	0	0	15
	2022	15	1	0	0	0	0	16
Indiana	2020	5	1	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	1	0	0	0	0	7
Iowa	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Kansas	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Kentucky	2020	2	2	0	0	0	1	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Louisiana	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	0	5
Maine	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Maryland	2020	8	0	0	0	0	0	8
	2021	8	1	0	0	0	0	9
	2022	9	1	0	0	0	0	10
Massachusetts	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	1	5
	2022	5	1	0	0	0	0	6
Michigan*	2020	10	0	0	0	0	0	10
	2021	10	2	0	0	0	0	12
	2022	12	0	0	0	0	4	8

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations	Outlets at End of Year
							Other Reasons	
Minnesota	2020	2	0	0	0	0	1	1
	2021	1	1	1	0	0	0	1
	2022	1	1	0	0	0	0	2
Mississippi	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
Missouri	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Nebraska	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Nevada	2020	1	1	0	0	0	0	2
	2021	2	2	0	0	0	0	4
	2022	4	0	0	0	0	0	4
New Hampshire	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Jersey	2020	7	0	0	0	0	0	7
	2021	7	5	0	0	0	0	12
	2022	12	4	0	0	0	0	16
New York	2020	16	2	0	0	0	1	17
	2021	17	1	0	0	0	1	17
	2022	17	1	0	0	0	0	18
North Carolina	2020	10	1	1	0	0	0	10
	2021	10	2	0	0	0	1	11
	2022	11	1	1	0	0	0	11
Ohio	2020	12	0	0	0	0	0	12
	2021	12	1	1	0	0	0	12
	2022	12	2	0	0	0	0	14
Oklahoma*	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	1	3
	2022	3	1	0	0	0	1	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations	Outlets at End of Year
							Other Reasons	
Oregon*	2020	4	0	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	1	0	0	0	0	6
Pennsylvania	2020	3	2	0	0	0	0	5
	2021	5	3	0	0	0	0	8
	2022	8	2	0	0	0	0	10
Rhode Island	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	7	1	0	0	0	0	8
	2021	8	1	0	0	0	0	9
	2022	9	0	0	0	0	0	9
Tennessee	2020	7	1	0	0	0	0	8
	2021	8	1	0	0	0	1	8
	2022	8	1	1	0	0	0	8
Texas*	2020	15	4	0	0	0	1	18
	2021	18	8	0	1	0	1	24
	2022	24	9	0	1	0	0	32
Utah	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Vermont	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	2020	10	1	1	0	0	1	9
	2021	9	2	0	0	0	0	11
	2022	11	0	0	0	0	0	11
Washington*	2020	6	1	0	0	0	0	7
	2021	7	1	0	0	0	0	8
	2022	8	0	0	0	0	1	7
Wisconsin	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	1	0	0	0	0	6

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations	Outlets at End of Year
							Other Reasons	
Puerto Rico	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Total	2020	252	39	4	0	0	10	277
	2021	277	51	3	2	0	12	311
	2022	311	54	3	2	0	10	350

\*In 2020, a Colorado franchise relocated to California.

\*In 2021, an Oklahoma franchise relocated to Texas.

\*In 2022, a Michigan franchise relocated to Florida.

\*In 2022, a Washington franchise relocated to Oregon.

For those states not identified in the table, no franchised activity occurred in those states. If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

As of December 31, 2022, there were three active PUROFIRST® franchises. The PUROFIRST® Franchise Business is not materially different than the PUROCLEAN® franchise described in this Disclosure Document.

**TABLE NO. 4**

**Status of Company-Owned Outlets  
For Years 2020 To 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

**TABLE NO. 5**  
**Projected New Franchised Outlets**  
**As of December 31, 2022 for the 2023 Fiscal Year**

State	Franchise Agreements Signed But Business Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company- Owned Outlets in the Next Fiscal Year
Alabama	0	1	0
Arkansas	1	1	0
Arizona	1	2	0
California	6	8	0
Colorado	0	3	0
Connecticut	0	1	0
Florida	4	8	0
Georgia	0	3	0
Hawaii	0	1	0
Illinois	1	3	0
Indiana	0	1	0
Iowa	1	1	0
Kentucky	1	1	0
Louisiana	1	1	0
Maryland	0	2	0
Massachusetts	0	2	0
Minnesota	0	2	0
Mississippi	1	1	0
Missouri	1	1	0
Michigan	2	4	0
New Jersey	2	4	0
New York	1	3	0
North Carolina	0	4	0
Ohio	0	3	0
Oklahoma	0	1	0
Oregon	1	2	0
Pennsylvania	1	4	0

State	Franchise Agreements Signed But Business Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Tennessee	0	3	0
Texas	3	8	0
Virginia	0	1	0
<b>Total</b>	28	80	0

Exhibit A lists the names of all of our operating franchisees and the addresses and telephone numbers of their Franchise Businesses as of December 31, 2022. Exhibit A also lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. Exhibit A also identifies the franchisees that were not yet operational as of our last fiscal year end. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years certain franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We have created and support the Network Leadership Council:

Network Leadership Council (NLC)  
6001 Hiatus Road, Suite 13  
Tamarac, Florida 33321  
1-800-775-7876  
www.PuroClean.com

## **ITEM 21** **FINANCIAL STATEMENTS**

The following audited financial statements of ours are included in this Disclosure Document as Exhibit C: Balance Sheets as of December 31, 2022, 2021 and 2020, and the related statements of income, changes in members' equity and cash flows for the years ended December 31, 2022, 2021 and 2020, together with the report of independent certified public accountants. Our fiscal year ends December 31.

**ITEM 22**  
**CONTRACTS**

The following contracts are attached to this Disclosure Document:

1. Franchise Agreement (Exhibit E)
2. Protected Office Location (Schedule 1 to the Franchise Agreement)
3. Conversion Addendum (Schedule 2 to the Franchise Agreement)
4. Clean Start Program (Schedule 3 to the Franchise Agreement)
5. State Addenda (Exhibit F)
6. Franchisee Compliance Certification (Exhibit G)
7. Affirmation (Exhibit H)
8. Telephone Number Release Agreement (Exhibit I)
9. Telephone Service Agreement (Exhibit J)
10. DASH User Agreement (Exhibit K)
11. XactAnalysis License Agreement (Exhibit L)
12. Xactware Solutions, Inc. License Agreement (Exhibit M)
13. Sample Vehicle and Equipment and Supplies Lease Agreements (Exhibit N)
14. Sample Release/Renewal Addendum (Exhibit O)

**ITEM 23**  
**RECEIPTS**

Two copies of a receipt of this disclosure document appear at the end of this Disclosure Document. Please return one copy to us and retain the other one for your records (identified in Exhibit Q).

**EXHIBIT A**  
**LIST OF FRANCHISEES**

**Franchised Offices as of 12/31/2022**

<b>First Name</b>	<b>Last Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Hunter	Jones	2812 5th Avenue S.	Birmingham	AL	35210	(205) 407-1155
Chrystal	Ingle	2320 Pack Road, NW	Fort Payne	AL	35968	(256) 273-4900
Kenny	Ashcraft	211 Nichols Creek Lane	Huntsville	AL	35806	(256) 924-3070
Hunter	Jones	2812 5th Avenue South	Irondale	AL	35210	(205) 994-7227
Hunter	Jones	733 Lakeside Drive West	Mobile	AL	36693	(205) 994-7227
Hunter	Jones	596 George Todd Drive	Montgomery	AL	36117	(866) 997-7876
Hunter	Jones	2215 9th Avenue, Suite B	Northport	AL	35476	(205) 579-1515
Avelina	Lamb	75 W. Baseline Rd Suite 21	Gilbert	AZ	85233	(480) 587-4000
Avelina	Lamb	20280 N. 59th Avenue Suite 115-343	Glendale	AZ	85308	(480) 687-6363
Sean	LeVine	19260 S. 186th Dr.	Queen Creek	AZ	85142	(480) 566-2300
Matt	Heileman	15029 N. Thompson Peak Pkwy, #B-111-512	Scottsdale	AZ	85260	(480) 767-5588
Luis	Arvizu	5806 S. Nogales Highway, Ste B	Tucson	AZ	85706	(520) 416-4477
Ryan	Lawrence	9301 E. Brown Rd	Lowell	AR	72745	(479) 332-3100
Danny	Ognean	790 E. Debra Lane	Anaheim	CA	92805	(714) 782-0140
Curtis	Elowe	5682 Leitrim Court	Antioch	CA	94531	(925) 303-4488
John	McMurtrey	1901 N Chester Ave	Bakersfield	CA	93308	(661) 316-3090
Mohammad	Elzarou	22130 Sonoma Place Office Location	Chatsworth	CA	91311	(818) 998-3137
Danny	Ognean	2236 Monterey Peninsula Dr.	Corona	CA	92882	(909) 270-4191
Douglas	Akins	3071 Promenade	Costa Mesa	CA	92626	(866) 721-7876
Kent	Stanley	16501 Ventura Boulevard #400	Encino	CA	91436	(747) 377-4200
Diego	Rojas	2821 N. Miami Ave #101	Fresno	CA	93727	(559) 500-1818
Nazareth	Abovyan	1995 Erin Way	Glendale	CA	91206	(818) 945-9777

First Name	Last Name	Address	City	State	Zip	Phone
Ara	Martirosyan	2041 E. Gladstone Street #K	Glendora	CA	91740	(909) 830-8900
Douglas	Akins	15571 Graham Street	Huntington Beach	CA	92649	(714) 845-7299
Danny	Ognean	49 Largo Street	Laguna Niguel	CA	92677	(720) 617-9494
Jarrett	Hale	18501 Collier Avenue, Ste B-102	Lake Elsinore	CA	92530	(951) 566-1600
Juan	Diaz	1333 Oregon Avenue	Long Beach	CA	90813	(562) 549-5505
Frank	Forray	8601 Lincoln Boulevard Suite 180 No. 561	Los Angeles	CA	90045	(310) 846-0900
Rick	Belmont	5631 Leeds St Unit C	Los Angeles	CA	90280	(323) 364-8080
Ebipade Charles	Omajuwa	1301 W 2nd Street Suite 117	Los Angeles	CA	90026	(213) 328-3550
Narrinder	Badhan	1420 Peerles Place #101	Los Angeles	CA	90035	(310) 893-5444
Dale	Doria	11202 Shadyridge Drive	Moorpark	CA	93021	(805) 292-3620
Nazareth	Abovyan	11523 Sherman Way	North Hollywood	CA	91605	(818) 927-0177
Cynthia	Varjabedian	10009 Wilbur Avenue	Northridge	CA	91324	(818) 900-9944
Jacob	Beaty	78005 Wildcat Drive Suite 107	Palm Desert	CA	92211	(760) 836-5800
Emmanuel	Mutabaruka	15309 Rancho Polermo rd	Paramount	CA	90723	(562) 356-8500
Rick	Belmont	155 North Lake Avenue, Suite 800	Pasadena	CA	91101	(626) 514-1400
Steven	Malloy	1057 E. Imperial Hwy, #416	Placentia	CA	92870	(714) 983-0600
Daniel	Camara	11315 Sunrise Gold Circle, Suite M	Rancho Cordova	CA	95742	(866) 722-7876
Bonnie	Lanyon	9559 Center Avenue	Rancho Cucamonga	CA	91730	(909) 481-4399
Kurt	Nix	1200 Arizona Avenue Unit 1A	Redlands	CA	92374	(909) 792-1360
Wilmer (Will)	Campos Quispe	7130 Fiesta Avenue	Riverside	CA	92504	(951) 289-3999
Danny	Ognean	9360 Activity Road Suite F	San Diego	CA	92126	(858) 566-7876
Tyrone	Thomas, Jr.	5555 Magnatron Blvd Suite K	San Diego	CA	92111	(858) 869-1313

First Name	Last Name	Address	City	State	Zip	Phone
Michael	Pitigliano	401 Farnel Road, Unit Z32	Santa Maria	CA	93458	(805) 975-0800
Bill & Barbara	Rummonds	3194 Coffey Lane, #405	Santa Rosa	CA	95403	(707) 538-1772
Douglas	Akins	2882 Gundry Avenue	Signal Hill	CA	90755	(844) 528-7876
Ray	Shamoony	2235 First Street, Ste. 107	Simi Valley	CA	93065	(805) 424-1221
Tyrone	Thomas, Jr.	512 Ramona Avenue	Spring Valley	CA	91977	(619) 765-4445
Jonathan	Chalker	31280 Tommy Lane	Temecula	CA	92591	(951) 651-0202
Larry	Katz	5776-D Lindero Canyon Rd, #140	Thousand Oaks	CA	91362	(805) 367-3118
Jacob	Beaty	73821 El Portal	Thousand Palms	CA	92276	(760) 834-9449
Bonnie	Lanyon	12520 Business Center Dr. Bldg F	Victorville	CA	92395	(760) 245-5545
Jerry	Hammons	1611 S. Melrose Drive, Suite a #189	Vista	CA	92081	(760) 585-9600
Chris	Lechman	4255 S Buckley RD #1344	Aurora	CO	80550	(970) 795-8200
Christopher	Lechman	977 Pinehurst Court	Bennett	CO	80102	(720) 773-3388
Bruce	Helart	6901 W 117th Avenue	Broomfield	CO	80020	(720) 773-3400
Scott	Nuttall	7079 S Jordan Rd #4	Centennial	CO	80112	(303) 876-0006
Tomas	Mejia	15 Buchanan Street, Unit 110	Colorado Springs	CO	80907	(303) 664-4030
Tomas	Mejia	2650 West 2nd Avenue Unit 14	Denver	CO	80223	(303) 993-1313
Ryan	Engle	2411 Delwood Avenue	Durango	CO	81301	(970) 426-5005
Tomas	Mejia	14143 Denver West Parkway #100	Golden	CO	80401	(303) 664-4030
Chris	Lechman	10756 Skydance Drive	Highlands Ranch	CO	80126	(720) 316-0500
Christopher P.	Barnett	4301 South Federal Boulevard, Ste 111	Sheridan	CO	80110	(303) 209-3310
Francis	Fiolek	110 Hunyadi Avenue	Fairfield	CT	06824	(203) 763-1155
Alex	Zislis	201 Highview Avenue, Unit #2	Stamford	CT	06902	(203) 399-0001

First Name	Last Name	Address	City	State	Zip	Phone
Alejandro	Restrepo	24 Danbury Road	Wilton	CT	06897	(475) 277-2400
Julia	Jones	4654 East SR 64 #115	Bradenton	FL	34208	(941) 877-2288
Art	Curtis	1971 W. Lumsden, Suite 119	Brandon	FL	33511	(813) 413-5055
David	Shiffman	4360 Oakes Road	Davie	FL	33314	(954) 233-1100
Joaquin	Seminario	440 S. Federal Highway, Unit #204A	Deerfield Beach	FL	33441	(954) 645-2999
Natalia	Sanchez	1240 Tangelo Terrace, Unit B-15	Delray Beach	FL	33444	(561) 277-6999
Edward	Gailey	3901 TigerPoint Blvd.	Gulf Breeze	FL	32563	(850) 932-3232
Wayne	Terry	6001-21 Argyle Forest Boulevard	Jacksonville	FL	32244	(904) 573-3566
Wayne	Terry	12620-3 Beach Blvd., Suite 338	Jacksonville	FL	32246	(904) 821-1620
Russell	Benes	841 Prudential Drive 12th Floor	Jacksonville	FL	32207	(904) 428-0002
Aurelio	Lopez-Pagan	6577 49th Avenue North	Kenneth City	FL	33709	(727) 291-8988
Diego	Barros	TBD	Lake Mary	FL	32804	(321) 999-9660
Maurice	Nalley	2806 12th Street SW	Lehigh Acres	FL	33976	(239) 266-3535
Diego	Barros	1987 Corporate Square Drive, Unit 159	Longwood	FL	32750	(407) 961-7474
Joseph	Thomas	TBD	Marco Island	FL	34133	(734) 245-0800
Jeremy	O'Dwyer	1700 Banks Road, Suite 30	Margate	FL	33063	(954) 775-3805
Nikita (Nick)	Schupbach	739 North Drive, Suite B	Melbourne	FL	32934	(321) 378-2400
Thomas	Avila	4842 SW 75th Avenue, Miami FL 33155	Miami	FL	33155	(305) 894-4343
Hugo	Urribarri	14375 SW 120 Street, Suite 101	Miami	FL	33186	(305) 752-4019
David	Shiffman	114 NW 25th Street #41	Miami	FL	33127	(305) 894-4334
Jason	Smith	3422 Tigris Lane	Naples	FL	34119	(239) 330-3939

First Name	Last Name	Address	City	State	Zip	Phone
Mitchell	Woods	1882 North Tamiami Trail (Mailing Address)	North Fort Myers	FL	33903	(239) 985-5566
David	Shiffman	1950 NE 149 Street	North Miami Beach	FL	33181	(305) 907-7373
Frank	Garcia	7338 Marseille Circle	Orlando	FL	32822	(407) 751-1550
Jorge	Mojica	3017 Youngford St	Orlando	FL	32824	(407) 751-1677
Russell	Benes	1685 Airport Boulevard	Ormond Beach	FL	32174	(386) 777-4770
Carlos	Niemes	10031 Pines Boulevard #236	Pembroke Pines	FL	33024	(754) 732-8383
Jose	Pureco	200 Torchwood Ave.	Plantation	FL	33324	(954) 477-7007
Jeffrey	Jensen	1404 Mercantile Court Unit B	Plant City	FL	33563	(863) 450-3993
Karen	Argus	7803 SW Ellipse Way #B8	Stuart	FL	34997	(772) 763-1313
Russell	Benes	155 International Golf Parkway	St. Augustine	FL	32095	(904) 495-0950
Kevin	Wint	6604 Harney Road, Suite A	Tampa	FL	33610	(813) 825-0800
Joseph	Mack, Jr.	6089 Johns Road. Ste 6	Tampa	FL	33634	(813) 515-2444
Samuel	Dyson	8919 Hannigan Court	Tampa	FL	33626	(813) 614-8008
Jose (Antonio)	Medina	9712 Phipps Lane	Wellington	FL	33414	(561) 412-5566
Victor Gutierrez & Manuel Opazo	Gutierrez	39033 County Road 54	Zephyrhills	FL	33542	(813) 528-4060
Daniel	Guerra	296 Ardmore Circle NW Apt 7	Atlanta	GA	30309	(404) 777-7876
Temoh	Nesbitt	5825 Glenridge Drive, Bldg. 4, Ste 105	Atlanta	GA	30328	(770) 202-4994
Timothy	Summers	3481 Walnut Ridge	Atlanta	GA	30349	(404) 682-5400
Richard	Sasnett III	1500 Wrightsboro, Ste 100	Augusta	GA	30904	(706) 723-8989
David	Leopard	4341 Gainsville Highway	Blairsville	GA	30512	(706) 400-6110
James	Stern	1367 Buford Business Boulevard Suite 400	Buford	GA	30518	(470) 822-3500
David	Nieman	441 Hospital Road	Canton	GA	30114	(770) 720-2320
Samit	Patel	3367 W. Hospital Avenue	Chamblee	GA	30341	(770) 290-3200

First Name	Last Name	Address	City	State	Zip	Phone
Bobby	Barnette, Jr.	840 Custer Street	Hapeville	GA	30354	(404) 689-5580
Sam T	Springer	1281 Kennestone Cir, Suite 600	Marietta	GA	30066	(770) 627-0900
Sandra	Copeland	3729 Martha Berry Hwy	Rome	GA	30165	(706) 291-2722
Michelle	Ramos	94-344 Ukee Street, Suite #4	Waipahu	HI	96797	(808) 548-7876
John	Marsh	3303 Caldwell Boulevard	Nampa	ID	83651	(208) 391-6226
John	Marsh	TBD	Nampa	ID	83616	(208) 563-3900
Daniel	Pintilie	55 N. Cedar Street, Ste 109	Post Falls	ID	83854	(208) 508-2300
Aurelian	Calafeteanu	12540 S. Holiday Drive	Alsip	IL	60803	(708) 929-9696
John	Modugno	160 Bartlett Plaza	Bartlett	IL	60103	(630) 823-0424
Brian	Towne	10623 E. 1700 North Road	Bloomington	IL	61705	(309) 433-0900
Nicholas	Pacella	231 S. Frontage Road	Burr Ridge	IL	60527	(630) 413-0990
Buddy	Lee	210 East Street Unit A/B	Carol Stream	IL	60188	(630) 653-7876
Paul	Reiss	1934 North 81 Street	Caseyville	IL	62232	(618) 206-7055
Keegan	Trudgen	3536 W. Potomac Avenue	Chicago	IL	60651	(312) 453-1500
Yosip	Varda	9066 Hollyberry Avenue	Des Plaines	IL	60016	(224) 319-0100
Barbara	Bielski	28144 W. Industrial Avenue, Ste 118	Lake Barrington	IL	60010	(847) 991-1600
Timothy	Kreczmer, Jr.	600 Industrial Drive	Naperville	IL	60563	(630) 474-7876
Keegan	Trudgen	555 Skokie Boulevard	Northbrook	IL	60062	(773) 203-0959
John	Carney	912 Wenonah Avenue	Oak Park	IL	60304	(708) 665-6800
Keegan	Trudgen	11545 W. 183rd Street Unit #16	Orland Park	IL	60467	(708) 580-0909
Peter	McLiverty	As of June 1, 2022 - 8049 Ridgeway Avenue	Skokie	IL	60076	(312) 767-4600
Marlan	Brown	513 N Kankakee St.	Wilmington	IL	60481	(779) 429-3100
Keegan	Trudgen	917 AEC Drive	Wood Dale	IL	60191	(888) 787-6911

First Name	Last Name	Address	City	State	Zip	Phone
Daniel	Irmscher	9665 State Road 64	Georgetown	IN	47122	(812) 951-1300
Jeff	Rush	625 S. State Street	Greenfield	IN	46140	(317) 467-4436
Jerry	Beck	5845 Poinsettia Drive	Lafayette	IN	47905	(765) 701-4242
Charles	Polley	1846 Gullion Drive	Madison	IN	47250	(812) 801-4485
Zac	Osborn	4319 W. Clara Lane #299	Muncie	IN	47304	(765) 216-3210
Zac	Osborn	13398 Tegler Drive STE 120	Noblesville	IN	46060	(317) 606-0353
Brock	Phillips	500 W Honey Creek Drive	Terre Haute	IN	47802	(812) 514-8555
Michael	Walters	805 32nd Avenue	Council Bluffs	IA	51501	(712) 435-3434
Nicholas	Theisen	25079 W 150th Terrace	Olathe	KS	66061	(913) 353-8300
Troy	Smith	12920 W 133 PL, #1201	Overland Park	KS	66213	(913) 981-9200
Tim	James	1922 N Split Rail Ct	Wichita	KS	67230	(316) 500-2288
Greg	Hilycord	1101 2nd Ave.	Dayton	KY	41074	(859) 982-9900
Kenneth	Afenya	133 N. Locust Hill Drive	Lexington	KY	40509	(859) 436-1717
Rob	Hunter	2251 Stanley Gault Parkway	Louisville	KY	40223	(502) 244-1510
Fernando	Puebla	264 Lobdell Avenue	Baton Rouge	LA	70806	(225) 963-5550
Jack	Currault	1718 Engineers Road	Belle Chasse	LA	70037	(504) 218-2266
Caleb	Fitzmorris	74030 Highway 1077, Ste 3	Covington	LA	70434	(985) 590-6600
Michael	Keppner	2701 Airline Drive	Metairie	LA	70001	(504) 799-0400
Charles Bradley	Brossette	668 W Bert Kouns Industrial Loop	Shreveport	LA	71118	(318) 532-6700
Chris	Anderson	398 Harold Dow Highway Unit 37	Eliot	ME	03903	(603) 570-6996
Brad	McCrum	170 John Roberts Road	South Portland	ME	04106	(207) 835-8899
Edward	Lineaweaver	307 N. Bridge St. Suite 211	Elkton	MD	21921	(888) 787-7876
Javier	Perez	885 Clopper Road, Apt. A-3	Gaithersburg	MD	20878	(571) 483-8400
Tim	Walsh	201 International Circle, Suite 230	Hunt Valley	MD	21030	(443) 330-7722

First Name	Last Name	Address	City	State	Zip	Phone
Edward	Porter	4720 Boston Way, Suite L	Lanham	MD	20706	(301) 277-2755
Timothy	Walsh	805 Barkwood Court	Linthicum Heights	MD	21090	(443) 973-3233
Justin	McCabe	313 Najoles Road	Millersville	MD	21108	(443) 961-2200
Edward	Lineaweaver	7701 Bel Air Road	Nottingham	MD	21236	(410) 657-3200
Robert	Schattner	1078 Taft Street	Rockville	MD	20850	(800) 500-2399
Edward	Porter	8720 Georgia Avenue, Suite 302	Silver Spring	MD	20901	(240) 650-3355
Justin	McCabe	216-F Log Canoe Circle	Stevensville	MD	21666	(410) 919-4275
Nigel	Belgrave	482 Southbridge Street, Suite 331	Auburn	MA	01501	(774) 321-3232
Joseph / Justin	Cadette / Rivers	89 Lancaster Street	Leominster	MA	01453	(978) 549-8620
Nigel	Belgrave	841 Worcester St, Suite 334	Natick	MA	01760	(781) 474-0200
Jeremy	Brigham	320 Nevada Street Suite 301	Newton	MA	02460	(617) 992-7400
Frank	Greenwood	80 New Salem Street	Wakefield	MA	01880	(781) 486-3200
David	Brauer	422 High Plain St.	Walpole	MA	02081	(508) 734-3022
Joseph	Thomas	6335 Golfview Drive	Bloomfield Hills	MI	48301	(248) 756-5155
Daron	Underwood	41767 Joy Road	Canton	MI	48187	(734) 238-3200
Joseph	Thomas	5778 E. Grand River Avenue	Howell	MI	48843	(517) 292-8700
Palo	Ndrejaj	6435 Westland Way	Lansing	MI	48917	(517) 679-3100
Alexander	Ho	42360 Ann Arbor Road East	Plymouth	MI	48170	(734) 738-0444
Steve	Marceau	56700 Mound Road	Shelby Township	MI	48316	(586) 697-8100
Alexander	Ho	4682 W. Walton Blvd	Waterford	MI	48329	(248) 724-1500
Steven	Shearer	508 Riverbank Street	Wyandotte	MI	48192	(734) 225-2552
Mikias	Lulseged	9124 Grand Ave S, Suite 100	Bloomington	MN	55420	(952) 222-8550
Ryanne	Back	1224 Night Trail	Waconia	MN	55387	(952) 246-0200

First Name	Last Name	Address	City	State	Zip	Phone
Bonnie	Teichert	3110 Government St	Ocean Springs	MS	39564	(228) 456-3200
Johnathon	Tripp	8953 North Service Road	Bourbon	MO	65441	(573) 468-8797
David	Michaud	21 S 2nd Street	Festus	MO	63028	(314) 898-0935
John	Collins	2321 NE Independence Avenue Suite B	Lees Summit	MO	64064	(816) 272-4664
Chad	Jameson	12268 West State Highway TT	Republic	MO	65738	(417) 233-3111
Kevin	Brown	762 Luetkenhaus Boulevard #628	Wentzville	MO	63385	(636) 445-5115
Michael	Mauch	502 East 4 Street N	North Platte	NE	69101	(308) 535-1453
John	Gudenrath	13333 A Street	Omaha	NE	68144	(402) 509-3939
Christopher	Paul	13333 A Street	Omaha	NE	68144	(402) 509-3939
Daniel	Ferrando	25 Blue Valley Drive	Henderson	NV	89022	(702) 848-4244
Hyrum	Pereira	2777 N. Lamb Boulevard	Las Vegas	NV	89115	(702) 551-3040
Steven	Lai	11700 W. Charleston Blvd., 170-653	Las Vegas	NV	89135	(702) 608-8668
Joshua	Nelson	1550 Glendale Avenue	Sparks	NV	89431	(775) 446-4646
Tyson	Bostrom	404 Stage Road	West Nottingham	NH	03291	(603) 664-3727
Nelson	Rivera	2 Broad Street, Unit 507	Bloomfield	NJ	07003	(973) 842-7311
Sharjil (Sal)	Ahmad	42 Hilltop Terrace	Bloomingtondale	NJ	07403	(973) 946-8833
Robin / Chris	Hoy	16 South Avenue West Suite 279	Cranford	NJ	07016	(908) 577-9120
Harry	Allcroft	1810 Underwood Blvd., Suite 1	Delran	NJ	08075	(877) 750-7876
George	Kidonis	66 Palisade Avenue, Unit 2	Garfield	NJ	07026	(973) 330-8505
Jeff	Uddo	199 Lexington Ave	Hackensack	NJ	07601	(201) 261-0162
Peter	Shine	17 Western Avenue	Jersey City	NJ	07307	(201) 868-4817
Robin	Hoy	171 Main Street, Suite 300	Matawan	NJ	07747	(732) 351-2442
Sandra	White	432 Lincoln Blvd	Middlesex	NJ	08846	(732) 366-9300
Peter	Shine	TBD	Ocean Township	NJ	07711	(845) 709-4360

First Name	Last Name	Address	City	State	Zip	Phone
Nelson	Rivera	180 Hickory Street	Orange	NJ	07050	(973) 842-7311
Nelson	Rivera	3633-B Hill Road	Parsippany	NJ	7054	(973) 993-6444
Sandra	White	TBD	Princeton	NJ	08502	(609) 436-5959
Peter	Shine	300 Lighting Way	Secaucus	NJ	07094	(551) 309-7900
Alex	Gonzalez	858 Portobello Road	Toms River	NJ	08753	(732) 930-2330
Karl	Grebe	23 Torbet Drive	Wayne	NJ	07470	(973) 988-2121
Justin	Patnode	431 New Karner Road	Albany	NY	12205	(518) 362-2700
Taiwo	Akinyemi	750 Saw Mill River Rd	Ardsley	NY	10502	(914) 330-8333
Alexandra	Fajardo	9229 Lamont Avenue, Apartment 3H	Elmhurst	NY	11373	(718) 360-5741
Tishaun	Dennis	33 South Service Road	Jericho	NY	11753	(516) 421-6400
Jonathan	Beever	625 NY-28	Kingston	NY	12401	(845) 481-9060
Sammy	Shrem	219-05 Merrick Boulevard	Laurelton	NY	11413	(718) 801-3055
Frank	Cassese	110 C North Clinton Avenue	Lindenhurst	NY	11757	(631) 703-3280
Kayur	Patel	250 Commerce Boulevard	Liverpool	NY	13088	(315) 314-9090
Joseph	Choi	421 Waverly Avenue	Mamaroneck	NY	10543	(914) 740-8686
Salvatore	Pusateri	5620 Old Sunrise Highway	Massapequa	NY	11758	(516) 604-1200
Milton	Valerio	130 Wickham Avenue	Middletown	NY	10940	(845) 869-5999
Alexandra	Fajardo	249 Elm Place	Mineola	NY	11501	(516) 387-0900
Mitch	Cohen	228 East Rte 59, Suite 179	Nanuet	NY	10954	(845) 570-5060
Bill	Nyitrai	3689 California Road Suite 7	Orchard Park	NY	14127	(716) 662-0188
Peter	Meringolo	66 North Highland Avenue	Ossining	NY	10562	(914) 502-9400
Jonathan	Beever	9 W Oakley St	Poughkeepsie	NY	12601	(845) 320-4646
Randall	Barrett	1999 Mount Read Boulevard	Rochester	NY	14615	(585) 431-6060
Danny	Fontana	30 Laredo Avenue	Staten Island	NY	10312	(646) 767-5885
Chris	Lupton	920 W. Chatham Street Suite #4	Cary	NC	27511	(919) 481-4600

First Name	Last Name	Address	City	State	Zip	Phone
Aaron	Davis	207 E. Saunders Street	Carthage	NC	28327	(910) 294-6137
Jeffrey	Hennings	TBD	Charlotte	NC	28079	(980) 313-3700
Bruce	Powell	19701 Bethel Church Rd, #103-227	Cornelius	NC	28031	(704) 992-6046
Aaron	Davis	5851 Ramsey Street, Suite C	Fayetteville	NC	28311	(888) 318-7876
Johnny	Hicks	409 E. Main Street	Havelock	NC	28532	(252) 444-4747
Chris	Nowak	2240 Wilson Rd.	Linwood	NC	27299	(866) 950-7876
Jeffrey	Hennings	521 Eagleton Downs Dr. Ste. E	Pineville	NC	28134	(704) 243-4484
William (Billy)	Soots	4819 Port Loop Road SE	Southport	NC	28461	(910) 477-3800
Quinnzel	McMillian	744 Merritt Capital Drive, Suite 104	Wake Forest	NC	27587	(984) 401-2220
Gerard	Wynne	114 S. Kerr Avenue	Wilmington	NC	28403	(910) 793-8586
William	Hagey	974 Wye Drive	Akron	OH	44303	(330) 800-4300
Dudley	Bell	377B Lear Road, #240	Avon Lake	OH	44012	(440) 653-8222
Mike	Moorhead	1126 Industrial Pkwy, North, Suite 1	Brunswick	OH	44212	(866) 944-7876
Steven	Jenson	17588 Plum Creek Trail	Chagrin Falls	OH	44023	(216) 354-0444
Philip	Peters	554 Water Street Suite B	Chardon	OH	44024	(440) 286-2209
Rick	Gutridge	2967 E. Sixth Avenue	Columbus	OH	43219	(614) 309-5739
Sadiq	Isu	707 Hadley Drive	Columbus	OH	43228	(614) 689-0012
James	Crouse	886 Stratford Road	Delaware	OH	43015	(740) 369-9500
Philip	Peters	400 Highland Rd. E Suite 3	Macedonia	OH	44056	(440) 286-2209
Rebecca	Edgren	2029 Edgefield Drive	Moraine	OH	45439	(937) 401-9700
Rebecca	Edgren	2029 Edgefield Drive	Moraine	OH	45439	(513) 897-8990
Muhammed Sadiq	Isu	2020 Brice Road	Reynoldsburg	OH	43068	(614) 697-4800
Thomas	Brammer	602 4th Street East	South Point	OH	45680	(606) 547-3303
Sadiq	Isu	520B South State Street, Suite 309	Westerville	OH	43081	(614) 942-3663

First Name	Last Name	Address	City	State	Zip	Phone
James	Hoover	10718 S Lynn Lane Rd E	Broken Arrow	OK	74011	(918) 574-1484
James	Hoover	1361 Rond Leaf Road	Edmond	OK	73034	(918) 877-7373
Joe	Fugate	425 Opportunity Drive	Norman	OK	73071	(405) 292-4800
Benjamin	Doebler	5882 NE Pinefarm Court	Hillsboro	OR	97124	(503) 820-5200
Benjamin	Doebler	1887 SE Milport Road	Milwaukie	OR	97222	(503) 908-6464
Diriba	Sapanie	6800 NE 59th Place	Portland	OR	97218	(503) 894-6100
Ben	Doebler	2303 N. Randolph Avenue Ste 3	Portland	OR	97227	(971) 254-1133
Ben	Doebler	147 Commercial Street NE #14	Salem	OR	97301	(971) 254-1133
Adam	Miller	31961 Rolland Drive	Tangent	OR	97389	(541) 286-3111
Daniel	Owusu-Anim	3477 Corporate Parkway, Suite 100	Center Valley	PA	18034	(484) 750-2700
Raymond	Rutkowski	205 Willow Drive	Denver	PA	17517	(717) 690-0100
Avijot	Sohal	1145 Interchange Road	Gilbert	PA	18331	(610) 438-3373
Hunter	Jones	7601 Derry St Rear	Harrisburg	PA	17111	(717) 210-0155
Christian	Carpico	1609 Ridgeway Road	Havertown	PA	19083	(484) 412-4422
Raymond	Losego	755 U.S. Route 30 Building 1	Imperial	PA	15126	(412) 872-2900
Djaber	Benarieb	630 Freedom Business Center, 3rd Flr.	King of Prussia	PA	19406	(610) 595-5777
David	Spierto	477 Oaklawn Drive	Pittsburgh	PA	15241	(412) 831-7876
Christian	Carpico	4440 Township Line Road, Ste 202	Schwenksville	PA	19473	(267) 834-5900
Laurence	Goodman	1180 Old Mill Lane	Wyomissing	PA	19610	(484) 668-1133
Christopher	Sanford	P.O. Box 6154	Warwick	RI	02887	(866) 787-6474
Steven	Starn	1540 Pearman Dairy Road	Anderson	SC	29625	(864) 844-8080
Dawn	Erickson	461 Jessen Lane Suite D.	Charleston	SC	29492	(843) 972-4200
Thomas	Maguire	2651 Shop Road Unit 5	Columbia	SC	29209	(803) 500-9227

First Name	Last Name	Address	City	State	Zip	Phone
Jeffrey L.	Hennings	313 Corner Lake Drive	Fort Mill	SC	29715	(980) 237-6188
Emily	Bohan	121-A Rutherford Road	Greenville	SC	29609	(864) 908-3590
James	Pitts	417 South Buncombe Road, Ste 2	Greer	SC	29650	(864) 565-7500
Joseph	Martin	2411 N. Oak Street, Suite 305-C	Myrtle Beach	SC	29577	(854) 854-9700
Thomas	Maguire	427 Alexander Avenue	Spartanburg	SC	29306	(864) 285-3530
Dawn	Erickson	1511 West 5th North Street	Summerville	SC	29483	(843) 640-0099
Joseph Robert	Hughes	314 Irene Drive	Clarksville	TN	37043	(931) 444-1177
Charles	Atkins	2405 Buchanan Rd, SE	Cleveland	TN	37323	(423) 790-3500
Donald	Slagle	9 Glen Mize Way	Gray	TN	37615	(423) 477-8400
Wayne	Zumwalt	129 Highland Ridge	Hendersonville	TN	37075	(615) 348-7200
Frankie	Stephens	123 Center Park Drive, Suite 215	Knoxville	TN	37922	(865) 999-7876
Marcus	Fors	7505 Appling Center Drive, Ste 101	Memphis	TN	38133	(901) 237-2040
James	Scalf	2618 Wellington Place	Murfreesboro	TN	37128	(615) 295-8080
James	Scalf	TBD	Nashville	TN	37207	(615) 351-6359
Gerald and Priya	Saravana-Wall	1210 W. McDermott Drive	Allen	TX	75013	(972) 892-0000
Chris	Dyer	4305 Fairway Drive	Amarillo	TX	79124	(806) 318-9700
Michael	Wogu	2607 Hollywood Drive	Arlington	TX	76013	(817) 259-0995
Dalila	Vazquez	9705 Burnet Road	Austin	TX	78758	(512) 956-5700
U.L.	Armstrong	26254 I-10	Boerne	TX	78006	(830) 266-9494
David I.	Bonilla	1709 E. William J. Bryan Parkway	Bryan	TX	77803	(979) 213-4060
Zachary	Morsbach	700 South Bell Boulevard, Ste F2	Cedar Park	TX	78613	(512) 337-9544
Linda	Sharp	16753 Donwick Dr. Ste A2	Conroe	TX	77385	(832) 562-4422
James	Kay	7514 Vaquero Drive	Corpus Christi	TX	78414	(361) 360-8600

First Name	Last Name	Address	City	State	Zip	Phone
Keegan	Trudgen	10580 Newkirk, Suite 203	Dallas	TX	75220	(214) 446-5458
Marco Antonio	Rodriguez, Jr.	1210 Savannah Court	Flower Mound	TX	75028	(469) 830-1500
Chris	Tucker	5035 Martin Luther King Jr. Freeway	Fort Worth	TX	76119	(817) 344-7202
Clint	Collier	648 Cattlemans Way	Fort Worth	TX	76131	(817) 953-5151
Jim	Bauer	5405 Northshore Drive	Frisco	TX	75034	(972) 624-7870
Tung	Dao	3029 Teakwood Drive	Garland	TX	75044	(469) 956-9393
Ismail	El Kehal	3311 Richmond, Suite 221	Houston	TX	77098	(832) 918-3938
Ismail	El Kehal	TBD	Houston	TX	77082	(346) 471-5800
James	Lineaweaver	5829 W. Sam Houston Parkway N	Houston	TX	77041	(832) 581-4443
Shawn	Ernst	5750 North Sam Houston Pkwy East, #207	Houston	TX	77032	(713) 250-8800
John	Villon	3615 Willowbend Boulevard Ste 400	Houston	TX	77054	(832) 856-5900
Adam	Shepherd	405 Moonshine Hill Loop	Humble	TX	77338	(281) 713-4545
Ryan	Rainey	11904 Copper Creek Drive	Keller	TX	76244	(817) 302-2090
Rafat (Rocky)	Handawy	4700 S. US Highway 377, Bldg 2B	Krugerville	TX	76227	(940) 290-0900
Allyson	Strickland	11465 Toepperwein Road	Live Oak	TX	78233	(726) 207-5700
Rene	Ruiz, Jr.	500 E. Hackberry Avenue, Ste 250	McAllen	TX	78501	(956) 217-0999
Frank	Rizzo	13801 S. Liberty Street	Montgomery	TX	77316	(936) 283-6262
UL	Armstrong	839 IH 35 South, Suite F	New Braunfels	TX	78130	(830) 359-3080
Ivan	Oliver	15015 Tradesman Drive, 105	San Antonio	TX	78249	(210) 610-5353
Ivan	Oliver	TBD	San Antonio	TX	78253	(210) 904-0400
Matthew	Sanders	5504 Bandera Road, Suite 706	San Antonio	TX	78238	(726) 207-5620
John	Villon	2245 Texas Drive #300	Sugar Land	TX	77479	(281) 916-2002

First Name	Last Name	Address	City	State	Zip	Phone
Jiri	Smetana	2030 E. Continental Blvd. Ste 1,	Southlake	TX	76092	(817) 809-8585
Chris	Empey	15210 S. 1800 W.	Bluffdale	UT	84065	(801) 254-6204
Chris	Empey	TBD	Layton	UT	84037	(801) 513-2232
Darrell	Depot	82 Leroy Rd	Williston	VT	05495	(802) 864-5551
Phuntsok (Phil)	Dhargyal	883 S. Pickett Street	Alexandria	VA	22304	(703) 719-2828
Charles (Chuck)	Ritenour	433 Head of River Road	Chesapeake	VA	23322	(757) 330-5511
Joseph	Ortiz	271 Sunset Park Drive	Herndon	VA	20170	(571) 342-6700
Kenneth Wayne	Draper	248 East Church St	Martinsville	VA	24112	(276) 666-3030
Phuntsok (Phil)	Dhargyal	6830 Elm Street, Suite 30	McLean	VA	22101	(571) 620-2200
Stephen	Crane	2425 W. Deerpath Drive	Powhatan	VA	23139	(804) 239-1558
Barbara	Greene	8202 Williamson Road, Ste B	Roanoke	VA	24019	(540) 685-0033
Brett	Dalrymple	7432 Alban Station Blvd A109	Springfield	VA	22150	(703) 334-0410
Richard	Van Dyke	201 Davis Drive Unit JJ	Sterling	VA	20164	(703) 579-8912
Brett	Dalrymple	6418 Old Meetze Rd Unit C	Warrenton	VA	20187	(540) 316-6100
Mike	O'Donnell	1490-5A Quarterpath Road, Suite 327	Williamsburg	VA	23185	(757) 208-7377
Craig	Hawkins	909 SE Everett Mall Way Suite A-140	Everett	WA	98208	(425) 595-3443
Diana	Gonzalez	22525 SE 64th Place, Suite 2261	Issaquah	WA	98027	(425) 947-1001
Robert	Jordan	22816 34th Ave, West	Lynnwood	WA	98036	(855) 787-6349
Adam	Runyan	1085 Cedar Avenue	Marysville	WA	98270	(360) 939-1188
Kevin	Rybak	3917 W. Heroy Avenue	Spokane	WA	99205	(509) 505-5353
Robert	Jordan	13701 24th Street E, Units B2 and B9	Tacoma	WA	98390	(253) 239-0055
Craig	Hawkins	20109 144th Avenue NE	Woodinville	WA	98072	(425) 488-7688
Kevin & Rhonda	Casper	27315 County Highway G	Ashland	WI	54806	(715) 682-2900

First Name	Last Name	Address	City	State	Zip	Phone
Jennifer	Wine	151 Industrial Drive	Burlington	WI	53105	(262) 342-2226
Keegan	Trudgen	1364 Reber Street	Green Bay	WI	54302	(920) 965-8339
Dan	Dringoli	4362 County Rd S	Oshkosh	WI	54904	(920) 886-8151
Kevin and Beth	McBride	3288 Church Street	Stevens Point	WI	54481	(715) 321-2526
Keegan	Trudgen	21870 Watertown Road	Waukesha	WI	53186	(414) 516-4300
Joseph	Ortiz	Metro Office Park, #3 Calle 1, Lot 3	Gyanabo	PR	00968	(939) 739-8325

**Company Owned Offices as of 12/31/2022**

NONE.

**U.S. Franchise Agreements Signed as of 12/31/2022  
But Business Not Operational as of 12/31/2022 Pending Training**

First Name	Last Name	City	State	Phone
Rick	Belmont	Tucson	AZ	(323) 364-8080
Jeffrey	Rogers	Little Rock	AR	(501) 267-5878
Xiuhcoatl (Xico)	Aguirre	Atascadero	CA	(805) 975-0400
Francisco	Rojas	Fresno	CA	(559) 512-2220
Petru-Daniel	Iorgoni	Riverside	CA	(951) 710-2050
Andy	Tai	Rowland Heights	CA	(626) 497-6363
Arturo	Hagopian Arizmendi	San Diego	CA	(858) 265-7233
Hensley	Chukwudobe	Torrance	CA	(424) 699-5000
Giancarlo	Cortes	New Port Richey	FL	(727) 339-7277
Keneice Kay	Henriques	Pompano Beach	FL	(954) 820-8886
Cristian Anton	Ciobanu	St. Petersburg	FL	(727) 284-1800
Romel	Molina	Winter Garden	FL	(407) 431-8881
Jiselle	Francis	Lawrenceville	GA	(770) 810-5499
Stephen	Sherwood	Romeoville	IL	(815) 905-2225
Adam	Feldmann	Cedar Rapids	IA	(319) 304-0451

<b>First Name</b>	<b>Last Name</b>	<b>City</b>	<b>State</b>	<b>Phone</b>
Kenneth	Brown	Shelby	KY	(502) 751-9590
Douglas	Malone	Pineville	LA	(318) 541-8899
Rebecca	Hayner	Jackson	MI	(517) 247-2220
Aleem	Khan	Troy	MI	(248) 434-5334
Edward	Middleton, Jr.	Hattiesburg	MS	(601) 909-8885
Larry Dennis	Webb	St. Charles	MO	(636) 373-9696
Peter	Kane	Kearny	NJ	(973) 755-9900
Archie	Arigorat, Jr.	Livingston	NJ	(848) 203-5384
Nkomo	Brooks	Eugene	OR	(808) 824-0830
Damian	Guzman	Zionsville	PA	(484) 982-8176
Oswaldo	Loor	Austin	TX	(512) 953-2548
Michael	Baca	Crowley	TX	(817) 415-0770
Ana Maria	Ospina Arteaga	Round Rock	TX	+573108542206

## Franchisees that left the system during 2022

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

### Terminations

Owner	City	State	Phone
Douglas Baillie Peggy Baillie	Prescott Valley	Arizona	(928) 499-3800
Michael Russell	North Little Rock	Arkansas	(501) 819-2200
Elisha Gumbo	Colton	California	(909) 312-2700
Tanos (Tony) Nalbandian	Glendora	California	(626) 608-6776
King Dominguez	Auburn Hills	Michigan	(248) 724-9977
William Pellow	Macomb	Michigan	(586) 416-9988
Dennis Forrester	Watervliet	Michigan	(269) 463-8370
Christopher Crawley	Columbus	Mississippi	(662) 368-8444
Albert Vink Nicole Vink	Fuquay Varina	North Carolina	(919) 762-3300
Arnold Frost	McLoud	Oklahoma	(405) 731-4343
Mark McGuire	Hixson	Tennessee	(423) 250-5588

### Transfers/Non-Renewals

Franchisee	City	State	Phone
Jason Hirvonen	Glendale	Arizona	(480) 687-6363
Mark Deckard	Lowell	Arkansas	(479) 332-3100
Ruben Martinez	Costa Mesa	California	(866) 721-7876
James S. Rouse III	Highlands Ranch	Colorado	(720) 316-0500
Jason Smith and Walter Griffin	Bloomfield Hills	Michigan	(248) 756-5155
Sevan Daghlian	Livonia	Michigan	(734) 245-0800
Joe Ritchie	Sullivan	Missouri	(573) 468-8797
Adam Forster	Orange	New Jersey	(973) 842-7311

<b>Franchisee</b>	<b>City</b>	<b>State</b>	<b>Phone</b>
Sam Grenga and Silvio Grenga	Huntington	New York	(516) 421-6400
Henry Taylor	Cary	North Carolina	(919) 481-4600
Michael Martin	Westerville	Ohio	(614) 942-3663
Bill Simmons	Greer	South Carolina	(864) 565-7500
Charles Atkins	Nashville	Tennessee	(423) 790-3500
Frank and Mary Taylor	Martinsville	Virginia	(276) 666-3030
Duane and Kelly Pierre	Vancouver	Washington	(971) 254-1133
Mark Mazzoleni	Green Bay	Wisconsin	(920) 965-8339

**Non-Renewals**

<b>Franchisee</b>	<b>City</b>	<b>State</b>	<b>Phone</b>
Rick Wrubel	Titusville	Florida	(321) 289-3400
Jennifer Dean Robert Dean	San Antonio	Texas	(210) 937-1033

**EXHIBIT B**

**LIST OF AGENTS FOR SERVICE OF PROCESS AND ADMINISTRATORS**

## **LIST OF AGENTS FOR SERVICE OF PROCESS AND ADMINISTRATORS**

### **CALIFORNIA**

Department of Financial  
Protection & Innovation  
320 West 4<sup>th</sup> St., Suite 750  
Los Angeles, CA 90013-1105  
Telephone: 1-866-275-2677

### **HAWAII**

Commissioner of Securities of  
the State of Hawaii  
335 Merchant Street  
Room 205  
Honolulu, HI 96813

### **ILLINOIS**

Attorney General State of Illinois  
500 South Second Street  
Springfield, Illinois 62706

### **INDIANA**

Agent for Service of Process  
Indiana Secretary of State  
201 State House  
200 West Washington Street  
Indianapolis, Indiana 46204

### State Administrator

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

### **MARYLAND**

Agent to Receive Process  
Securities Commissioner  
Division of Securities  
200 St. Paul Place  
Baltimore, Maryland 21202-2020

### State Authority

Office of the Attorney General  
Securities Division  
200 St. Paul Place, 20th Floor  
Baltimore, Maryland 21202

### **MICHIGAN**

Consumer Protection Division  
Franchise Administrator  
G. Mennen Williams Building  
525 West Ottawa Street, 1<sup>st</sup> Floor  
Lansing, Michigan 48913

### **MINNESOTA**

Commissioner of Commerce  
Minnesota Department of  
Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101

### **NEW YORK**

Agent to Receive Process  
New York Secretary of State,  
One Commerce Plaza, 99  
Washington Avenue, 6<sup>th</sup> Floor  
Albany, New York 12231

### State Administrator

Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, New York 10005

### **NORTH DAKOTA**

North Dakota Securities  
Department  
State Capital Fifth Floor  
600 East Boulevard Avenue  
Bismarck, North Dakota 58505  
Telephone: (701) 328-4712

### **RHODE ISLAND**

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

### **SOUTH DAKOTA**

Division of Insurance  
Securities Regulation  
124 South Euclid Ave, Suite 104  
Pierre, SD 57501

### **VIRGINIA**

Agent to Receive Process  
Clerk of the State Corporation  
Commission  
1300 East Main Street, 1<sup>st</sup> Floor  
Richmond, Virginia 23219

### State Administrator

State Corporation Commission  
Division of Securities and Retail  
Franchise  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, Virginia 23219

### **WASHINGTON**

Director  
Department of Financial Institutions  
Securities Division  
150 Israel Rd SW  
Tumwater, Washington 98501

### **WISCONSIN**

Division of Securities  
Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705

**EXHIBIT C**

**PUROSYSTEMS, LLC**  
**FINANCIAL STATEMENTS**

# **PUROSYSTEMS, LLC AND SUBSIDIARY**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

Years ended December 31, 2022, 2021, and 2020

# **PUROSYSTEMS, LLC AND SUBSIDIARY**

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## INDEPENDENT AUDITOR'S REPORT

To the Member  
PuroSystems, LLC and Subsidiary

### Opinion

We have audited the accompanying consolidated financial statements of PuroSystems, LLC and Subsidiary ("the Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Prior Period Financial Statements

The financial statements of the Company as of December 31, 2020 were audited by other auditors whose report dated April 30, 2021 expressed an unmodified opinion on those statements.

### Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

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

In performing an audit in accordance with GAAS, we:

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

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

*UHY LLP*

Sterling Heights, Michigan  
April 5, 2023

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**

	December 31,		
	2022	2021	2020
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 3,106,151	\$ 5,047,656	\$ 2,526,283
Accounts receivable, net	2,630,076	2,694,465	1,560,696
Prepaid expenses	684,415	368,988	522,529
Advance to affiliate	804,000	804,000	804,000
Current portion of notes receivable, net	214,597	159,147	188,873
Total current assets	<u>7,439,239</u>	<u>9,074,256</u>	<u>5,602,381</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	17,033,115	1,308,672	1,060,670
<b>OTHER ASSETS</b>			
Notes receivable, net	89,657	78,868	144,166
Deposits and other assets	113,479	18,551	18,551
Contract assets	3,473,368	2,800,838	2,587,786
Right-of-use assets - operating leases	1,182,574	-	-
Total other assets	<u>4,859,078</u>	<u>2,898,257</u>	<u>2,750,503</u>
<b>TOTAL ASSETS</b>	<u>\$ 29,331,432</u>	<u>\$ 13,281,185</u>	<u>\$ 9,413,554</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Current portion of long-term debt	\$ 3,363,921	\$ 2,388,889	\$ 2,408,549
Current portion of operating lease liability	317,133	-	-
Accounts payable	2,001,919	4,075,397	1,885,914
Accrued expenses	1,912,420	1,486,636	1,048,217
Contract liabilities	2,135,500	1,214,250	786,881
Capital lease obligations	-	-	1,057
Total current liabilities	<u>9,730,893</u>	<u>9,165,172</u>	<u>6,130,618</u>
<b>LONG-TERM LIABILITIES</b>			
Interest payable - related party	-	-	16,349
Lease liability - operating, net of current portion	961,475	-	-
Long-term debt, net of current portion			
Bank	16,779,412	-	1,685,641
Related party	-	-	1,000,000
Total long-term liabilities	<u>17,740,887</u>	<u>-</u>	<u>2,701,990</u>
<b>TOTAL LIABILITIES</b>	27,471,780	9,165,172	8,832,608
<b>MEMBER'S EQUITY</b>	<u>1,859,652</u>	<u>4,116,013</u>	<u>580,946</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<u>\$ 29,331,432</u>	<u>\$ 13,281,185</u>	<u>\$ 9,413,554</u>

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY**  
**Years ended December 31, 2022, 2021, and 2020**

	Member's Units		Member's Equity	Total Member's Equity
	Units	Amount		
Balance, January 1, 2020	450	\$ 450	\$ 7,018,978	\$ 7,019,428
Net income	-	-	4,939,857	4,939,857
Distributions	-	-	(1,533,000)	(1,533,000)
Cumulative-effect adjustment from adoption of ASC 606	-	-	1,977,550	1,977,550
Distribution of receivable from members	-	-	(11,822,889)	(11,822,889)
Balance, December 31, 2020	450	450	580,496	580,946
Net income	-	-	6,373,067	6,373,067
Distributions	-	-	(2,838,000)	(2,838,000)
Balance, December 31, 2021	450	450	4,115,563	4,116,013
Net income	-	-	5,791,306	5,791,306
Distributions	-	-	(8,047,667)	(8,047,667)
Balance, December 31, 2022	450	\$ 450	\$ 1,859,202	\$ 1,859,652

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME**

	Years ended December 31,		
	2022	2021	2020
Revenue			
Royalty, services and other fees	\$ 21,960,356	\$ 19,141,299	\$ 15,920,636
Initial franchise fee	2,786,125	2,457,750	1,760,000
Other	1,301,042	795,065	625,404
<b>Total revenue</b>	<b>26,047,523</b>	22,394,114	18,306,040
Operating expenses			
Salaries and benefits	10,214,557	9,196,149	6,828,901
Selling, general and administrative	9,147,748	7,250,547	5,754,008
Depreciation and amortization	589,759	506,178	517,882
<b>Total operating expenses</b>	<b>19,952,064</b>	16,952,874	13,100,791
<b>Operating income</b>	<b>6,095,459</b>	5,441,240	5,205,249
Other income (expense)			
Interest expense			
Related party	-	(30,174)	(85,175)
Third party	(304,153)	(76,634)	(180,217)
PPP forgiveness	-	1,038,635	-
<b>Total other income (expense)</b>	<b>(304,153)</b>	931,827	(265,392)
<b>Net income</b>	<b>\$ 5,791,306</b>	<b>\$ 6,373,067</b>	<b>\$ 4,939,857</b>

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years ended December 31,		
	2022	2021	2020
<b>OPERATING ACTIVITIES</b>			
Net income	\$ 5,791,306	\$ 6,373,067	\$ 4,939,857
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	589,759	506,178	517,882
Provision for bad debt	-	(72,750)	17,953
Reduction in the carrying amount of ROU Assets	298,028	-	-
PPP loan forgiveness	-	(1,038,635)	-
Changes in:			
Accounts receivable	64,389	(1,532,324)	86,746
Prepays expenses and other current assets	(315,427)	153,541	(65,098)
Contract assets	(672,530)	(213,052)	(610,236)
Deposits	(94,928)	-	-
Accounts payable and accrued expenses	(1,579,834)	2,572,104	946,996
Operating lease liabilities	(273,049)	-	-
Deferred rent	(75,460)	39,450	(2,110)
Deferred revenue	921,250	427,369	375,381
Net cash provided by operating activities	<b>4,653,504</b>	7,214,948	6,207,371
<b>INVESTING ACTIVITIES</b>			
Expenditures for property and equipment	(16,314,201)	(754,180)	(263,311)
Issuance of notes receivable	(372,609)	-	-
Repayments on notes receivable	385,024	566,329	207,700
Net cash used in investing activities	<b>(16,301,786)</b>	(187,851)	(55,611)
<b>FINANCING ACTIVITIES</b>			
Borrowings on line of credit	-	1,000,000	-
Payments on line of credit	(1,000,000)	-	(750,000)
Proceeds from bank debt	20,976,667	-	1,038,635
Payments on bank debt	(2,222,223)	(1,666,667)	(1,666,667)
Proceeds from debt - related party	-	-	-
Payments on debt - related party	-	(1,000,000)	(1,500,000)
Payments on capital lease	-	(1,057)	(5,410)
Distributions	(8,047,667)	(2,838,000)	(1,533,000)
Net cash provided by (used in) financing activities	<b>9,706,777</b>	(4,505,724)	(4,416,442)
<b>NET CHANGE IN CASH</b>	<b>(1,941,505)</b>	2,521,373	1,735,318
<b>CASH, Beginning of year</b>	<b>5,047,656</b>	2,526,283	790,965
<b>CASH, End of year</b>	<b>\$ 3,106,151</b>	<b>\$ 5,047,656</b>	<b>\$ 2,526,283</b>
<b>Interest paid</b>	<b>\$ 223,310</b>	<b>\$ 109,003</b>	<b>\$ 251,883</b>

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022, 2021, and 2020**

**NOTE 1 – COMPANY OPERATIONS**

PuroSystems, LLC, is a franchisor headquartered in Florida, offering franchises for sale. Franchises offered are for the establishment of businesses that operate restoration and mitigation services for fire, water, and other forms of property casualty damage and certain casualty and non-casualty related cleaning services. Franchise agreements currently in effect provide for initial terms of 10 or 20 years and contain renewal provisions for one or more additional terms of 5 or 20 years. The Company's franchisees are located throughout the United States. Puro Aviation, LLC, owns and leases an aircraft to PuroSystems, LLC.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of certain accounting policies followed in the preparation of these consolidated financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in preparation of the consolidated financial statements.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of PuroSystems, LLC and beginning in the year ended December 31, 2022, their wholly owned subsidiary, Puro Aviation, LLC (collectively, "the Company"). All significant intercompany accounts and transactions have been eliminated.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Concentration of Credit Risk**

The Company, from time to time during the period covered by these consolidated financial statements, may have bank balances in excess of its insured limits. Management has deemed this as a normal business risk.

**Cash and Cash Equivalents**

The Company considers all highly liquid instruments purchased with original maturities of three months or less to be cash equivalents.

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022, 2021, and 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable/Allowance for Doubtful Accounts**

The Company carries its accounts receivable at invoiced amounts less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on history of past write-offs and collections and current credit conditions. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that the determination is made. At December 31, 2022, 2021, and 2020, the allowance for doubtful accounts on accounts receivable amounted to \$366,455, \$792,281, and \$882,641, respectively.

**Note Receivable/Allowance for Doubtful Accounts**

The Company carries its notes receivable at the outstanding balance due less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its notes receivable and establishes an allowance for doubtful accounts based on history of past write-offs and collections and current credit conditions. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that the determination is made. At December 31, 2022, 2021, and 2020, the allowance for doubtful accounts on notes receivable amounted to \$239,980, \$474,050, and \$520,149, respectively.

**Property and Equipment**

Management capitalizes expenditures for property and equipment. Expenditures for maintenance and repairs are charged to operating expense. Property and equipment are carried at cost. Adjustments to the asset and the related accumulated depreciation and amortization accounts are made for property and equipment retirements and disposals, with the resulting gain or loss included in the consolidated statements of income.

**Depreciation and Amortization**

For financial reporting purposes, depreciation and amortization of property and equipment is computed using the straight-line method over the estimated useful lives of the assets at acquisition. Leasehold improvements are amortized over the shorter of the expected asset life or the lease term. The expected useful lives for property and equipment range from 3 to 20 years.

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022, 2021, and 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition**

In May 2014, the Financial Accounting Standards Board issued accounting standards update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards and provides a single, comprehensive model for the recognition, measurement and disclosure of revenue from contracts with customers. The Company adopted the new guidance effective January 1, 2020, using the modified retrospective approach, and increased retained earnings by \$1,977,550. The adjustment to retained earnings was the result of capitalizing the Company’s costs to obtain a contract as if costs prior to January 1, 2020 had been amortized on a systematic basis consistent with the transfer of the related services. The adoption of this standard has not resulted in a material change in the timing of the revenue recognition.

The Company generates revenue through the sale of franchises. The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. The Company recognizes revenue at the amount to which it expects to be entitled when control of the good or service is transferred to the customer. Control is generally transferred when the Company has a present right to payment and title and the significant risks and rewards of ownership of goods or services are transferred to its customers. At each contract inception, the Company determines, when control of a good or service transfers to a customer over time or at a point in time.

The franchise contracts require an initial fee that is due and payable when a contract is signed. Effective January 1, 2020, the Company elected to adopt ASU 2021-02, *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*, which provides a practical expedient in ASC 952-606-25-2 that permits a franchisor that is not a public business entity that enters into a franchise agreement to account for certain pre-opening services provided to a franchisee as distinct from the franchise license. As a result, the Company has identified one performance obligation related to its pre-opening services. The Company’s pre-opening services typically involve site selection, new franchise training, initial field training and equipment. The Company is required to provide, and the franchisee is required to take, training in the various aspects of the restoration industry and the Company’s procedures and methods before the franchisee commences operations. The Company recognizes revenue from initial franchise fees at a point in time after this pre-opening training has been completed.

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022, 2021, and 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition (Continued)**

After the commencement of operations, the franchisee is required to pay the Company a monthly royalty fee ranging from 2% to 10% of gross receipts, as defined in each franchise agreement. The Company is required to provide use of its proprietary marks, copyrighted materials, on-going support, and technical assistance. The Company determined that these services represent a set of integrated or highly integrated services and are therefore accounted for as a single performance obligation of providing the franchise license. The Company recognizes royalty fees over time when earned based on monthly gross receipts as reported by franchisees.

**Contract Assets and Liabilities**

Contract assets consist of incremental costs the Company incurs to obtain its contracts. The Company has identified costs incurred related to commissions and broker referral fees as specific costs that were incurred to obtain a contract and are expected to be recovered over the duration of the customer contract. The Company amortizes these capitalized costs over a period of 20 years, which is commensurate with the typical contractual terms and the expected average customer life for each franchisee. The unamortized balance of these incremental costs is recorded as a contract asset on the consolidated balance sheets.

Contract liabilities consist of deferred revenue, which represent the non-refundable upfront payments received whereby the Company has not yet provided its pre-opening services.

**Income Taxes**

The Company has elected to be treated as a partnership under the Internal Revenue Code. Under these provisions, the Company generally does not pay Federal corporate income taxes on its taxable income. Instead, the member is liable for individual Federal income taxes on their respective share of the Company's taxable income. Accordingly, no provision for Federal corporate income taxes has been reflected in the consolidated financial statements. The member may receive distributions for income taxes.

**Advertising**

Advertising costs are expensed as incurred. Advertising expense for years ended December 31, 2022, 2021, and 2020 amounted to \$1,041,688, \$978,078, and \$967,739, respectively.

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022, 2021, and 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recently Adopted Accounting Pronouncement**

In February 2016, the Financial Accounting Standards Board issued accounting standards update (“ASU”) 2016-02 “Leases (Topic 842)”. Under this guidance, an entity is required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements.

The Company adopted the new standard effective January 1, 2022 using the modified retrospective approach. This approach allows the Company to initially apply the new accounting standards at the adoption date and recognize a cumulative adjustment to the opening balance of member’s equity in the period of adoption. The prior year comparative information has not been restated and continues to be reported under the accounting standards in effect for that period. The adoption of the new accounting standard had no impact on member’s equity. In addition, the Company recorded operating lease right-of-use assets and operating lease liabilities totaling \$1,324,027 and \$1,399,487, respectively.

The new standard provides a number of optional practical expedients at transition. The Company elected certain practical expedients that must be elected as a package, which permit the Company to not reassess, under the new standard, prior conclusions about (1) lease identification, (2) lease classification and (3) initial direct costs. Additionally, the Company elected a short-term lease exception policy, which allows entities to not apply the new standard to short-term leases (i.e. leases with terms of 12 months or less) and a hindsight policy, which allows an entity to include current considerations for existing leases when determining initial lease terms. The Company has also elected to account for lease and non-lease components as a single component for its building leases, and elected to utilize a risk-free rate for all leases when calculating the lease liability if the rate implicit in the lease is not readily available.

**Leases**

The Company determines if an arrangement is a lease at inception by determining whether the agreement conveys the right to control the use of the identified asset for a period of time, whether the Company has the right to obtain substantially all of the economic benefits from use of the identified asset, and the right to direct the use of the asset. Lease liabilities are recognized at the commencement date based upon the present value of the remaining future minimum lease payments over the lease term using the rate implicit in the lease or the risk-free rate. The risk free rate is defined as the daily treasury par yield curve rate for a period of time that approximates the lease term. The Company’s lease terms include options to renew or terminate the lease when it is reasonably certain that it will exercise the option.

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022, 2021, and 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Leases (Continued)**

The lease right-of-use assets are initially measured at the carrying amount of the lease liability and adjusted for any prepaid or accrued lease payments, remaining balance of lease incentives received, unamortized initial direct costs, or impairment charges relating to the right-of-use-asset. Certain leases contain escalation clauses, which are factored into the right-of-use asset where appropriate. Lease expense for minimum lease payments are recognized on straight-line basis over the lease term.

Variable lease expense includes payments based upon usage of the leased assets, including common area maintenance, and are expensed as incurred. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**Subsequent Events**

The Company has performed a review of events subsequent to the consolidated balance sheet date through April 5, 2023, the date the consolidated financial statements were available to be issued and has determined that there are no material subsequent events that have occurred during this period.

**NOTE 3 – RELATED PARTY TRANSACTIONS**

**Accounts Receivable**

The Company pays for various operating expenses on behalf of entities related through common ownership which are subsequently reimbursed to the Company. The amount owed to the Company as of December 31, 2022, 2021, and 2020 from the related entities amounted to \$67,054, \$151,626, and \$79,526, respectively.

**Accounts Payable/Accrued Expenses**

At December 31, 2022, 2021, and 2020, the Company owed \$167,151, \$2,371,947, and \$309,256, respectively, to related parties through common ownership. The amounts are expected to be repaid under normal business terms.

**Advance to Affiliate**

At each December 31, 2022, 2021, and 2020, the Company was owed \$804,000 from its member. The notes are unsecured, non-interest bearing, and due on demand. During the year ended December 31, 2019, the Company had advanced \$11,822,889 to its member to fund the redemption of a minority interest in the Company. During the year ended December 31, 2020, management determined that \$11,822,889 of the advance amounts due from the parent were more appropriately classified as a reduction of member's equity.

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022, 2021, and 2020**

**NOTE 3 – RELATED PARTY TRANSACTIONS (Continued)**

**Long-Term Debt**

At December 31, 2020, the Company had a note payable with a related party through common ownership in the amount of \$1,000,000. The note was subordinated to the long-term debt described in Note 9, was unsecured, was set to mature in November 2024, and bore interest at the LIBOR daily floating rate plus 2.95% and required annual interest only payments. During the year ended December 31, 2021, the note was repaid in full.

**Operating Lease**

The Company leases an operating facility from a related party through common ownership. The lease agreement is short term in nature and requires monthly payments of \$3,000 per month. See Note 11.

**NOTE 4 – NOTES RECEIVABLE**

Notes receivable consists of the following:

	December 31,		
	2022	2021	2020
Notes receivable from various unrelated third parties. The notes require monthly payments ranging from \$300 to \$5,316, including interest ranging from 0.00% to 8.25%, and mature at various dates through September 2026.	\$ 544,234	\$ 712,065	\$ 853,188
Less: notes receivable allowance	<u>239,980</u>	<u>474,050</u>	<u>520,149</u>
Notes receivable, net	304,254	238,015	333,039
Less: current portion of notes receivable, net	<u>214,597</u>	<u>159,147</u>	<u>188,873</u>
	<u>\$ 89,657</u>	<u>\$ 78,868</u>	<u>\$ 144,166</u>

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022, 2021, and 2020

**NOTE 4 – NOTES RECEIVABLE (Continued)**

Minimum future receipts under the notes receivable described above, net of allowances for doubtful accounts, for the next four years and in the aggregate are:

<u>Years ended December 31,</u>	<u>Principal</u>	<u>Allowance</u>	<u>Net</u>
2023	\$ 454,577	\$ (239,980)	\$ 214,597
2024	59,179	-	59,179
2025	17,613	-	17,613
2026	12,865	-	12,865
	<u>\$ 544,234</u>	<u>\$ (239,980)</u>	<u>\$ 304,254</u>

**NOTE 5 – CONTRACT ASSETS AND LIABILITIES**

The beginning and ending contract assets consisted of the following:

	<u>December 31,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Incremental costs to obtain contracts	<u>\$ 3,473,368</u>	<u>\$ 2,800,838</u>	<u>\$ 2,587,786</u>

During the years ended December 31, 2022, 2021, and 2020, the Company capitalized commissions and broker referral fees of \$976,475, \$671,734, and \$737,500, respectively, and recorded amortization expense of \$303,945, \$458,682, and \$127,264, respectively.

Contract liabilities consisted of the following:

	<u>December 31,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Deferred revenue	<u>\$ 2,135,500</u>	<u>\$ 1,214,250</u>	<u>\$ 786,881</u>

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022, 2021, and 2020

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	December 31,		
	2022	2021	2020
Equipment	\$ 761,437	\$ 801,428	\$ 135,947
Computers and software	2,337,079	2,330,081	2,292,632
Leasehold improvements	866,662	863,956	863,956
Furniture and fixtures	384,696	384,696	364,522
Transporation equipment	16,552,722	306,386	345,239
Construction in process	135,551	37,398	52,081
	21,038,147	4,723,945	4,054,377
Less: accumulated depreciation and amortization	4,005,032	3,415,273	2,993,707
	<u>\$ 17,033,115</u>	<u>\$ 1,308,672</u>	<u>\$ 1,060,670</u>

**NOTE 7 – ACCRUED EXPENSES**

Accrued expenses consist of the following:

	December 31,		
	2022	2021	2020
Payroll	\$ 1,060,139	\$ 979,403	\$ 411,287
Insurance	709,617	410,811	444,914
Interest	88,920	8,077	10,272
Rent	-	75,460	36,010
Other	53,744	12,885	145,734
	<u>\$ 1,912,420</u>	<u>\$ 1,486,636</u>	<u>\$ 1,048,217</u>

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022, 2021, and 2020**

**NOTE 8 – LINE OF CREDIT**

At December 31, 2022, 2021, and 2020, the Company had available a line-of-credit agreement with a bank which allows for maximum borrowing up to \$2,000,000, subject to a borrowing base calculation. The line of credit bears interest at the BSBY daily floating rate plus 2.50% (effective rate of 6.91% at December 31, 2022), matures in October 2025, is secured by all assets of the Company, and is guaranteed by the member of the Company. The balance outstanding on the line of credit at December 31, 2021 amounted to \$1,000,000. There was no outstanding balance on the line of credit at December 31, 2022 or 2020. The line of credit includes an unused balance fee of 0.25% due monthly. The line of credit is subject to certain financial covenants, including funded debt to EBITDA, basic fixed-charge coverage ratio and asset coverage ratio.

**NOTE 9 – LONG-TERM DEBT**

During the year ended December 31, 2022, the Company refinanced their existing note payable with a bank to provide additional financing under a new note payable in the amount of \$7,500,000. The note requires monthly payments of \$208,333, plus interest at the BSBY daily floating plus 2.50%. The note is collateralized by all assets of the Company and matures in March 2025. The note is guaranteed by the member of the Company and is subject to certain financial covenants including funded debt to EBITDA, basic fixed-charge coverage ratio and asset coverage ratio. At December 31, 2022, 2021, and 2020, the balance outstanding on the note amounted to \$5,833,333, \$1,388,889, and \$3,055,556, respectively.

During the year ended December 31, 2022, the Company entered into a note with a bank in the amount of \$14,310,000. The note requires monthly payments of \$142,629, including interest at 6.09%. The note is collateralized by certain assets of the Company and matures in December 2029. At December 31, 2022, the balance outstanding on the note amounted to \$14,310,000.

The following is a schedule of minimum long-term payments for the notes described above for each of the next five years and in the aggregate:

<u>Years ending December 31,</u>	<u>Amount</u>
2023	\$ 3,363,921
2024	3,418,028
2025	1,808,856
2026	1,036,619
2027	1,101,541
Thereafter	<u>9,414,368</u>
	<u>\$ 20,143,333</u>

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022, 2021, and 2020**

**NOTE 10 – PAYCHECK PROTECTION PROGRAM (“PPP”) LOAN**

On May 1, 2020, the Company entered into a U.S. Small Business Administration (“SBA”) PPP Loan in the principal amount of \$1,038,635. The principal amount of the PPP Loan was subject to forgiveness by the financial institution through the SBA to the extent that PPP Loan proceeds were used to pay expenses permitted by the PPP. During the year ended December 31, 2021, the PPP Loan was forgiven in full. As a result, the forgiveness has been shown as other income (expense) on the consolidated statements of income for the year ended December 31, 2021.

According to the rules of the SBA, the Company is required to retain PPP Loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Company's judgments pertaining to satisfying PPP Loan eligibility or forgiveness conditions, the Company may be required to adjust previously reported amounts and disclosures in the financial statements.

**NOTE 11 – LEASES**

The Company primarily has operating leases for its operating facilities, which encompass both related party and third-party leases. The Company's leases have remaining lease terms that range from less than one year to leases that mature through April 2027.

The components of lease costs (including related party leases) are as follows:

	Year ended December 31,		
	2022	2021	2020
Operating lease expense	\$ 315,226	\$ 428,674	\$ 354,977
Short-term lease expense	29,612	19,897	20,139
Variable lease expense	126,172	-	-
Related-party lease expense	36,000	36,000	36,000
	<u>\$ 507,010</u>	<u>\$ 484,571</u>	<u>\$ 411,116</u>

The weighted average remaining lease term of operating leases as of December 31, 2022, was 4.1 years.

The weighted average discount rate of operating leases as of December 31, 2022, was 1.22%.

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022, 2021, and 2020**

**NOTE 11 – LEASES** (Continued)

Minimum future lease payments under non-cancellable operating leases described above as of December 31, 2022, are as follows:

<u>Years ending December 31,</u>	<u>Amount</u>
2023	\$ 330,733
2024	343,738
2025	276,778
2026	269,955
2027	<u>89,550</u>
Total undiscounted cash flows	1,310,754
Less: present value discount	<u>(32,146)</u>
Total lease liabilities	<u><u>\$ 1,278,608</u></u>

Operating lease payments in the above table include approximately \$81,900 related to options to extend lease terms that are reasonably certain to be exercised.

**NOTE 12 – CASH FLOWS**

**Investing Activities – Non-Cash**

During the year ended December 31, 2022, the Company had \$156,575 of right-of-use assets obtained in exchange for third-party operating lease obligations.

**NOTE 13 – 401(k) RETIREMENT PLAN**

The Company sponsors a 401(k) profit-sharing plan for the benefit of all employees who meet eligibility requirements. The eligible participants can contribute a portion of their eligible compensation up the IRS allowable limit. The Company contributes a safe harbor matching contribution equal to 100% of each employee's salary deferrals not to exceed 6% of the employee's eligible compensation. The Company may also make a discretionary profit-sharing contribution. There is no vesting period for the Company's contributions. For the years ended December 31, 2022, 2021, and 2020, the Company's contributions to the plan totaled \$338,514, \$273,557, and \$199,856, respectively. The Company has funded or accrued all calculated contributions as of the consolidated balance sheet dates.

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022, 2021, and 2020

**NOTE 14 – LITIGATION**

The Company is a defendant in various claims and lawsuits, incidental to the ordinary course of business, which are pending against the Company. In the opinion of management, after consultation with legal counsel, resolution of these matters is not expected to have a material effect on the Company's consolidated financial statements.

**NOTE 15 – FRANCHISE INFORMATION**

Franchise activity for the previous three years ended consists of the following:

	Years Ended December 31,		
	2022	2021	2020
Franchises in operation, beginning of the year	311	276	251
New franchises commencing operations during the year	68	51	38
Franchises not renewed, closed, terminated, or other	(29)	(16)	(13)
	<u>350</u>	<u>311</u>	<u>276</u>

**SUPPLEMENTARY INFORMATION**

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## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Member  
PuroSystems, LLC and Subsidiary

We have audited the consolidated financial statements of PuroSystems, LLC and Subsidiary as of and for the years ended December 31, 2022 and 2021, and our report thereon dated April 5, 2023, which expressed an unmodified opinion on those financial statements, appears on page one. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information listed in the table of contents, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*UHY* LLP

Sterling Heights, Michigan  
April 5, 2023

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**CONSOLIDATING BALANCE SHEET**  
December 31, 2022

	PuroSystems, LLC	Puro Aviation, LLC	Consolidating Eliminations	Consolidated Balances
<b>CURRENT ASSETS</b>				
Cash	\$ 3,106,151	\$ -	\$ -	\$ 3,106,151
Accounts receivable, net	2,630,076	134,244	(134,244)	2,630,076
Prepaid expenses	684,415	-	-	684,415
Advance to affiliate	804,000	-	-	804,000
Current portion of notes receivable, net	214,597	-	-	214,597
Total current assets	7,439,239	134,244	(134,244)	7,439,239
<b>PROPERTY AND EQUIPMENT, NET</b>	910,371	16,122,744	-	17,033,115
<b>OTHER ASSETS</b>				
Notes receivable, net	89,657	-	-	89,657
Deposits and other assets	23,479	90,000	-	113,479
Contract assets	3,473,368	-	-	3,473,368
Investment in subsidiary	2,092,198	-	(2,092,198)	-
Right-of-use assets - operating leases	12,247,600	-	(11,065,026)	1,182,574
Total other assets	17,926,302	90,000	-	18,016,302
<b>TOTAL ASSETS</b>	<b>\$ 26,275,912</b>	<b>\$ 16,346,988</b>	<b>\$ (13,291,468)</b>	<b>\$ 29,331,432</b>
<b>LIABILITIES AND MEMBER'S EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Current portion of long-term debt	\$ 2,500,000	\$ 863,921	\$ -	\$ 3,363,921
Current portion of operating lease liability	1,750,116	-	(1,432,983)	317,133
Accounts payable	2,042,409	93,754	(134,244)	2,001,919
Accrued expenses	1,840,152	72,268	-	1,912,420
Contract liabilities	2,135,500	-	-	2,135,500
Total current liabilities	10,268,177	1,029,943	(1,567,227)	9,730,893
<b>LONG-TERM LIABILITIES</b>				
Interest payable - related party	-	-	-	-
Lease liability - operating, net of current portion	10,593,518	-	(9,632,043)	961,475
Long-term debt, net of current portion	3,333,333	13,446,079	-	16,779,412
Total long-term liabilities	13,926,851	13,446,079	(9,632,043)	17,740,887
<b>TOTAL LIABILITIES</b>	24,195,028	14,476,022	(11,199,270)	27,471,780
<b>MEMBER'S EQUITY</b>	2,080,884	1,870,966	(2,092,198)	1,859,652
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b>\$ 26,275,912</b>	<b>\$ 16,346,988</b>	<b>\$ (13,291,468)</b>	<b>\$ 29,331,432</b>

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF MEMBER'S EQUITY**  
Year ended December 31, 2022

	PuroSystems, LLC			Puro Aviation, LLC	Consolidating Eliminations	Total Member's Equity
	Member's Units		Member's Equity	Member's Equity		
	Units	Amount				
Balance, January 1, 2022	450	\$ 450	\$ 4,115,563	\$ -	\$ -	\$ 4,116,013
Net income (loss)	-	-	6,012,538	(221,232)	-	5,791,306
Contributions	-	-	-	2,092,198	(2,092,198)	-
Member distributions	-	-	(8,047,667)	-	-	(8,047,667)
Balance, December 31, 2022	-	\$ -	\$ 2,080,434	\$ 1,870,966	\$ (2,092,198)	\$ 1,859,652

**PUROSYSTEMS, LLC AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF OPERATIONS**  
Year ended December 31, 2022

	<u>PuroSystems, LLC</u>	<u>Puro Aviation, LLC</u>	<u>Consolidated Eliminations</u>	<u>Consolidated Balances</u>
Revenue				
Royalty, services and other fees	\$ 21,960,356	\$ -	\$ -	\$ 21,960,356
Initial franchise fee	2,786,125	-	-	2,786,125
Other	1,301,042	134,244	(134,244)	1,301,042
<b>Total revenue</b>	<b>26,047,523</b>	<b>134,244</b>	<b>(134,244)</b>	<b>26,047,523</b>
Operating expenses				
Salaries and benefits	10,214,557	-	-	10,214,557
Selling, general and administrative	9,066,243	215,749	(134,244)	9,147,748
Depreciation and amortization	522,300	67,459	-	589,759
<b>Total operating expenses</b>	<b>19,803,100</b>	<b>283,208</b>	<b>(134,244)</b>	<b>19,952,064</b>
Operating income (loss)	6,244,423	(148,964)	-	6,095,459
Other income (expense)				
Interest expense	(231,885)	(72,268)	-	(304,153)
<b>Net income (loss)</b>	<b>\$ 6,012,538</b>	<b>\$ (221,232)</b>	<b>\$ -</b>	<b>\$ 5,791,306</b>

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The Carpet Cleaning proprietary Manual and Upholstery proprietary Manual contain a total of 93 pages.

**EXHIBIT E**  
**FRANCHISE AGREEMENT**

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SCHEDULES

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SCHEDULE 3: CLEAN START PROGRAM

## FRANCHISE AGREEMENT

This Franchise Agreement (the “**Agreement**”) is entered into \_\_\_\_\_, by PuroSystems, LLC, a Florida limited liability company located at 6001 Hiatus Road, Suite 13, Tamarac, Florida 33321) (“**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”).

### RECITALS

A. Franchisor is the owner of the name and service mark PUROCLEAN (included as part of the “Proprietary Marks” as defined below) and offers franchises under that service mark for (a) casualty drying and casualty cleaning businesses using that name which provide deodorizing, cleaning, drying, painting, repairs, remediation, construction, mitigation, replacement and related services and products and subcontract services to insurance companies, business and residential clients and others which have been subject to fire, flood, vandalism, trauma, mold and/or other casualties whether or not covered by insurance and (b) purification and cleaning of HVAC systems, indoor air, structures, real property and personal property whether or not damaged by a casualty loss (the “Franchised Business”).

B. Franchisor has developed valuable formats, procedures, and practices used in the operation of those (a) casualty restoration and casualty contracting and (b) casualty drying and casualty cleaning businesses and purification businesses (the “**System**”) in which Franchisee will receive specific training in the subjects described in the Franchisor’s confidential proprietary Manual and such other manuals and instructional materials as Franchisor may create in the future (the “**proprietary Manuals**”). The System also includes the procedures, practices and training that Franchisor has developed for certain additional concepts in the field of purification and cleaning of HVAC systems, indoor air, structures, real property and personal property which may or may not be now contained in the proprietary Manuals.

C. Franchisee understands and acknowledges the importance of Franchisor’s high standards of quality, cleanliness, appearance, and service developed as part of the System and the necessity of operating the business franchised hereunder in conformity with Franchisor’s System standards and specifications.

NOW, THEREFORE, the parties agree as follows:

### 1. GRANT OF FRANCHISE

Franchisor grants to Franchisee the right and Franchisee undertakes the obligations, upon the terms and conditions set forth in this Agreement: {1} to establish and operate a PUROCLEAN (a) emergency mitigation and a drying and cleaning business which provides deodorizing, cleaning, drying, painting, repairs, remediation, construction, mitigation, replacement and related services and products and subcontract services to insurance companies, business and residential clients and others which have been subject to fire, flood, vandalism, trauma, mold and/or other casualties whether or not covered by insurance and (b) purification and cleaning of HVAC systems, indoor air, structures, real property and personal property whether or not damaged by a casualty loss (the Franchise Business) and {2} to use the mark “PUROCLEAN,” and such other trademarks,

trade names, service marks, and logos as are now designated and may hereafter be designated by Franchisor in connection with the Franchise Business (the “Proprietary Marks”).

If Franchisee is a corporation, partnership, limited liability corporation or other type of entity, then the term Franchisee shall include, individually and collectively, the officers, directors, shareholders, limited partner, general partner, and any others who directly or indirectly, control or benefit in and from Franchisee.

## **2. TERM AND RENEWAL**

2.1 This Agreement is effective upon acceptance by Franchisor and, except as otherwise provided herein; the initial term shall be twenty (20) years.

2.2 Franchisee may, subject to the following conditions, renew this Agreement for one (1) additional, twenty (20) year consecutive term. The following conditions shall be met prior to renewal:

2.2.1 Franchisee shall give Franchisor written notice of Franchisee’s election to renew no less than twelve (12) months prior to expiration of the term

2.2.2 Franchisee shall not be in default of any provision of this Agreement, any amendment or successor agreement, and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof.

2.2.3 Franchisee shall execute Franchisor’s then-current renewal franchise agreement, The terms of such renewal franchise agreement may vary significantly from the terms of this Agreement, although Franchisee will not be required to pay an Initial Franchise Fee and Franchisor shall not be obligated for any initial set-up programs or materials If Franchisee fails to execute the renewal franchise agreement before twelve months prior to the expiration of this Agreement, the Protected Office Location conditions provided under Section 3.2 shall no longer be a restriction on Franchisor during the last twelve (12) months of this Agreement and this Agreement shall automatically expire at its own conclusion, without the need for any further writing between the parties.

2.2.4 Franchisee and Franchisor shall execute a mutual release, in a form prescribed by Franchisor, of any and all claims against each other and their affiliates, and their respective officers, directors, agents, and employees.

2.2.5 Franchisee will pay Franchisor a renewal fee in the amount of \$5,000.

## **3. TERRITORY**

3.1 Franchisee shall operate the Franchise Business only from a location within the Protected Office Location identified in Schedule 1 of this Agreement (the “POL”).

3.2 Except as otherwise provided herein, during the term of this Agreement, Franchisor shall not establish or operate, nor license any other person the right to establish or operate, a

PUROCLEAN business using the PUROCLEAN Proprietary Mark from an office or business address located within your POL, which is non-exclusive.

3.3 Franchisee acknowledges and agrees that Franchisor or an Affiliate has the right, without providing compensation to any franchisee, to:

- (i) establish and operate a franchised or company-owned PuroClean business whose office or business address is located outside Franchisee's POL;
- (ii) establish and operate, and/or license others to establish and operate, within and outside of Franchisee's POL, any business providing services under marks other than the PuroClean Proprietary Marks in the areas of casualty contracting, casualty restoration, remediation, mitigation, construction, purification, drying, cleaning, painting, repair, and replacement services and/or subcontract services to insurance companies, business and residential clients and others who have been subject to fire, flood, vandalism, trauma, mold and/or other casualties, as well as, purification, cleaning and odor removal services whether or not casualty related, which business or businesses may solicit and provide services to any customer located inside and outside Franchisee's POL;
- (iii) offer, sell or distribute, within and outside Franchisee's POL, any products associated with the PuroClean System (now or in the future) or identified by the PuroClean Proprietary Marks, or any other marks, through any distribution channels or methods, including, without limitation, to other cleaning or restoration service businesses, stores or locations, or any business or store of any kind, or by mail order, catalogue, or the Internet (or any other existing or future form of electronic commerce); and
- (iv) merge with, acquire or become associated with any businesses or stores of any kind under other systems and/or other marks, which businesses and stores may convert to or operate under the PuroClean Proprietary Marks and offer or sell products and services that are the same as, similar to, or different than the products and services offered at or from Franchisee's Franchise Business, and which may be located anywhere within or outside Franchisee's POL.

3.4 Franchisee shall select an office, warehouse, storage or any other type of commercial location (collectively, the "Office") only within the POL. Selection of the Office is the responsibility of the Franchisee. The location of the Office must be approved in advance by Franchisor; however, Franchisor makes no representations as to the success of any location or of the POL. Franchisee shall not relocate the Office without Franchisor's prior written approval.

#### **4. OBLIGATIONS OF FRANCHISOR**

Provided that Franchisee is not in default of the terms and conditions of this Agreement, Franchisor shall provide the following services to Franchisee:

4.1 Use of Franchisor's Proprietary Marks for the Franchise Business and copyrighted materials during the term of this Agreement;

4.2 Initial training at Franchisor's location;

4.3 A copy of Franchisor's proprietary Manuals, on loan for the term of this Agreement, as more fully described in Section 9 below, manuals may be supplied through a secured web-page on the Franchisor's web-site, CD or any other electronic or print media;

4.4 Trade and operating procedures and methods as set forth in the proprietary Manuals (which shall be maintained as confidential and secret by Franchisee);

4.5 Ongoing support and technical information by telephone, internet, intranet, application service provider (ASP) or other technology that may be available in the future; and

4.6 Marketing and advertising consulting by telephone, internet, intranet, ASP or other technology that may be available in the future.

Franchisee acknowledges and agrees that Franchisor has the right to modify, add to or rescind any requirement, standard or specification that Franchisor prescribes under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and technological innovations and other changes as Franchisor deems appropriate. Franchisee must comply with these modifications at its expense. Any obligation or action initiated by Franchisor in the future and not specifically provided for in this Section shall not be an obligation of the Franchisor and may be discontinued or modified at any time in the sole judgment of Franchisor.

## **5. FEES**

5.1 Initial Franchise Fee. In consideration of the franchise granted herein, Franchisee shall pay to Franchisor upon the execution of this Agreement \$59,000. All payments to Franchisor are fully earned and non-refundable under any circumstances.

5.2 On or before the 8<sup>th</sup> day of each month during the term of the Franchise Agreement, you will submit to us a royalty report (in the form we prescribe) and pay us a royalty fee (the "Royalty Fee") as calculated below based upon your Gross Receipts during the preceding month.

### Mitigation Services Royalty Fee:

Franchisee's Royalty Fee for Mitigation Services (defined below) will be as follows:

Mitigation Services means and includes all work not included in Reconstruction Services including all drying, remediation, mitigation, cleaning, duct cleaning work, textiles dry cleaning by in plant dry cleaning companies, and related services on property casualty losses and related forms of property damage. Franchisee's Royalty Fee for Mitigation Services will be as follows:

<u>On Cumulative Gross Receipts for the Current Calendar Year</u>	<u>You Pay</u>
For your first \$0 to \$249,999.99 of Mitigation Services Gross Receipts	10%
For your next \$250,000 to \$499,999.99 of Mitigation Services Gross Receipts	9%
For your next \$500,000 to \$749,999.99 of Mitigation Services Gross Receipts	8%
For your next \$750,000 to \$999,999.99 of Mitigation Services Gross Receipts	7%
For your next \$1,000,000 to \$1,249,999.99 of Mitigation Services Gross Receipts	6%
For your next \$1,250,000 to \$1,499,999.99 of Mitigation Services Gross Receipts	5%
For your next \$1,500,000 to \$1,749,999.99 of Mitigation Services Gross Receipts	4%
For any remaining Mitigation Services Gross Receipts of \$1,750,000 and over	3%

Franchisee’s Royalty Fee Rate for Mitigation Services will reset to 10% on January 1<sup>st</sup> of each new calendar year, and Franchisee will restart the process of earning royalty rate reductions based on his or her cumulative gross receipts.

Reconstruction Services Royalty Fee:

Your Royalty Fee for Reconstruction Services will be 3% of your monthly Reconstruction Services Gross Receipts without any deduction for subcontractor performed work. Reconstruction Services means and includes all reconstruction work to repair damages from fire, flood, or other catastrophic events of loss which includes electrical, dry-wall, painting, plumbing, roofing, carpentry, cabinetry, a floor covering replacement or installation work. Reconstruction Services do not include remodeling or construction work, unrelated to a casualty loss, demolition work, rental of dumpsters, electrical power generators, or other rental services.

If an audit shows that there has been an underreporting of Reconstruction Services Gross Receipts and/or Gross Receipts from Reconstruction Services cannot be validated, all Gross Receipts from Reconstruction Services will be subject to the Royalty Fee calculation for Mitigation Services.

5.3 If Franchisee’s combined Royalty Fee for Mitigation Services and Reconstruction Services for the preceding month is less than the Minimum Royalty Fee noted below, Franchisor will have the right to withdraw from Franchisee’s bank account an amount equal to the greater of the Minimum Royalty Fee as outlined in the table below and the Royalty Fee due by Franchisee.

<u>Period of Term</u>	<u>You Pay (per month)</u>
1 <sup>st</sup> year	\$400
2 <sup>nd</sup> year	\$1,000
3 <sup>rd</sup> year	\$1,500
4 <sup>th</sup> year	\$2,500
5 <sup>th</sup> year	\$2,500

<u>Period of Term</u>	<u>You Pay (per month)</u>
6 <sup>th</sup> -20 <sup>th</sup> year	Prior year plus CPI

For each year over the initial five years or for each year after the last year that there was a set Minimum Royalty, the Minimum Royalty Fee will be determined by the prior year’s Minimum Royalty Fee, plus an amount equal to the percentage change in the Consumer Price Index, all Urban Consumers (1982-84 = 100), published by the U.S. Department of Labor, Bureau of Labor Statistics (“CPI”) for the period from January 1 through December 31 of the year immediately prior to the upcoming year or renewal year of the Franchise Agreement.

At any time during any calendar year, if the Royalty Fees and Minimum Royalty Fees paid by Franchisee are equal to or greater than the total Minimum Royalty Fees payable for that calendar year, then no further Minimum Royalty Fee would be due for the balance of that calendar year. Once a Royalty Fee or Minimum Royalty Fee is paid, it is neither refundable nor creditable to any future or past fees owed. So long as the Franchise Business is opened within 60 days of signing this Agreement and there is no default of this Agreement during the first year, Minimum Royalty Fees for the first three months of this Agreement are waived (there is no waiver if this agreement is signed as a renewal or transfer).

If this Agreement is transferred or if this Agreement is entered into as a result of a transfer or renewal, the Minimum Royalty Fee shall be determined by using the date of the original Franchise Agreement as the beginning date to calculate the Minimum Royalty Fee to be paid in accordance with this Agreement.

5.4 Franchisee’s obligation to pay a Royalty Fee shall commence on the earlier of the first week that the Franchise Business opens or ninety (90) days after the Agreement is executed. The Royalty Fee shall be calculated based upon a Royalty Report prepared each month by Franchisee reflecting the Franchise Business’s Gross Receipts (as defined in Section 5.5 below) during the preceding month, and submitted along with the Royalty Fee to Franchisor by e-mail or other electronic means designated by Franchisor on or before the 8<sup>th</sup> day of each month. Franchisee authorizes Franchisor to make automatic direct electronic withdrawals, at least monthly, of the Royalty Fee from the Franchisee’s bank account. Franchisee shall deposit proceeds of the Franchise Business only in a bank account approved in advance by Franchisor. Franchisee shall sign all documents and perform any other acts reasonably requested by Franchisor to enable Franchisor to make automatic direct electronic withdrawals from Franchisee’s bank account. In the event that Franchisor does not receive a Royalty Report by the 8<sup>th</sup> day of any month, Franchisor shall have the right to withdraw from Franchisee’s bank account an amount equal to the previous month’s Royalty Fee withdrawal plus an additional ten percent (10%), pending the receipt of such month’s Royalty Report, at which time Franchisor shall be authorized to make an additional withdrawal for any remaining Royalty Fee amounts due, provided however, that any Royalty Fee overpayment shall be credited toward Franchisee’s next monthly Royalty Fee payment.

5.5 Except to the extent prohibited by law, Franchisee shall pay any fees or penalties imposed by any financial institution, plus an additional Twenty-Five Dollars (\$25) administrative fee which results from (a) the inability to transfer funds from Franchisee’s bank account to

Franchisor or (b) each attempt of the Franchisor to verify available funds in the approved bank account. This payment shall be deemed an additional Royalty Fee due pursuant to this Agreement and the Franchise Agreement. In the event that any such fee shall have been collected in violation of law, the amount collected shall be promptly refunded to Franchisee. If any payment is overdue, Franchisee shall pay Franchisor immediately upon demand, the greater of ten dollars (\$10) per day or five percent (5%) per day of the amount due in addition to the actual amount due (the “Past Due Royalty Fee”). However any interest rate charged on a Past Due Royalty Fee will not exceed the lower of 18% per annum simple interest or the maximum permitted by applicable law. The Past Due Royalty Fees shall be calculated on each individual monthly fee due independent from other overdue amounts collected by the Franchisor from the Franchisee, and will first be applied to the Past Due Royalty Fees, then to interest, then to the past due Royalty Fees and then to other fees. Failure to pay the Past Due Royalty Fee within thirty (30) days may have a substantial impact on Franchisee’s credit reporting history. Franchisor has the right to report overdue payments of Past Due Royalty Fees to a national credit bureau. In addition, Franchisee agrees to pay any expense incurred by Franchisor, including arbitration or court costs and attorney’s fees, in the collection of any Past Due Royalty Fees. Notwithstanding the foregoing, if Franchisee has a balance due Franchisor or its affiliates hereunder, Franchisor may also offset any customer payment due to Franchisee in Franchisor’s possession, and apply the amount offset to Franchisee’s account balance.

5.6 As used in this Agreement, Gross Receipts means all revenue and income of every kind relating to the operation of the Franchise Business (including but not limited to deposits and prepayments) and income derived from the direct and indirect use of Franchisor’s Proprietary Marks. If Franchisee sells any products, services or supplies, Franchisee must include all revenue and income or revenue from the sale in its Gross Receipts. If Franchisee refers work that would be covered under this Agreement to another party, Franchisee shall be obligated to include an amount equal to the total amount paid to the referred party as Gross Receipts. Gross Receipts shall not include any sales taxes or other taxes collected by Franchisee for transmittal to the appropriate taxing authority.

5.7 Franchisee must attend each Annual National Convention (“Convention”) held by Franchisor. The Convention registration fee and three nights of hotel accommodations will be collected by means of ACH 30 days prior to the Convention. The registration fee will be determined by the Franchisor and will vary from year to year. Franchisee is required to pay the registration fee and three nights of hotel accommodations even if the Franchisee fails to attend the Convention.

5.8 All fees, including interest and late fees, paid to Franchisor or its affiliates, are non-refundable. If any payment to Franchisor’s affiliate is overdue, Franchisee will pay Franchisor’s affiliate, immediately upon demand, the greater of ten dollars (\$10) per day or 5% per day of the amount due in addition to the actual amount due. However, any interest rate charged on a past due amount will not exceed the lower of 18% per annum simple interest or the maximum permitted by applicable law.

## **6. MARKETING**

6.1 Franchisee shall conduct at its sole expense an active local advertising media campaign and spend at least 2% of its annual Gross Receipts on local advertising which has been approved in advance by Franchisor or its agent. Franchisee agrees to conduct all marketing and promotional activities in accordance with the requirements of Franchisor, as set forth in the proprietary Manuals or otherwise in writing. Franchisee shall not use any marketing or promotional materials unless and until Franchisee has received written approval from Franchisor. Franchisee shall submit samples of all marketing and promotional plans and materials to Franchisor, for Franchisor's prior approval if such plans and materials have not been prepared or previously approved by Franchisor. If written notice of disapproval is not received by Franchisee from Franchisor within fifteen (15) days of Franchisor's receipt of such materials, Franchisor shall be deemed to have approved them. Any advertising, marketing or promotional materials created or produced by Franchisee for the Franchise Business may only be used by Franchisee, and only after the materials have been approved by Franchisor.

6.2 Franchisee must maintain a competitive local advertising program that meets Franchisor's requirements and specifications as outlined more fully in the proprietary Manuals.

6.3 In addition to the other advertising requirements in this Agreement, Franchisee shall pay a Marketing Fee to Franchisor in the amount of 2% of Gross Receipts. The Marketing Fee shall be paid at the same time and in the same manner as the Royalty Fee as set forth in Section 5.2 of this Agreement. All Marketing Fees will be owned and managed by Franchisor. On behalf of any Franchisor-owned PUROCLEAN businesses, Franchisor will pay the same Marketing Fee as the Franchise Businesses in the same local marketing area. Franchisor also may contribute Marketing Fees from time to time. The Marketing Fees will not be held in a trust or escrow account, and Franchisor has no fiduciary obligation to franchisees with respect to the Marketing Fees; provided, however, Franchisor will make a good faith effort to expend such fees in a manner that Franchisor determines is in the general best interests of the System. Franchisor has the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs including the option for individual marketing training in Franchisee's POL. Because of the methods used, Franchisor is not required to spend a prorated amount on each business or in each advertising market. Franchisor has the right to make disbursements from the Marketing Fees for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns. The disbursements may include payments to Franchisor for the expense of administering the Marketing Fees, including accounting expenses and salaries and benefits paid to our employees engaged in the marketing functions. If requested, Franchisor will provide Franchisee an annual un-audited statement of the financial condition of the Marketing Fees. Franchisor shall not be obligated for any reason to pay the Marketing Fee owed by any franchisee nor is Franchisor obligated to collect Marketing Fees.

## **7. FRANCHISEE'S OBLIGATIONS**

No obligation, agreement, option, license, acknowledgment, or permission (individually or collectively) contained in this section or any other section of this Agreement shall be construed to establish an agency relationship between the parties of this Agreement.

Franchisee agrees to operate the Franchise Business in accordance with the following standard terms and conditions:

7.1 Prior to the opening of the Franchise Business, Franchisee, including all key owners/principals or managers as Franchisor may require, shall attend and complete Franchisor's initial training program for franchisees and managers. In connection with this initial training program, Franchisor will provide IICRC-approved instructions for Water Restoration Technician and Applied Structural Drying. Following the initial training, Franchisee and Franchisee's manager (if in attendance) must complete the IICRC exams to receive their IICRC certifications. Franchisee is responsible for paying all costs associated with taking these exams. At Franchisor's option, any manager subsequently employed by Franchisee shall also complete Franchisor's training program, to Franchisor's satisfaction. Franchisee and Franchisee's manager and other employees shall also attend such additional courses, seminars, and other training programs as Franchisor may reasonably require from time to time.

7.2 All training courses, seminars, and programs (collectively, "training") shall be at such times and places as may be designated by Franchisor. For all initial training required of Franchisee, Franchisor will provide instruction and one set of training materials to Franchisee at no charge. Franchisor may charge the then current training fee for employees of Franchisee who attend, or are required to attend, such additional required training. From time to time, optional training may be offered to Franchisees and/or Franchisees' employees for a fee to be determined by Franchisor in its sole judgment. For all required and optional training, Franchisee or its employees shall be responsible for any and all expenses incurred by them including, without limitation, the costs of transportation, lodging, meals, and wages.

7.3 Franchisee and its principals shall keep the Franchise Business open and in normal operation, and shall directly supervise the Franchise Business exclusively for no less than 40 hours each week, and shall operate the Franchise Business in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the proprietary Manuals or otherwise in writing. If Franchisee is the owner of more than one Franchise Business, Franchisee may employ a full time manager to manage other Franchise Businesses. Franchisee shall not deviate from such standards, specifications, and procedures without Franchisor's prior written consent.

7.4 Franchisee agrees to offer and sell only those services, items and products specified by Franchisor and in the manner and method specified by Franchisor in the proprietary Manuals or otherwise in writing. In the event that Franchisor wishes to expand or modify the products or services offered for sale within the System, upon written notice from Franchisor, Franchisee agrees to expand or modify the products or services offered for sale and agrees to acquire the equipment necessary for such change or modification within ninety (90) days after written notification by Franchisor.

7.5 Franchisee agrees to operate the Franchise Business in accordance with standards established by Franchisor, including but not limited to, hours of operation, signs, equipment, replaceable supplies and in compliance with all applicable Federal, State and local laws, ordinances and regulations. To promote uniformity throughout the system, Franchisee agrees to use only those displays, signs, equipment and products and services approved in advance and in

writing by Franchisor. Any required standards exist to protect Franchisor's interests in the System and the Proprietary Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee.

7.6 All products, equipment and supplies used and offered for sale by Franchisee in the Franchise Business shall meet Franchisor's then-current standards and specifications, as established in the proprietary Manuals or otherwise in writing. For purposes of standardization and uniformity and to enhance the recognition of the Proprietary Marks, all equipment purchased by Franchisee shall comply with Franchisor's then-current requirements for colorization and logo placement. Franchisee shall use only the standard branded trade vehicle approved in advance by Franchisor. Such vehicle shall not display any unauthorized signage, have dents or other blemishes or be older than 48 months. Franchisee shall purchase all products and equipment solely from Franchisor, Franchisor's affiliate, or from suppliers approved by Franchisor, and Franchisee acknowledges that for certain products and equipment, Franchisor may designate a single approved supplier, and Franchisor or an affiliate may be that single approved supplier. Except for those products or equipment where Franchisor has designated a single source of supply, if Franchisee wants to purchase products, supplies, materials or equipment from other suppliers, Franchisee must submit to Franchisor a written request to approve the proposed supplier, together with the evidence of conformity with Franchisor's specifications as Franchisor may require. Franchisee shall at all times stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated customer demand. During the first 18 months following the date of this Agreement, and for each full calendar year thereafter, Franchisee agrees to purchase an equivalent of 2% of Franchisee's Gross Receipts of consumable branded products (including gloves, chemical suits, and cleaning solutions) from any designated supplier authorized by Franchisor. Franchisor reserves the right to conduct a review of Franchisee's purchase history to ensure compliance with this provision. In addition, Franchisor, its affiliate or a designated third party supplier will be the only approved supplier of the initial Equipment and Supplies Package, as well as many of the other equipment, products and supplies used in the Franchise Business. Franchisor or its affiliate will derive revenue from the Franchisee's purchase of these items. Franchisee will pay the then-current price in effect for any approved products identified by Franchisor in the proprietary Manuals or otherwise in writing. In some instances, the cost for the approved products may be higher than the cost of other similar products on the market.

7.7 Franchisee shall maintain a competent, conscientious, trained staff, including a fully trained manager (who may be Franchisee). Franchisee shall take such steps as are necessary to ensure that its employees present a neat and clean appearance in conformance with Franchisor's reasonable standards and render competent, efficient service to clients of the Franchise Business. Regardless of the management and employment standards recommended by Franchisor, Franchisor shall have no control in the day-to-day performance, activities, hiring, or termination (regardless of the reason) for any employee of the Franchise Business. No employee of the Franchisee will be deemed to be an employee of the Franchisor for any purpose whatsoever, and nothing in any aspect of the System or the Proprietary Marks in any way shifts any employee or employment related responsibility from Franchisee to Franchisor.

7.8 Franchisee shall prepare and preserve for at least five (5) years from the dates of their preparation books, accounts, records, and order receipts and as required by Franchisor in the

form and manner designated by Franchisor in the proprietary Manuals or otherwise in writing. To promote the standardization and uniformity of all franchise operations and such good business procedures, Franchisee agrees that such books, accounts, and records shall be available for inspection and audit by Franchisor or its representatives at all reasonable times. In the event Franchisor conducts an audit of Franchisee's operations, and finds that Franchisee has failed, for whatever reason(s), to properly report its sales to Franchisor, Franchisee will pay any deficiency within ten (10) days of the completion of the audit. Interest will be charged on underreported sales from the date such sales should have been reported at the lower of 18% per annum simple interest or the maximum permitted by applicable law. If such audit reveals the Franchisee has understated Gross Receipts by 5% or more in any one month, Franchisee shall pay the cost of the audit. Franchisee also shall transmit to Franchisor certified, signed copies of all income and sales tax returns or amended tax returns filed by Franchisee(s), any direct or in direct affiliate of Franchisee and Director(s), Beneficiaries, or shareholder(s) of Franchisee. Transmittal to Franchisor shall be done contemporaneously with the filing with the appropriate taxing authority. Franchisee further agrees to maintain a monthly balance sheet and income and expense statement and provide Franchisor with a copy of its monthly balance sheet and income and expense statement on the 15th day of the following month.

7.9 Franchisee further agrees that, in order to maintain the high quality and uniform standards associated with the Franchise Business and to protect its goodwill and reputation, Franchisee shall permit Franchisor during business hours to inspect the Office, confer with Franchisee and Franchisee's employees and customers, check inventories, methods, books, records, computer data, price lists and to perform any other inspection including copying of documents and computer data deemed by Franchisor to be necessary to protect the standards of quality and uniformity of the Franchise Business and Franchisee's performance under this Agreement. Franchisee shall transmit or allow to be transmitted data contained in the computers or computer used by the Franchisee to the Franchisor either directly or indirectly through a third party authorized by the Franchisor. Franchisee shall, at its sole expense, provide and maintain the information and data transfer capability designated by the Franchisor. Franchisee shall make sure that the Franchise Business is in compliance with all laws that are applicable to the technology used in the operation of the Franchise Business, including all data protection or security laws as well as payment card industry ("PCI") compliance. No inspection, check, or conference permitted under this Agreement shall be construed to establish an agency relationship between the parties of this Agreement. Any evaluation, check or inspection conducted by Franchisor is not intended to exercise, and does not constitute, control over Franchisee's day-to-day operation of the Franchise Business or to assume any responsibility for Franchisee's obligations under this Agreement

7.10 Franchisee shall procure and maintain during the term of this Agreement insurance covering the operation of the Franchise Business and the Office, with insurance carriers reasonably acceptable to Franchisor in the following minimum amounts:

i. ISO Commercial General Liability coverage of \$1,000,000 per occurrence with a \$2,000,000 aggregate limit. Coverage must include premises and operations liability with no exclusion for subcontracted work or restrictions of coverage for any operation customary to the Franchised Business;

ii. Contractor Pollution Liability coverage with minimum limits of \$1,000,000 per pollution event and \$1,000,000 in aggregate coverage. Said policy must include coverage for mold, bacteria, and all other substances encountered in the normal course of the Franchise Business; and

iii. Auto Liability coverage of \$1,000,000 combined single limit of liability per occurrence. Said policy must include coverage for “Any Auto” or “All Owned, Hired and Non-Owned” vehicles.

Franchisor may increase the insurance coverage requirements, including coverage types and amounts, through the proprietary Manuals, and Franchisee agrees to comply with any changes. Franchisee shall carry such insurance as may be required by the lease for the Office or by any lender or equipment lessor of Franchisee. Franchisee shall add Franchisor, its affiliates, officers, directors, and employees to all insurance policies as additional named insured, the cost of which shall be paid by Franchisee. Additionally, Franchisee must obtain workers’ compensation insurance to cover its employees in an amount required by applicable state law.

7.11 Franchisee shall procure, maintain and exclusively use, at Franchisee’s sole expense, estimating, accounting, Internet, Intranet, and other business and industry software of a type and from a source then currently designated by Franchisor. Such software includes, but is not limited to, the DASH restoration business and job management software or such other operating system designated by Franchisor in connection with operating the Franchise Business. The type and/or source may change from time to time and the software may be customized for the System. Franchisee acknowledges that it may be required to pay a fee and enter into an agreement with Franchisor, its affiliates, or a third-party supplier in connection with the licensing of any software or use of the Internet or Intranet. Franchisor may implement mandatory review of customer estimates and invoices in the future through the Xactware software or such other Insurance Industry Claims Estimating Software designated by Franchisor.

7.12 Franchisee further agrees to use, at Franchisee’s expense, telephone numbers, e-mail addresses, facsimile numbers and other forms of internal and external communication that may be owned and controlled by Franchisor or a third party and that may be administered by a third party designated by Franchisor. The telephone number will include a local area code and prefix reflective of Franchisee’s approved Protected Office Location. Franchisor reserves the right to change the designated suppliers from time to time, and Franchisee is responsible for complying with these changes at its expense. No other form of communication may be used by Franchisee without the written approval of Franchisor.

7.13 Franchisee shall procure, maintain and use, at the Franchisee’s sole expense, uniforms from the uniform service then currently designated by Franchisor. The uniform service may change from time to time.

7.14 Franchisee shall pay to Franchisor (or any subsidiary, affiliate, or designee) promptly and when due the amount of all sales taxes, use taxes, personal property taxes, and similar taxes imposed upon, required to be collected, or paid by Franchisor or an affiliate on the account of services or goods furnished by Franchisor or affiliate to Franchisee through sale, lease, or otherwise or on account of collection by Franchisor or an affiliate of the Initial Franchise Fee,

Equipment and Supplies Package Fee, Royalty Fee, Marketing Fee, and any additional on-going supplies or other payments to the Franchisor pursuant to this Agreement.

7.15 Franchisee acknowledges the importance of interaction among franchisees in a learning environment for the development of the Franchise Business. Therefore, Franchisee is obligated to attend all working sessions of each Convention held after the first twelve months that the Franchise Business is opened. As noted above, Franchisee must pay a registration fee to Franchisor for the Convention. Franchisee also is responsible for all costs incurred in attending the Convention including travel, lodging and meal costs. Franchisor has the right to determine the dates, location, registration fee and format of all Conventions. Franchisor also has the right to discontinue or change the frequency of the Conventions.

7.16 Franchisee agrees that all ideas, concepts, procedures, techniques, processes, or materials (including all sales, advertising and marketing materials) concerning the Franchise Business or containing the Proprietary Marks, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property, part of the System and work made-for-hire for Franchisor. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee agrees to assign ownership of that item, and all related rights to that item, to Franchisor and must take whatever action (including signing an assignment agreement or other documents) Franchisor requests to show its ownership or to help Franchisor obtain intellectual property rights in the item.

7.17 During and after the term of this Agreement, Franchisee acknowledges and agrees that Franchisor will own all client, customer or prospective client or customer information, including all contact information. Franchisee may use any PUROCLEAN client, customer or prospective client or customer information in connection with the operation of Franchisee's Franchise Business, and Franchisor may use any PUROCLEAN client, customer or prospective client or customer information in any way or manner that Franchisor believes is in the best interests of the System.

7.18 During and after the term of this Agreement, Franchisee grants Franchisor and its affiliates, successors, assigns and legal representatives all right, title and interest to and permission to use photograph(s) of Franchisee for Franchisor's internal or external purposes. Permission herein granted as absolute and final shall not be subject to further inspection or approval by Franchisee. Franchisor shall own all rights in the photograph(s) which shall accrue to the benefit of Franchisor and its and its affiliates, successors, assigns and legal representatives. With full knowledge of the above, Franchisee hereby releases and shall hold harmless Franchisor and its affiliates, successors, assigns and legal representatives from all claims or damages including but not limited to resulting from or associated with the use of the photograph(s).

## **8. PROPRIETARY MARKS**

8.1 Franchisor represents that it has the right to use and license others to use the Proprietary Marks.

8.2 With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees that:

8.2.1 Franchisee shall use only the Proprietary Marks designated in writing by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor;

8.2.2 Unless otherwise authorized by Franchisor, Franchisee shall operate and advertise the Franchise Business only under the assumed name “PUROCLEAN” and shall use all Proprietary Marks without prefix or suffix. The name of the Franchise Business shall be assigned by Franchisor. Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name. Franchisor has the right to determine the content and use of any website or other online or electronic media associated with the Proprietary Marks. Franchisee may not separately register or use any domain name or any portion of a domain name or other Web site or URL name associated with the Proprietary Marks, or participate in any website or other electronic media (including social media) that markets goods or services similar to those offered through Franchisee’s Franchised Business unless it is approved in writing by Franchisor. Franchisee shall file all assumed name or equivalent registrations as required by state and local laws, Internet laws, and shall send copies of such registrations to Franchisor.

8.2.3 Franchisee shall identify itself as the owner of the Franchise Business (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as Franchisor may designate in writing at the Office and on any vehicles used in the operation of the Franchise Business. Franchisee must hold itself out to the public as an independent contractor operating the Franchise Business pursuant to a license from Franchisor. Franchisee shall notify each potential customer prior to the customer authorizing the commencement of work that the Franchisee is not an agent (real or apparent) of the Franchisor and such notification shall be in writing.

8.3 Franchisee expressly understands and acknowledges that except as specified in Section 3.2 above, the license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others to: (i) establish and operate a franchised or company-owned business whose office or business address is located outside Franchisee’s POL; (ii) offer, sell or distribute, within and outside Franchisee’s POL, any products associated with the System (now or in the future) or identified by the Proprietary Marks through any distribution channels or methods, including, without limitation, to other cleaning or restoration service businesses, stores or locations, or any business or store of any kind, or by mail order, catalogue, or the Internet (or any other existing or future form of electronic commerce); (iii) merge with, acquire or become associated with any businesses or stores of any kind under other systems and/or other marks, which businesses and stores may offer or sell products and services that are the same as, similar to, or different than the products and services offered at or from Franchisee’s Franchise Business, and which may be located anywhere within or outside Franchisee’s POL; and (iv) change the System presently identified by the Proprietary Marks including adoption of new Marks, new products, new equipment or new techniques, all of which Franchisee must adopt.

8.4 Franchisee may not make any changes or substitutions whatsoever in or to the use of the Marks unless directed by Franchisor in writing. Franchisor reserves the right to change the

Marks at any time. Upon receiving written notice from Franchisor, Franchisee must, at its expense, immediately make such changes and use such substitutions to the Marks as Franchisor may require.

## **9. CONFIDENTIAL OPERATIONS MANUALS**

9.1 In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System(s), Franchisee shall operate the Franchise Business in accordance with the standards, methods, policies, and procedures specified in the proprietary Manuals, one copy of which Franchisee shall receive on loan from Franchisor for the term of this Agreement. Proprietary Manuals may be supplied to Franchisee through a secured area of Franchisor's website, on CD, or through any other electronic or print media.

9.2 Franchisee shall treat the proprietary Manuals, any other manuals created for or approved for use in the operation of the Franchise Business, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not copy, duplicate, record, or otherwise reproduce (including electronically) the foregoing materials, in whole or in part, or otherwise make them available to any unauthorized person. The proprietary Manuals shall remain the sole property of Franchisor and shall be kept in a secure place in the Office. Franchisee shall not divulge any password to Franchisor's website or CD.

9.3 Franchisor may from time to time revise the contents of the proprietary Manuals, and Franchisee expressly agrees to comply with each new or changed standard.

9.4 Any required standards exist to protect Franchisor's interest in the System and the Marks and not for the purpose of establishing any control, or the duty to take control, over those matters that are reserved to Franchisee. The required standards generally will be set forth in the Manuals or other written materials. The Manuals also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. Franchisee may follow the recommendations or guidelines or some other suitable alternative, provided Franchisee meets and complies with the required standards. In other instances, no suitable alternative may exist. In order to protect Franchisor's interests in the System and Proprietary Marks, Franchisor reserves the right to determine if Franchisee is meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

## **10. INDEMNITY**

10.1 Franchisee shall indemnify, defend and hold Franchisor, and Franchisor's officers, directors, employees, agents, successors, and assigns harmless from all fines, expenses, claims, demands, judgments, taxes or other liability or costs of any kind (including reasonable attorneys' fees) arising directly or indirectly from, or in connection with Franchisee's operation, transfer or purchase of the Franchise Business. Indemnity includes, but not limited to, any joint employer or other employment related matters or any other claims based on the negligence, duty, actions or inaction of any of the above parties and covers bodily injury, death and property damage. Franchisor shall have the right to select and control its counsel in any action. The requirement of Franchisee to defend Franchisor and Franchisor's officers, directors, employees, agents,

successors, and assigns is independent from Franchisee's obligation to indemnify Franchisor, its affiliates, and their officers, directors, employees, agents, successors, and assigns. The obligation to defend includes, but not limited to, any claims based on the negligence, duty, actions or inaction of any of the above parties and covers bodily injury, death and property damage. Notwithstanding the foregoing, as between Franchisee and Franchisor, Franchisee is solely responsible for the safety and well-being of its employees and the customers of the Franchise Business.

10.2 The provisions of this Section shall survive transfer, termination or expiration of this Agreement.

## **11. CHANGE OF OWNERSHIP**

11.1 Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment.

11.2 Franchisor entered into this Agreement with specific reliance upon Franchisee's financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the Franchise Business. Consequently, neither Franchisee's interest in this Agreement or the Franchise Business, nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in Franchisee or in the Franchise Business may sell, assign, transfer, convey, pledge, encumber, merge, or give away any direct or indirect interest in this Agreement (a "transfer"), in Franchisee, or in all or any of the assets of the Franchise Business unless Franchisee has first tendered to Franchisor the right of first refusal to acquire this Agreement in accordance with Section 11.5 and, if Franchisor does not exercise such right, unless Franchisor's prior written consent is obtained. Any purported assignment or transfer not having the written consent of Franchisor required by this Section 11.2 shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may immediately terminate the Franchise Agreement without opportunity to cure pursuant to Section 12.2 of this Agreement.

11.3 Franchisee shall notify Franchisor in writing of any proposed transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchise Business and the identity of the proposed transferee at least thirty (30) days before such transfer is proposed to take place to obtain Franchisor's consent to the transfer. Franchisor shall not unreasonably withhold its consent to any transfer, but if a transfer, alone or together with other previous, simultaneous, or proposed transfers, would have the effect of changing control or ownership of Franchisee, this Agreement, or all or substantially all of the assets of the Franchise Business, Franchisor may require any or all of the following as conditions of its approval:

11.3.1 Transferee agrees to successfully complete the training program required of all new franchisees and pays to Franchisor a transfer fee equal to the greater of \$25,000 or the then-current transfer fee;

11.3.2 Franchisee pays to Franchisor all moneys due and cures any existing defaults under this Agreement; and

11.3.3 Transferee signs a then-current Franchise Agreement, the term of which shall be the term of then current Franchise Agreement; provided, however, that the transferee shall not be required to pay an initial franchise fee.

11.3.4 In addition to paying the transfer fee, if Franchisee transfers any rights or obligations of the Franchise Agreement or any or all of the assets of Franchise Business to a person or entity that has been referred to Franchisor by a third party (for example, a broker) as a prospective franchisee, Franchisee will pay a referral or broker fee to the referring party prior to the transfer. The amount of the referral or broker fee will equal the amount of any referral or broker fee incurred by Franchisor relating to the proposed transferee. In addition, if the proposed transferee has been registered by Franchisor as a prospective franchisee, Franchisee shall pay to Franchisor the greater of the then current Franchise Development Resale Fee or ten percent (10%) of the total sale amount.

Prior to the execution of any agreement between Franchisee and the proposed transferee, Franchisee shall first obtain, in writing from Franchisor, a declaration stating whether the prospective transferee has been registered with the Franchisor or referred to Franchisor by a referring entity and, if so, the amount of the Franchise Development Resale Fee and broker fees required to be paid. Franchisee's failure to obtain such written declaration from Franchisor constitutes a material breach of this Agreement and such transfer will not be approved. If the prospective transferee has been so registered, Franchisee shall have the option of not selling or transferring to the prospective transferee. The provisions of this paragraph will be applicable regardless of whether an agreement or relationship between the referring party and Franchisor exists that requires Franchisor to pay the referral fee and Franchise Development Resale Fee.

11.3.5 Franchisee must sign a general release of all claims arising out of or relating to the Franchise Agreement, the Franchise Business or the parties' relationship, in a form designated by Franchisor, releasing Franchisor and its affiliates.

11.4 If Franchisee is an individual and desires, during the term hereof, to transfer this Agreement to a corporation for the convenience of ownership and has given Franchisor written notification 30 days in advance, Franchisor will not unreasonably withhold its consent to the transfer of this Agreement and Franchisee's interest herein, provided that Franchisee and such corporation satisfy Franchisor's reasonable requirements, including but not limited to the following:

11.4.1 Franchisee shall at all times be the record and/or beneficial owner of such corporation.

11.4.2 No other person or entity shall own or have any right to acquire any capital stock or securities of such corporation without Franchisor's prior written consent.

11.4.3 Franchisee shall remain personally liable to Franchisor for all obligations under this Agreement (including but not limited to the covenants contained in Section 14 hereof).

11.4.4 Each shareholder (if Franchisee is a corporation) or general and limited partner (if Franchisee is a partnership) guarantees the performance of all such obligations in writing in a form satisfactory to Franchisor and pay a reasonable administration fee to the Franchisor.

11.4.5 Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Section 11.4.5 (including covenants applicable upon the termination of a person's relationship with Franchisee) and the provisions of Section 13 of this Agreement from any or all of the following persons: (a) all officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of a Franchisee, and of any corporation directly or indirectly controlling, controlled by, or under common control with Franchisee, if Franchisee is a corporation; and (b) the general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership. Every covenant required by this Section 11.4.5 shall be in a form approved by Franchisor, including, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

11.5 If any party holding any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchise Business desires to transfer or assign this Agreement or their interest herein or in Franchisee or the business to any third party, such party must first notify Franchisor in writing, by certified mail, return receipt requested, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within 30 days after receipt of Franchisee's notification, to match transferee's offer, or pay the equivalent in cash. Franchisor may then purchase the interest upon the same terms and conditions offered by the proposed assignee. Failure by Franchisor to exercise this right within 30 days following receipt of the written offer shall thereafter permit Franchisee to proceed with the sale to the proposed transferee provided that all other requirements identified in this Agreement are performed. Any change in the terms between the proposed transferee and Franchisee shall be considered a new offer which must be submitted to Franchisor subject to the procedures set forth herein.

11.6 Upon the death or mental incapacity of Franchisee or any person with an interest in Franchisee (if Franchisee is a corporation or partnership), or in all or substantially all of the assets of the Franchise Business, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six (6) months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 11 or do not wish to accept such transfer, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement, pursuant to Section 12.2.6 hereof.

## 12. DEFAULT AND TERMINATION

12.1 Except as provided in Section 12.2 below, this Agreement shall terminate at the option of the Franchisor without further notice to Franchisee, if Franchisee is in default of any of the provisions hereof, including, but not limited to, the failure by Franchisee to pay any fees owed to Franchisor, and such default is not remedied within 30 days following receipt of written notice from Franchisor, served by certified mail, return receipt requested or other form where proof of delivery is available.

12.2 The following shall, in Franchisor's judgment and option, justify immediate termination without affording Franchisee the opportunity to cure and without notification:

12.2.1 If Franchisee is convicted of or pleads no contest to, a felony, a crime involving moral turpitude, bribery, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein;

12.2.2 If Franchisee declares bankruptcy, voluntary or involuntary, or becomes insolvent, has a receiver appointed for any portion of its property, or makes a general assignment for the benefit of its creditors;

12.2.3 If Franchisee voluntarily abandons the Franchise Business;

12.2.4 If Franchisee attempts to make a transfer in violation of Section 11 hereof;

12.2.5 If Franchisee commits the same default within any twelve (12) month period during the term of this Agreement, whether or not cured after notice;

12.2.6 If Franchisee commits three (3) defaults within any twenty-four (24) month period during the term of this Agreement, whether or not cured after notice;

12.2.7 If Franchisee fails to procure and maintain insurance as described in Section 7.10;

12.2.8 If Franchisee violates this Agreement by offering services to a potential customer without first notifying that customer that Franchisee is not an agent of Franchisor; or

12.2.9 If Franchisee commits a fraud or misrepresentation which, for purposes of this Section, includes all statutory definitions of fraud, the underreporting of monthly Gross Receipts by 2% or more for each of any three months in any 12-month period, and the misuse of Franchisor's Proprietary Marks in any local, online or other telephone directory advertisement.

12.3 So long as Franchisee is in default of (with or without notice) any provision of this Agreement, Franchisor shall not be obligated under Section 4 hereof or be obligated to any Franchisor program or initiative designed for the betterment of the Franchisee or System. Upon Franchisee curing a default, Franchisor shall not be retroactively obligated.

12.4 If this Agreement is terminated due to Franchisee's default or is otherwise prematurely terminated by Franchisee, Franchisee agrees that Franchisor will incur certain damages and costs that are not readily ascertainable. Therefore, in such event, Franchisee shall pay to Franchisor, as liquidated damages and not as a penalty, a lump sum equal to the greater of i) \$100,000 or ii) the amount of Royalty and Marketing Fees accruing under the Franchise Agreement during the 12 full calendar months of the operation of the Franchise Business preceding the termination (or such lesser period as has elapsed since the Effective Date), multiplied by the lesser of five or the number of years remaining under the Initial Term of this Agreement, which may be a fraction if termination occurs during the last year of the initial term. The sum of Royalty and Marketing Fees will be determined based on an audit under Section 13.4 of this Agreement. The parties mutually acknowledge that the lump sum payment provided under this section is reasonable in light of the uncertainty as of the Effective Date about the precise damages Franchisor will sustain in such an event. Such payment of liquidated damages shall be in addition to any amounts due pursuant to any other provision of this Agreement or any other Agreement with Franchisor or its affiliates. The payment of liquidated damages hereunder shall not affect Franchisor's right to obtain appropriate equitable relief and remedies, nor shall it affect Franchisor's right to pursue any other remedies.

### **13. OBLIGATIONS OF FRANCHISEE UPON TERMINATION, TRANSFER, AND NONRENEWAL**

In the event of termination, transfer or non-renewal of this Agreement, all rights granted hereunder to Franchisee shall terminate and Franchisee shall immediately:

13.1 Cease to use, in any manner whatsoever, any and all of Franchisor's confidential information including, Franchisor's methods, designs, and marketing techniques associated with the Proprietary Marks "PUROCLEAN", "Paramedics of Property Damage" and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devised associated with the Franchise Business.

13.2 Prior to the disposal (by sale or otherwise) or continued use of any item displaying any Proprietary Mark, Franchisee shall remove all reference to the Proprietary Marks so that they are not recognizable.

13.3 Cease to operate the Franchise Business, and not thereafter, represent to the public or hold itself out as a present or former franchisee of Franchisor.

13.4 Submit to, and at no cost to Franchisor, a full audit prepared by a Certified Public Accountant within thirty (30) days of the effective date of non-renewal or termination, detailing all monies due Franchisor pursuant to any requirement under this Agreement, or any requirement under any other agreement between Franchisee and Franchisor and make payment to Franchisor in full. Additionally, Franchisee must reimburse Franchisor for any and all payments Franchisor is required to make to a third party as a result of any breach by Franchisee of an agreement Franchisee enters into with a third party, including all costs and expenses incurred by Franchisor in connection therewith.

13.5 Franchisee hereby assigns to Franchisor all right, title and interest in any e-mail address, website, identification, method of communications, telephone numbers and business listings used by Franchisee in connection with its conduct of the Franchise Business, and agrees that any such right, title or interest may be assumed by Franchisor, at Franchisor's option, upon termination or expiration of this Agreement. Franchisee agrees to execute a Collateral Assignment of Telephone Numbers and Listings in a form prescribed by Franchisor. Franchisee also hereby appoints Franchisor as its attorney in fact with full power and authority to execute on Franchisee's behalf any documents that are necessary to effectuate such an assignment.

13.6 Return to Franchisor the proprietary Manuals and all other records, correspondence, and instructions, videotapes, and software containing confidential information relating to the operation of the Franchise Business, including all PUROCLEAN client, customer and prospective client and customer contact information, all of which are acknowledged to be the property of Franchisor.

13.7 Comply with the covenants contained in Section 14 of this Agreement.

13.8 In the event of a transfer of this Agreement, transferor shall remain obligated under the provisions of 13.1 through and including 13.8 of this Section.

#### **14. COVENANT NOT TO COMPETE**

14.1 Franchisee acknowledges and agrees that Franchisor would be unable to protect its confidential information and would be unable to encourage the free exchange of ideas and information among franchisees and Franchisor if Franchisee were permitted to engage in a competitive business. In order to protect Franchisor and all franchisees of the Franchisor, Franchisee covenants that:

14.1.1 During the term of this Agreement, Franchisee, and all owners, guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you (including any immediate family member (by blood or marriage)) shall not, directly or indirectly within or outside the Protected Office Location, for itself, or through, on behalf of, or in conjunction with any person or legal entity, engage in any restoration and contracting business or drying and cleaning businesses (other than pursuant to this Agreement); and

14.1.2 For a period of two (2) years after the termination, transfer or expiration of this Agreement, Franchisee, and all owners, guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you (including any immediate family member (by blood or marriage)) shall not directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, engage in any restoration, mitigation, remediation or contracting business or drying and cleaning businesses that is located within any of the following:

14.1.2.1 within the Protected Office Location;

14.1.2.2 within a fifty (50) mile radius of the Office; or

14.1.2.3 within the Protected Territory or Protected Office Location of any franchisee of Franchisor, including, without limitation, the Protected Office Location or Territory of any PUROFIRST or PUROCLEAN franchisee.

14.1.3 In addition, for a period of two (2) years after the termination, transfer or expiration of this Agreement, Franchisee, and all owners, guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you (including any immediate family member (by blood or marriage)) shall not directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, solicit referrals or business, or accept business or referrals from any insurance company, insurance agency, third-party referral service or other entity that had previously referred business to or conducted business with Franchisee while Franchisee used or was authorized to use the Proprietary Marks.

14.1.4 Franchisee agrees that the length of time in subparts 14.1.2 and 14.1.3 will be tolled for any period during which you are in breach of the covenants or any other period during which Franchisor seeks to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

14.1.5 Franchisee further acknowledges and agrees that it will immediately and without protest pay all attorneys' fees and related expenses that Franchisor may incur in pursuing injunctive relief in order to enforce the terms of Section 14.

## **15. RELATIONSHIP OF THE PARTIES**

Franchisee is an independent contractor, and nothing contained in this Agreement shall be construed to establish that either party is an agent (real or apparent), legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose. Franchisee understands and agrees that fulfillment of any and all obligations of Franchisor based on any and all oral and written understandings adjudged to be binding shall be the sole responsibility of Franchisor and no affiliate, agent, representative nor any individual associated with Franchisor shall be held responsible.

## **16. WAIVER/INTEGRATION**

No waiver by Franchisor of any breach by Franchisee, nor any default or failure by Franchisor to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce Franchisor's rights with respect to that or any other or subsequent breach. Subject to Franchisor's rights to modify Appendices and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by Franchisee and Franchisor. This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

## 17. ARBITRATION AND MEDIATION

17.1 Except as qualified by Section 17.5, prior to the initiation of any litigation or arbitration by either party pursuant to Section 17.2, the parties must make a good faith effort to resolve any controversies between them by non-binding mediation at a location within or near the Protected Office Location, either through a mutually acceptable mediator or through an established mediation service selected by Franchisor. Prior to mediation each party involved in mediation shall sign the standard confidentiality agreement designated by the Mediator or Franchisor. No litigation or arbitration proceeding may be commenced until the earlier of 30 days from written notice by one party to the other of a request to initiate mediation, or the mutual agreement by both parties that mediation has been unsuccessful in resolving the existing controversy. Mediation will be deemed unsuccessful if the notified party fails to respond to the requesting party within 30 days of notification. The parties will share equally all fees and expenses of the mediator. No provision contained in this paragraph (17.1) shall prevent the immediate filing in adjudication for injunctive or restraining orders as provided in 17.5.

In lieu of mediation, Franchisor may, under certain limited circumstances, require Franchisee to submit its dispute to a tribunal of franchisees selected by the National Leadership Council (the "Tribunal"). Franchisee will have 30 days after receiving notice of the dispute in front of the Tribunal to respond to the allegations and appear before the Tribunal. If franchisee refuses to participate in the review by the Tribunal, the Tribunal will have the right to review the claim without the franchisee's participation and issue a decision based upon the facts presented in the dispute.

17.2 Except as qualified in 17.1 and 17.5, the parties hereby agree that any and all disputes and claims arising out of (either directly or indirectly) or related to the Franchise Business, this Agreement or related agreement(s), including breach thereof and including any alleged violation of law, must be submitted to binding arbitration under the authority of the Federal Arbitration Act and under the auspices of either The Center for Public Resources (CPR) or the American Arbitration Association (AAA), at the option of Franchisor except for any injunctive or restraining relief as described in 17.5 which may be adjudicated in a court of competent jurisdiction in the County of Broward, State of Florida. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts. The dispute must be heard by a panel of three (3) independent arbitrators in accordance with the Commercial Arbitration Rules of the AAA or Rules For Non-administrative Arbitration of CPR. If, however, the Respondent fails to answer the claim on a timely basis, fails to pay the required fees and expenses, or fails to make a counter-claim, the Claimant may opt to reduce the number of arbitrators to one, to be selected by the chosen arbitration association. Each arbitrator must have 10 years of franchise experience. The arbitrators must follow the law and not disregard the terms of this Agreement. The arbitrators may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that Franchisor sets. Franchisee and Franchisor will

share equally all fees and expenses of the arbitrators and CPR or AAA. No part of the arbitration proceeding may be disclosed to any other person except when required by law or by court order. Arbitration must take place in the County of Broward, State of Florida.

17.3 The decision of the Arbitrators may be filed as a judgment in any court of competent jurisdiction and will be binding in any other jurisdiction.

17.4 Any arbitration or litigation proceeding, or any claim in arbitration or litigation (including any defense and any claim of setoff or recoupment), must be brought or asserted before the expiration of the earlier of (1) the time period for bringing an action under any applicable state or federal statute of limitation; (2) one year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (3) two years after the first act or omission giving rise to an alleged claim. Claims of the franchisor attributable to the underreporting of gross sales and claims of the parties for indemnification and defense and claims for payments of financial obligations specified in this Agreement shall be subject only to the applicable state or federal statute of limitation. Arbitrability of any claim will be decided by the arbitrator.

17.5 Notwithstanding Sections 17.1 – 17.4 above, Franchisee recognizes that its Franchise Business is one of a number of businesses identified by the Marks and similarly situated and selling to the public similar products and services, and hence the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to Franchisor and/or to some or all of Franchisor's other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisee, Franchisor will forthwith be entitled to an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. Similarly, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisor, Franchisee will forthwith be entitled to an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. An action seeking the equitable remedies outlined above may be brought in state or federal court located in the County of Broward, State of Florida. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party.

## **18. NOTICE**

All notices required under this Agreement shall be in writing and delivered by registered mail, certified mail, return receipt requested or a legitimate recognized national overnight delivery service, addressed to the party's last known address. Notice shall be deemed to have been given and received at the date and time of receipt or attempted delivery.

## **19. SEVERABILITY**

If any portion of this Agreement is held to be invalid or unenforceable, the remaining portion shall remain in full force and effect and such invalid portions shall be deemed not to be a part of this Agreement.

## **20. JURISDICTION, VENUE AND CONTROLLING LAW; INTERPRETATION OF RIGHTS**

20.1 This Agreement shall be governed by and enforced in accordance with the laws of the State of Florida, except only Florida franchise or business opportunity law shall not apply unless Franchisee is a resident of Florida or the Protected Office Location is in Florida. Franchisee and Franchisor consent to the jurisdiction and venue of any court of general jurisdiction, County of Broward, State of Florida and, except as provided in Section 17 above, any legal proceedings arising out of this Agreement shall be brought only in such court.

20.2 Whenever this Agreement provides that Franchisor has a certain right, that right is absolute and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

20.3 Whenever Franchisor reserves or is deemed to have reserved discretion in a particular area or where Franchisor agrees or is deemed to be required to exercise Franchisor's rights reasonably or in good faith, Franchisor will satisfy its obligations whenever Franchisor exercises Reasonable Business Judgment in making our decision or exercising its rights. A decision or action by Franchisor will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of Franchisor. Examples of items that will promote or benefit the System include enhancing the value of the Proprietary Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System.

## **21. ENTIRE AGREEMENT**

21.1 This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement of the parties. There are no representations either oral or written, except those contained in the Disclosure Document and this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

21.2 Franchisee acknowledges that if all or any part of the fees required by this Agreement was financed, that the finance company was freely chosen by Franchisee and Franchisee takes sole responsibility for rates, terms and conditions.

21.3 Nothing in this Agreement or any related agreement, however, is intended to disclaim the representations made by Franchisor in the Disclosure Document that Franchisor furnished to Franchisee.

**(SIGNATURE PAGE TO FOLLOW)**

**22. PLACE OF EXECUTION**

It is agreed that this Agreement was executed at Franchisor’s place of business in Florida.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first written above.

(Franchisor) PUROSYSTEMS, LLC

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Steven P. White, President/COO

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Date

Franchisee or Franchisee’s representative hereby acknowledges that it has read this Agreement completely and fully understands its requirements and obligations.

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Date

If the Franchisee is a corporation, the Secretary of said corporation certifies that the above signers are all of the Officers, Directors and Shareholders of the Franchisee.

Secretary \_\_\_\_\_

PERSONAL GUARANTEE AND AGREEMENT TO BE BOUND  
PERSONALLY BY THE TERMS AND CONDITIONS  
OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement by us, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including but not limited to the non-compete provisions in Section 14 and the dispute resolution process outlined in Section 17, and agree that this Personal Guarantee will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee will inure to the benefit of our successors and assigns.

FRANCHISEE: \_\_\_\_\_

PERSONAL GUARANTORS:

_____		
Individually		
_____		
Print Name		
_____		
Address		
_____	_____	_____
City	State	Zip Code
_____		
Telephone		

_____		
Individually		
_____		
Print Name		
_____		
Address		
_____	_____	_____
City	State	Zip Code
_____		
Telephone		

**SCHEDULE 1 TO THE FRANCHISE AGREEMENT**

**PROTECTED OFFICE LOCATION**

Franchisee will do business under the trade name PuroClean of \_\_\_\_\_ and the Protected Office Location (“POL”) shall be comprised of the following zip codes only:

\_\_\_\_\_.

(Insert Map View)

In the event these zip codes should be modified by any governmental authority, Franchisor shall re-describe the POL using such modified zip codes and/or other political boundaries, and maintaining as closely as possible the original geographic size and shape of the POL depicted on the map, giving due consideration to any adjoining POL’s.

\_\_\_\_\_  
Franchisee Initials

\_\_\_\_\_  
Franchisor Initials

**SCHEDULE 2 TO THE FRANCHISE AGREEMENT**

**CONVERSION ADDENDUM**

This Addendum (the “Addendum”) to PuroSystems, LLC’s Franchise Agreement is made and entered into \_\_\_\_\_ by and between PuroSystems, LLC, a Florida limited liability company with its principal business address at 6001 Hiatus Road, Suite 13, Tamarac, FL 33321 (“Franchisor”) and \_\_\_\_\_, with an address at \_\_\_\_\_ (“Franchisee”).

**BACKGROUND**

A. With the execution of this Addendum, the parties entered into a Franchise Agreement (the “Franchise Agreement”) pursuant to which Franchisee was granted the right and undertook the obligation to open and operate a PUROCLEAN® business which provides mitigation and reconstruction services (the “Franchised Business”).

B. Franchisee presently operates an existing business located at [INSERT ADDRESS OF FORMER BUSINESS] (the “Existing Business Location”) under the name [INSERT NAME OF FRANCHISED BUSINESS] which provides reconstruction or mitigation services, and has earned \$ \_\_\_\_\_ in gross revenue during the 12 month period immediately preceding Franchisee’s application to purchase a Franchised Business from Franchisor (the “Existing Business”).

C. Franchisee seeks to convert the Existing Business into a Franchised Business.

D. Franchisor is willing to grant Franchisee to operate a Franchised Business through the Existing Business, subject to the terms and conditions contained in this Addendum, in reliance on Franchisee’s representations in its application materials.

**AGREEMENT**

NOW THEREFORE, in consideration of the mutual agreements, covenants and promises contained in this Addendum and for mutual consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **Existing Business Operating History.** Franchisee hereby acknowledges and agrees that Franchisee’s Existing Business has been engaged in mitigation and/or reconstruction services (as defined below) which generated \$ \_\_\_\_\_ in gross receipts in the 12 month period immediately preceding Franchisee’s application for a Franchised Business. In connection with the signing of this Addendum, Franchisee provided Franchisor with a list of all clients Franchisee is servicing in connection with its Existing Business (the “Existing Client List”).

a. For purposes of this Addendum, mitigation services are defined as all drying, remediation, mitigation, cleaning, duct cleaning work, textiles dry cleaning by in plant dry cleaning companies, and related services on property casualty losses and related forms of property damage.

b. For purposes of this Addendum, reconstruction services are defined as work done only to repair damages from fire, flood, or other catastrophic events of loss which includes

electrical, dry-wall, painting, plumbing, roofing, carpentry, cabinetry, a floor covering replacement or installation work. Reconstruction Services do not include remodeling or construction work, demolition work, rental of dumpsters, electrical power generators, or other rental services as this is part of the mitigation services classification.

- c. Any mitigation and/or reconstruction work performed by, or for leads received by, Franchisee’s Existing Business will be subject to the Royalty Fees outlined in the Franchise Agreement and this Addendum and are considered Gross Receipts of the Franchised Business. Any non-mitigation and/or non-reconstruction services performed by the Existing Business will not be subject to Royalty Fees except for any work performed as a result of a lead from the Franchised Business.

2. **Reduced Initial Franchise Fee.** Franchisor agrees to reduce the initial franchise by 5% for each \$200,000 in Prior Gross Receipts (as defined in Section 3 below) earned by Franchisee from providing mitigation and reconstruction services, up to a 50% discount or \$25,000 off of the initial franchise fee set forth in Section 5.1 of the Franchise Agreement.

3. **Royalty Discount.** The parties acknowledge and agree that the Royalty Fee set forth in Section 5.2 of the Franchise Agreement will apply to Gross Receipts generated by the Franchised Business and to any non-mitigation and/or non-reconstruction services performed by the Existing Business as a result of a lead from the Franchised Business. Franchisee is not required to pay a Royalty Fee on Gross Receipts generated by the Existing Business (when a construction business becomes a Conversion Franchisee the construction work that is not related to a fire, flood or other disaster remains separate from the Franchised Business – examples are adding a deck to a house, remodeling a dated kitchen, and basically anything cosmetic). If, however, the construction work came from a lead that Franchisor provides to Franchisee, the Royalty Fee for Reconstruction Services applies.

If Franchisee maintains at least \$500,000 in yearly Gross Receipts for the mitigation and/or reconstruction services in provides and is otherwise compliant with the terms of the Franchise Agreement and this Addendum, Franchisor will provide Franchisee with the following Royalty Fee Discounts during the following months of operation:

<b>Months of Operation</b>	<b>Mitigation Services Royalty Fee Discount</b>	<b>Reconstruction Services Royalty Fee Discount</b>
First 12 months	50% on Franchisee’s monthly Gross Receipts, up to the Prior Gross Receipts for Mitigation Services	<ul style="list-style-type: none"> <li>• 100% on Franchisee’s Gross Receipts up to the Prior Gross Receipts for Mitigation Services</li> </ul>
Months 13 to 24	40% Gross Receipts, up to the Prior Gross Receipts for Mitigation Services	<ul style="list-style-type: none"> <li>• 90% on Franchisee’s Gross Receipts</li> </ul>
Months 25 to 36	30% Gross Receipts, up to the Prior Gross Receipts for Mitigation Services	<ul style="list-style-type: none"> <li>• 80% on Franchisee’s Gross Receipts</li> </ul>
Months 37 to 48	No discount on Gross Receipts	<ul style="list-style-type: none"> <li>• 70% on Franchisee’s Gross Receipts</li> </ul>

No royalty discount is available on additional sums earned above the Prior Gross Receipts.

- a. Prior Gross Receipts. “Prior Gross Receipts” equals the gross receipts earned by the Existing Business from providing Mitigation and Reconstruction services, respectively during the 12 month period immediately preceding execution of this Addendum.
- b. Non-mitigation, Non-reconstruction Services. Any non-mitigation and/or non-reconstruction services performed by the Existing Business will not be subject to Royalty Fees except for any work performed as a result of a lead from the Franchised Business.

4. **Minimum Gross Sales Requirement**. In order to remain eligible for the Royalty Fees Discount, Conversion Franchisees must maintain a revenue volume equal to the Prior Gross Receipts. Franchisor will conduct an annual review of each Conversion Franchisee’s Gross Receipts from providing mitigation and reconstruction services within 45 days after the receipt of full records and reports to determine whether each Conversion Franchisee remains eligible for the Royalty Fees discount, and will advise the Conversion Franchisee if it will continue to extend the discount. Conversion Franchisees must provide full records and reports pursuant to the Franchise Agreement and proprietary Manual in order to be eligible for discounts within 15 days after the close of each calendar year. Franchisee’s failure to provide full records and reports pursuant to the Franchise Agreement and proprietary Manual will result in immediate suspension of all Royalty discounts.

5. **Grand Opening Advertising**. Notwithstanding any provisions contained in the Franchise Agreement to the contrary, Franchisee agrees to expend at least \$1,100 on the grand opening of the Franchised Business within 60 days after opening.

6. **Marketing**. Upon executing this Addendum, Franchisee must immediately market, offer, and sell all authorized services under the Franchise Agreement and System solely using the Proprietary Marks, and is prohibited from using the Existing Business’s trademarks, trade dress, logos, and indicia of origin in connection with such products and services. Franchisee may, however, continue to use the Existing Business’s trademarks, logos, and indicia of origin in connection with any other products or services offered for sale by the Existing Business, and may co-brand advertising, provided that all such advertising clearly delineates what products and services are being offered under the System, and which products and services are being offered using Franchisee’s Existing Business. Franchisor’s Field Support Specialists will determine the best approach for marketing support immediately after Franchisee and/or its designated manager have attended Franchisor’s training program.

7. **Dedicated Bank Account**. Pursuant to Section 5.4 of the Franchise Agreement, Franchisee must maintain a dedicated bank account within which to deposit all funds from the operation of the Franchised Business. Franchisee may maintain a separate bank account the Existing Business’s in connection with any activities unrelated to the Franchised Business.

8. **Telephone Numbers and Listings**. Franchisee may, at its option, maintain its existing telephone equipment and service currently in place. However, Franchisee must assign all right, title, and interest associated with telephone numbers and listings used in connection with the provision of authorized goods and services under the Franchise Agreement to Franchisor within 15 days of the Effective Date of the Franchise Agreement. If Franchisee seeks to use a new telephone number or numbers in connection with the Franchised Business, all such numbers must

be: (a) assigned to Franchisor within 15 days; (b) established using Franchisor's designated suppliers pursuant to the Franchise Agreement; and (c) direct all calls relating to the Franchised Business solely to Franchisee's designated number.

9. **Equipment Standards and Specifications.** To the extent Franchisee does not already own or lease equipment meeting Franchisor's standards and specifications prior to commencing operations pursuant to the Franchise Agreement, Franchisor will conduct an audit of Franchisee's existing equipment and will provide Franchisee with a list of additional equipment to be purchased within 30 days of the Effective Date of Franchise Agreement.

- a. **Un-Branded Equipment.** Franchisee may continue to use equipment which is not branded with Franchisor's logos but otherwise meets Franchisor's standards and specifications, until the earlier of (a) 5 years after the original manufactured date; or (b) 3 years from the effective date of the Franchise Agreement.
- b. **Existing Fleet of Vehicles.** The parties acknowledge and agree that Franchisor requires all existing vehicles to be manufactured within 48 months of the Effective Date of the Franchise Agreement in order to maintain consistency of branding and service throughout the System. To the extent Franchisee's existing Vehicles do not comply with Franchisor's standards and specifications, Franchisee will be required to purchase/lease at least one new vehicle through Aztec Financial or Ford Motor Credit Company and rebranded at Franchisee's expense. 50% of all vehicles must be rebranded within 30 days of completing initial training, and the remainder must be rebranded within 12 months of executing this Agreement.
- c. **Computer System.** Franchisee may continue to use its current computer system, provided the system meets Franchisor's computer software and hardware standards and specifications. At Franchisee's expense, Franchisor may make, or require to be made, hardware and software modifications to the computer system to meet Franchisor's standards and specifications.
- d. **Accounting Software and Chart of Accounts.** Franchisee must use Franchisor's chart of accounts in submitting required reports and financial statements under the Franchise Agreement. Franchisee's reporting requirements set forth in the Franchise Agreement will extend solely to the operation of the Franchised Business. Franchisee must use QuickBooks Accounting Software. To the extent Franchisee already has QuickBooks Accounting Software for the Existing Business, Franchisee may continue to use its version of QuickBooks Accounting System, although Franchisor recommends that Franchisee upgrade existing software to the most recent versions available.
- e. **Uniforms.** All employees involved in the operation of the Franchised Business must wear Franchisor's designated uniforms.

10. **Initial Training.** Upon executing this Agreement, Franchisee and/or its Designated Manager must attend the next available initial training program pursuant to Section 7.1 of the Franchise Agreement. Any additional persons required to attend training pursuant to Section 7.1 of the Franchise Agreement may attend a subsequent initial training class during the first six months of opening the Franchised Business.

11. **Opening.** The Franchised Business must be open and operating within 60 days after the effective date of this Agreement.

12. **Site Approval.** Franchisor hereby approves the Existing Business Location as Franchisee's Office under the Franchise Agreement. Franchisee may not move the Office Location without Franchisor's prior written permission, which will not be unreasonably withheld provided that the new proposed Office meets Franchisor's then-current standards and is located within Franchisee's POL.

13. **Audit Rights.** Section 7.8 of the Franchise Agreement is amended to provide that Franchisor may audit both the Franchised Business and Existing Business.

14. **Indemnity.** Section 10 of the Franchise Agreement is hereby amended to include the following additional Section 10.4:

Franchisee is solely responsible for, and shall indemnify and hold Franchisor and Franchisor's officers, directors, employees, agents, successors, and assigns harmless from and against all fines, expenses, claims demands judgments taxes or other liabilities or costs of any kind (including reasonable attorneys' fees and expenses) arising directly or indirectly from, or in connection with Franchisee's operation, transfer, or purchase of the Existing Business. Indemnity includes, but is not limited to, any claims based on the negligence, duty, actions, or inaction of any of the above parties and covers bodily injury, death, and property damage. Franchisee's obligation to defend Franchisor as set forth in Section 10.2 of the Franchise Agreement will extend to Franchisee's operation of the Existing Business.

15. **Covenants Against Competition.** Section 14.1.2 of the Franchise Agreement is amended to include the following:

Provided Franchisee is in compliance with the terms of the Franchise Agreement, on or no more than 30 days prior to the fifth anniversary of the date of the Franchise Agreement, Franchisee may notify Franchisor of its desire to terminate the Franchise Agreement and this Addendum. Franchisor will agree to the termination and will not seek damages as a result of the early termination or enforce the post-term covenant not to compete against Franchisee as it relates to the Existing Customer List provided the following items are satisfied: (i) on or no more than 30 days prior to the five year anniversary date of the Franchise Agreement, Franchisee provides Franchisor with written notice of its desire to terminate the Franchise Agreement and this Addendum (the "Termination Notice") and (ii) Franchisee continues to operate the Franchised Business in accordance with the requirements and obligations of the Franchise Agreement and this Addendum for a period of 12 months following the date Franchisor receives the Termination Notice. Franchisee will be required to comply with the post-term covenant not to compete outlined in Section 14.1.2 provided the post-term covenant not to compete will not apply to clients listed on Franchisee's Existing Client List. If Franchisee fails to comply with the conditions noted above, Franchisee will be bound by the terms of the post-term covenant not to compete outlined in Section 14.1.2, which covenant will include Franchisee's Existing Client List and Franchisor may seek damages from Franchisee as a result of the early termination.

In the event Franchisee: (i) desires to transfer the Franchise Agreement, (ii) desires to terminate the Franchise Agreement and this Addendum before the fifth anniversary of the date of the Franchise Agreement, or (iii) seeks an early termination of the Franchise Agreement but fails to comply with the provisions outlined in this Section 15 above, upon the termination or transfer of the Franchise Agreement and this Addendum Franchisee agrees to comply with the post-term covenant not to compete outlined in Section 14.1.2, which covenant will apply to Franchisee's Existing Client List.

16. **Non-Transferrable.** This Addendum is personal to Franchisee and is non-transferrable, except in connection with any transfer pursuant to Section 11 of the Franchise Agreement.

17. **Termination With Notice and Without Opportunity to Cure.** Section 12 of the Franchise Agreement is hereby amended to include the following Section 12.4:

12.4 The following shall, in Franchisor's judgment and option, justify immediate termination upon notice without affording Franchisee the opportunity to cure:

12.4.1 If Franchisee engages in any relocation of the Existing Business without Franchisor's prior written consent, or operates the Franchised Business from any other businesses Franchisee may now or in the future own or operate without Franchisor's prior written consent; and

12.4.2 If Franchisee effectuates any transfer of its ownership interest in the Existing Business without Franchisor's prior written consent.

18. **Choice of Law and Dispute Resolution.** This Addendum will be governed by and enforced in accordance with the laws of the State of Florida, except only Florida franchise or business opportunity law shall not apply unless Franchisee is a resident of Florida or the Protected Office Location is in Florida. Franchisee and Franchisor consent to the jurisdiction and venue of any court of general jurisdiction, County of Broward, State of Florida and agree to resolve any disputes arising out of or related to the Franchise Agreement and this Addendum in the manner set forth in the Franchise Agreement.

19. **Defined Terms.** Terms defined in the Franchise Agreement and not defined in this Addendum have the meaning defined in the Franchise Agreement.

20. **Binding Effect.** This Addendum will inure to the benefit of, and will be binding upon, the parties hereto and their respective successors and assigns.

21. **Entire Agreement.** The Franchise Agreement and this Addendum constitute the entire, full, and complete agreement between the parties concerning the Franchise Agreement and supersede any and all prior agreements. Any term defined in the Franchise Agreement shall have the same meaning when used in this Addendum. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control. Except as amended hereby, all the other terms and conditions of the Agreement are ratified and confirmed. Intending to be legally bound, the parties hereby execute this Addendum on the date set forth above. Nothing in this Agreement or any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

*[Signatures on following page.]*

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Addendum the date and year first written above.

(Franchisor) PUROSYSTEMS, LLC

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Steven P. White, President/COO

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Date

Franchisee or Franchisee’s representative hereby acknowledges that it has read this Agreement completely and fully understands its requirements and obligations.

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Date

The following individuals agree to be bound jointly and severally by the terms of this Agreement, including but not limited to, forum and law selection clauses, jury waiver and the provision to arbitrate, and all subsequent or collateral agreements.

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Signature Date

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

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

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Signature Date

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

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

If the Franchisee is a corporation, the Secretary of said corporation certifies that the above signers are all of the Officers, Directors and Shareholders of the Franchisee.

Secretary\_\_\_\_\_

## SCHEDULE 3 TO THE FRANCHISE AGREEMENT

### CLEAN START PROGRAM

Franchisees new to the PUROCLEAN franchise system, excluding Conversion Franchisees and franchisees that entered the system by purchasing an existing PUROCLEAN business, may take advantage of our Clean Start Program. Under the Clean Start Program, qualifying franchisees may notify us of their desire to terminate the Franchise Agreement and cease operating their PUROCLEAN Franchised Business and we will assume the Franchisee's remaining obligations under its vehicle lease agreement and Equipment and Supplies Package lease agreement, provided Franchisee satisfies the requirements of the Clean Start Program as outlined below.

On or within 30 days after the first anniversary of the date Franchisee started operating its Franchised Business, Franchisee must provide us with written notice of its intent to terminate the Franchise Agreement under the Clean Start Program (the "Notice to Terminate"). If Franchisee qualifies for the Clean Start Program, upon the termination of the Franchise Agreement we will assume Franchisee's remaining obligations under its vehicle lease agreement and Equipment and Supplies Package lease agreement. Franchisee acknowledges and agrees that our assumption of these leases is limited to Franchisee's remaining lease obligations and does not entitle Franchisee to receive any refund or reimbursement for fees already paid under the terms of the lease agreements or the Franchise Agreement, or any other investment made by Franchisee in connection with operating the PUROCLEAN Franchised Business.

We will notify Franchisee within 5 days of receiving the Notice to Terminate whether Franchisee qualifies for the Clean Start Program. To qualify for the Clean Start Program, franchisee must satisfy each of the following requirements:

- Franchisee must lease its vehicle for use in operating its PUROCLEAN Franchised Business from one of our designated suppliers, currently Aztec Financial, and be current on all payments to such supplier.
- Franchisee must lease its Equipment and Supplies Package from our designated supplier, currently Aztec Financial, and be current on all payments to such supplier.
- Franchisee must turn over to us or our designee, possession and ownership of the vehicle and Equipment and Supplies Package. The returned Equipment and Supplies Package must include all items we require. In order to qualify for the Clean Start Program, all items included in the Equipment and Supplies Package must be returned to us in the original packaging or, if not in the original packaging, Franchisee will be responsible for all re-packaging costs and expenses.
- Franchisee will be responsible for any shipping fees incurred by us in connection with our assumption of the vehicle and/or items contained in the Equipment and Supplies Package.
- Franchisee must be in compliance with the terms of the Franchise Agreement at all times prior to and after Franchisee provides us with its Notice to Terminate.

- Franchisee's first year revenue (which includes the day Franchisee begins operating the business through the date we receive the Notice to Terminate) must be less than \$150,000.
- Franchisee must hold a total of four continuing education courses prior to issuing the Notice to Terminate, holding one continuing education course every 3 months.
- Franchisee must sign a mutual termination and release agreement in the form we require. Under the terms of the mutual termination and release agreement Franchisee will agree, among other things, to comply with the post-termination obligations outlined in the Franchise Agreement including, but not limited to, the post-term covenant not to compete.



## ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“Franchisor”), located at \_\_\_\_\_, and \_\_\_\_\_ (“Franchisee”), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for a loan (“Loan”) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the \_\_\_\_\_ Franchise Agreement or any other document \_\_\_\_\_ requires \_\_\_\_\_ to sign:

### CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

### FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

### COVENANTS

- If the Franchisee owns the real estate where the \_\_\_\_\_ location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee’s real estate, they must be removed in order for the

Franchisee to obtain SBA-assisted financing.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Franchisee’s employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee and not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 – 3733.

**FRANCHISOR:**

**FRANCHISEE:**

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

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

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

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

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

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

**Note to Parties: This Addendum only addresses “affiliation” between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.**

**EXHIBIT F**  
**STATE ADDENDA**

RIDER TO STATE ADDENDUM TO PUROCLEAN®

FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

FOR THE FOLLOWING STATES ONLY: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN

This Rider to State Addendum to PUROCLEAN® Franchise Disclosure Document (“FDD”) and Franchise Agreement is entered into by and between PuroSystems, LLC, 6001 Hiatus Road, Suite 13, Tamarac, FL 33321 (“we” or “us”) and \_\_\_\_\_ (“you”).

A. This Rider is being signed because you are a resident of one of the states listed in the heading of this Rider (the “Applicable Franchise Registration State”) or a non-resident who is acquiring franchise rights permitting the location of a PUROCLEAN® business in the Applicable Franchise Registration State.

B. We and you have contemporaneously herewith entered into a Franchise Agreement (the “Agreement”) and wish to amend the Agreement as provided herein.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. The following language is hereby added to the end of the FDD and Agreement: “No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

2. Except as provided in this Rider, the Agreement remains in full force and effect in accordance with its terms. This Rider shall be effective only to the extent that the jurisdictional requirements of the franchise law of the Applicable Franchise Registration State are met independently without reference to this Rider.

FRANCHISEE: \_\_\_\_\_

FRANCHISOR: PUROSYSTEMS, LLC

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

ADDENDUM TO PUROSYSTEMS, LLC DISCLOSURE DOCUMENT  
FOR THE STATE OF CALIFORNIA

The following information applies to franchises and franchisees subject to the California Franchise Investment Act. The item numbers correspond to those in the main body:

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov) .

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER BY RULE OR ORDER REQUIRE, BEFORE SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

2. State Risk Factors.

YOU ARE REQUIRED TO PURCHASE A VEHICLE FROM OUR DESIGNATED VEHICLE SUPPLIER.

YOU MUST PAY A REGISTRATION FEE AND THREE NIGHTS OF HOTEL ACCOMMODATIONS TO ATTEND AN ANNUAL CONVENTION. THIS AMOUNT IS DUE EVEN IF YOU FAIL TO ATTEND THE CONVENTION.

SPOUSAL LIABILITY: YOUR SPOUSE WILL BE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS

3. The industry specific regulations section of Item 1 of the Disclosure Document is amended to include the following:

If your Franchise Business offers construction services, demolition, or the removal of building materials, you may be required to obtain a Contractor's License from the California Contractors State License Board. California law requires you to obtain a Contractor's License from the California Contractors State License Board (CSLB) if the total cost (labor and materials) of one or more contracts on the project is \$500 or more. Licenses may be issued to individuals, partnerships, corporations, or joint ventures. The CSLB does not issue licenses to Limited Liability Companies (LLCs).

4. Item 3.

Item 3 is amended to provide that neither us nor any other person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

5. Item 6.

The highest applicable interest rate in California is 10%.

6. Item 10.

Ford Motor Credit Company, LLC is authorized to originate loans in California as it is registered with the California Secretary of State (Sec of State File No. 200712110613).

7. Items 6 and 17.

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

8. Item 17.

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

9. Item 17.

The Franchise Agreement provides for a termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. 101 et seq.).

10. Item 17.

You must sign a general release if you renew or transfer your franchise. This provision may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

11. Item 17.

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

12. Item 17.

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

13. Item 17.

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

14. Item 19.

The financial performance figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the Disclosure Document may be one source of this information.

ADDENDUM TO PUROSYSTEMS, LLC DISCLOSURE DOCUMENT  
FOR THE STATE OF HAWAII

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process: Commissioner of Securities, P.O. Box 40, Honolulu, Hawaii 96813.

ADDENDUM TO PUROSYSTEMS, LLC DISCLOSURE DOCUMENT  
FOR THE STATE OF ILLINOIS

The following information applies to franchises and franchisees subject to the Illinois Franchise Disclosure Act of 1987. The item numbers correspond to those in the main body.

1. Item 17.

For Illinois franchisees, Illinois law governs the Franchise Agreement. The conditions under which the franchise can be terminated and rights upon nonrenewal may be affected by Illinois law. Any provision in a Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void.

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

ADDENDUM TO PUROSYSTEMS, LLC DISCLOSURE DOCUMENT  
FOR THE STATE OF MARYLAND

For franchises and franchisees subject to the Maryland Franchise Registration and Disclosure Law, the following information replaces or supplements, as the case may be, the corresponding disclosures in the main body of the text of the PuroSystems, LLC Franchise Disclosure Document.

1. Item 5.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. Item 17.

The Franchise Agreement provides that PuroSystems, LLC may terminate the Agreement, as applicable, if you voluntarily or involuntarily file for bankruptcy, as described in the "Summary of Cause Defined" (provision (h.)). This provision may not be enforceable under federal bankruptcy law.

Any general release signed as a condition to renewal, sale, assignment, or transfer of these Agreements shall not release Franchisor from any liability imposed by the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

ADDENDUM TO PUROSYSTEMS, LLC DISCLOSURE DOCUMENT  
FOR THE STATE OF MINNESOTA

The following applies to franchises and franchisees subject to Minnesota statutes and regulations. The item numbers correspond to those in the main body.

1. Items 5 and 7.

All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. Item 13.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

3. Item 17.

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Under Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J, certain liquidated damages clauses are unenforceable.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

ADDENDUM TO PUROSYSTEMS, LLC DISCLOSURE DOCUMENT  
FOR THE STATE OF NEW YORK

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.**

**REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending

action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDENDUM TO PUROSYSTEMS, LLC DISCLOSURE DOCUMENT  
FOR THE STATE OF NORTH DAKOTA

The following information applies to franchises and franchisees subject to North Dakota statutes and regulations. The item numbers correspond to those in the main body:

Items 5 and 7.

All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

Item 17.

1. Covenants not to compete such as those mentioned in Item 17 may be subject to Section 9-08-06 of the North Dakota Century Code and unenforceable in the State of North Dakota if contrary to Section 9-08-06.

2. Notwithstanding anything contained in Section 17 of the Franchise Agreement, any arbitration proceeding will take place in the city nearest to your Business in which the American Arbitration Association maintains an office and facility for arbitration, or at such other location as may be mutually agreed upon by the parties.

3. Notwithstanding anything contained in Section 17 of the Franchise Agreement, the prevailing party in any legal proceeding before a court or arbitrator to enforce the terms and provisions of the Franchise Agreement will be entitled to recover its reasonable attorneys' fees and costs.

4. Any claims under the North Dakota Franchise Investment Law may be brought in the State of North Dakota.

5. The North Dakota Securities Commissioner has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

6. The North Dakota Securities Commissioner has held that requiring franchise agreements to be governed by the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

7. You must sign a general release if you renew your franchise. This provision may be unenforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.

8. The North Dakota Securities Commissioner has determined that requiring franchisees to consent to liquidated or termination damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

ADDENDUM TO PUROSYSTEMS, LLC DISCLOSURE DOCUMENT  
FOR THE STATE OF RHODE ISLAND

The following information applies to franchises and franchisees subject to Rhode Island statutes and regulations. The item numbers correspond to those in the main body:

1. Item 17.

Section 19.28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. Item 23.

Rhode Island law requires Franchisor to provide Franchisee with a copy of the Disclosure Document at the first personal meeting.

ADDENDUM TO PUROSYSTEMS, LLC DISCLOSURE DOCUMENT  
FOR THE COMMONWEALTH OF VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act the Franchise Disclosure Document for PuroSystems, LLC for use in the Commonwealth of Virginia shall be amended to include the following:

1. Item 17. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for PuroSystems, LLC for use in the Commonwealth of Virginia shall be amended as follows:

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

ADDENDUM TO PUROSYSTEMS, LLC DISCLOSURE DOCUMENT  
FOR THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

To resolve an investigation by the Washington Attorney General and without admitting any liability, the franchisor has entered into an Assurance of Discontinuance ("AOD") with the State of Washington, where the franchisor affirmed that it already removed from its form franchise agreement a provision which restricted a franchisee from soliciting and/or hiring the employees of other franchisees, which the Attorney General alleges violated Washington state and federal antitrust and unfair practices laws. The franchisor has agreed, as part of the AOD, to not enforce

any such provisions in any existing franchise agreement, to not include any such provisions in future franchise agreements, to request that its Washington franchisees amend their existing franchise agreements to remove such provisions, and to notify its franchisees about the entry of the AOD. In addition, the State of Washington did not assess any fines or other monetary penalties against the franchisor.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

ADDENDUM TO PUROSYSTEMS, LLC DISCLOSURE DOCUMENT  
FOR THE STATE OF WISCONSIN

The following information applies to franchises and franchisees subject to the Wisconsin Fair Dealership law. The item numbers correspond to those in the main body:

1. Item 17.

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

2. Item 17.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

ADDENDUM TO  
PUROSYSTEMS, LLC  
FRANCHISE AGREEMENT FOR THE  
STATE OF CALIFORNIA

This Addendum pertains to franchises sold in the State of California and is for the purpose of complying with California statutes and regulations. Notwithstanding anything that may be contained in the body of the Agreement to the contrary, the Agreement is amended as follows:

1. Section 14.1.2 of the Franchise Agreement contains a covenant not to compete which extends beyond the term of the franchise. This provision may not be enforceable under California law.
2. Section 17 of the Franchise Agreement requires binding arbitration. The arbitration will occur in Florida.
3. Section 11.3.5 of the Franchise Agreement requires the execution of a general release if the franchise is transferred. This provision may not be enforceable under California law.
4. The Franchise Agreement contains provisions that may limit the franchisee's rights, including but not limited to a time limit to file claims against franchisor and class arbitration waiver.
5. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.
6. In all other respects, the Franchise Agreement will be construed and enforced according to its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

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Franchisee Initials

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Franchisor Initials

ADDENDUM TO  
PUROSYSTEMS, LLC  
FRANCHISE AGREEMENT FOR THE  
STATE OF HAWAII

This Addendum pertains to franchises sold in the State of Hawaii and is for the purpose of complying with Hawaii statutes and regulations. Notwithstanding anything that may be contained in the body of the Agreement to the contrary, the Agreement is amended as follows:

1. In all other respects, the Franchise Agreement will be construed and enforced according to its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

\_\_\_\_\_  
Franchisee Initials

\_\_\_\_\_  
Franchisor Initials

ADDENDUM TO  
PUROSYSTEMS, LLC  
FRANCHISE AGREEMENT FOR THE  
STATE OF ILLINOIS

This Addendum pertains to franchises sold in the State of Illinois and is for the purpose of complying with Illinois statutes and regulations. Notwithstanding anything that may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. Section 20.1 of the Agreement is hereby deleted in its entirety and the following substituted in lieu thereof:

Except to the extent governed by the United States Trademark Act of 1946, as amended (Lanham Act, 15 U.S.C. Section 1051 et seq.), this Agreement shall be governed by and interpreted in accordance with the law of the State of Illinois. This Agreement shall be deemed to be amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations. The provisions of this Section shall survive the termination of this Agreement. Franchisee is aware of the business purposes and needs underlying the language of this Section, and with the complete understanding thereof, agrees to be bound in a manner set forth. Subject to Section 17, any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the Illinois federal or state court for the Territory in which Franchisee's Office is located.

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

2. The Franchisee Compliance Certification is unenforceable under Illinois law because it may have the effect of forcing a franchisee to waive or release certain rights that Franchisee has under the Illinois Franchise Disclosure Act, 815 IL § 705.

3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In all other respects, the Franchise Agreement will be construed and enforced according to its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

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Franchisee Initials

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Franchisor Initials

ADDENDUM TO  
PUROSYSTEMS, LLC  
FRANCHISE AGREEMENT FOR THE  
STATE OF MARYLAND

The PuroSystems, LLC Franchise Agreement is hereby amended as follows:

1. Section 5.1 of the Franchise Agreement is hereby modified by adding the following sentence to the end of the provision: “Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.”

2. Section 17.4 of the Franchise Agreement is hereby modified by adding the following sentence to the end of the provision: “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

3. With respect to franchisor’s right to terminate you upon your bankruptcy as outlined in Section 12.2.2 of the Franchise Agreement, termination of the Franchise Agreement for this reason may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 *et. seq.*)

4. Any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. Section 20.1 of the Franchise Agreement is hereby modified by adding the following sentence to the end of the provision: “A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

6. No representation or disclaimer by the Franchisee in the Franchise Agreement or Exhibit E is intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

\_\_\_\_\_  
Franchisee’s Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Franchisor’s Signature

\_\_\_\_\_  
Date

ADDENDUM TO  
PUROSYSTEMS, LLC  
FRANCHISE AGREEMENT FOR THE  
STATE OF MINNESOTA

This Addendum pertains to franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything that may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. Section 5.1 of the Franchise Agreement is hereby modified by adding the following sentence to the end of the provision: “All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.”

2. The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

3. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

4. Nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota.

5. The second sentence of Section 17.5 of the Agreement is deleted in its entirety and has no further force and effect and the following is substituted in lieu thereof:

Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisee, Franchisor will forthwith be entitled to seek an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys’ fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators.

6. In all other respects, the Franchise Agreement will be construed and enforced according to its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

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Franchisee Initials

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Franchisor Initials

ADDENDUM TO  
PUROSYSTEMS, LLC  
FRANCHISE AGREEMENT FOR THE  
STATE OF NORTH DAKOTA

This Addendum pertains to franchises sold in the State of North Dakota and is for the purpose of complying with North Dakota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. Section 5.1 of the Franchise Agreement is hereby modified by adding the following sentence to the end of the provision: “All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.”

2. Notwithstanding anything contained in Section 17 of the Franchise Agreement, any arbitration proceeding must take place in the city nearest to the your Business in which the American Arbitration Association maintains an office and facility for arbitration, or at such other location as may be mutually agreed upon by the parties.

3. Notwithstanding anything contained in Section 17 of the Franchise Agreement, the prevailing party in any legal proceeding before a court or arbitrator to enforce the terms and provisions of the Franchise Agreement will be entitled to recover its reasonable attorneys’ fees and costs.

4. The North Dakota Securities Commissioner has determined that requiring franchisees to consent to liquidated or termination damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any provision of Franchise Agreement that may require Franchisee to consent to liquidated or termination damages, is hereby deleted.

5. The covenant not to compete such as that mentioned in Section 14.1.2 of the Franchise Agreement may be subject to Section 9-08-06 of the North Dakota Century Code and unenforceable in the State of North Dakota if contrary to Section 9-08-06.

6. The North Dakota Securities Commissioner has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The second sentence of Section 20.1 is therefore deleted in its entirety, and the following substituted in lieu thereof:

Subject to Section 17, any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the Federal District Court for the District of Florida or in Broward County District Court, Florida or the federal or state court of the protected Office Location in which you are located. Both parties hereto irrevocably

admit themselves to, and consent to, the exclusive jurisdiction of said courts.

7. Pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, a franchisee may not be required to sign a general release as a condition of renewal under Section 2.2.4 of the Franchise Agreement.

8. Section 17.2 of the Franchise Agreement requires the franchisee to consent to a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.

9. Pursuant to the North Dakota Franchise Investment Law, the first sentence of Section 20.1 of the foregoing Agreement is deleted in its entirety and has no further force and effect, and the following is substituted in lieu thereof:

Except to the extent governed by the United States Trademark Act of 1946, as amended (Lanham Act, 15 U.S.C. Section 1051 et seq.), this Agreement and the relationship between the parties is governed by and interpreted in accordance with the North Dakota Franchise Investment Law.

10. Except as amended herein, the Franchise Agreement will be construed and enforced in accordance with its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

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Franchisee Initials

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Franchisor Initials

ADDENDUM TO  
PUROSYSTEMS, LLC  
FRANCHISE AGREEMENT FOR THE  
COMMONWEALTH OF VIRGINIA

This Addendum pertains to franchises sold in the Commonwealth of Virginia and is for the purpose of complying with Virginia statutes and regulations. Notwithstanding anything that may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. In all other respects, the Franchise Agreement will be construed and enforced according to its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

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Franchisee Initials

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Franchisor Initials

ADDENDUM TO  
PUROSYSTEMS, LLC  
FRANCHISE AGREEMENT FOR THE  
STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

To resolve an investigation by the Washington Attorney General and without admitting any liability, the franchisor has entered into an Assurance of Discontinuance ("AOD") with the State

of Washington, where the franchisor affirmed that it already removed from its form franchise agreement a provision which restricted a franchisee from soliciting and/or hiring the employees of other franchisees, which the Attorney General alleges violated Washington state and federal antitrust and unfair practices laws. The franchisor has agreed, as part of the AOD, to not enforce any such provisions in any existing franchise agreement, to not include any such provisions in future franchise agreements, to request that its Washington franchisees amend their existing franchise agreements to remove such provisions, and to notify its franchisees about the entry of the AOD. In addition, the State of Washington did not assess any fines or other monetary penalties against the franchisor.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_  
20\_\_\_\_.

\_\_\_\_\_  
Franchisor Name

\_\_\_\_\_  
Prospective Franchisee

ADDENDUM TO  
PUROSYSTEMS, LLC  
FRANCHISE AGREEMENT FOR THE  
STATE OF WISCONSIN

This Addendum pertains to franchises sold in the State of Wisconsin and is for the purpose of complying with Wisconsin statutes and regulations. Notwithstanding anything that may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. Notwithstanding anything that may be contained in the body of the Franchise Agreement to the contrary, Section 12 of the Agreement is extended as follows:

For all franchises sold in the State of Wisconsin, Franchisor will provide Franchisee at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that Franchisee have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, Franchisee will be entitled to written notice of such default, and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between Franchisor and Franchisee inconsistent with the Law.

3. In all other respects, the Franchise Agreement will be construed and enforced according to its terms.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

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Franchisee Initials

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Franchisor Initials

**EXHIBIT G**  
**COMPLIANCE CERTIFICATION**

**EXHIBIT G**

**FRANCHISEE COMPLIANCE CERTIFICATION**

**THIS ACKNOWLEDGMENT ADDENDUM DOES NOT APPLY TO CANDIDATES LOCATED IN, OR FRANCHISED BUSINESSES TO BE LOCATED IN, ANY OF THE FOLLOWING FRANCHISE REGISTRATION STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI.**

As you know, PuroSystems, LLC ("PuroSystems" or the "Franchisor") and you are preparing to enter into a Franchise Agreement for the establishment and operation of a PuroClean Franchise Business. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement?

Yes \_\_\_\_\_ or No \_\_\_\_\_

If no, please comment: \_\_\_\_\_  
\_\_\_\_\_

2. Have you received and personally reviewed the Disclosure Document, Franchise Agreement and each Addendum and related agreement attached to it?

Yes \_\_\_\_\_ or No \_\_\_\_\_

3. Do you understand all of the information contained in the Disclosure Document, Franchise Agreement, each Addendum and related agreement provided to you?

Yes \_\_\_\_\_ or No \_\_\_\_\_

If no, what parts of the Disclosure Document, Franchise Agreement, Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Did you sign a receipt for the Franchise Disclosure Document (FDD) indicating the date you received it?

Yes \_\_\_\_\_ or No \_\_\_\_\_

5. On the receipt pages of your Disclosure Document you identified \_\_\_\_\_ as the \_\_\_\_\_

franchise sellers involved in this franchise sales process. Are the franchise sellers identified above the only franchise sellers involved with this transaction?

Yes \_\_\_\_\_ or No \_\_\_\_\_

If no, please identify any additional franchise sellers involved with this transaction: \_\_\_\_\_

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6. Have you conducted an independent investigation of the business and discussed the benefits and risks of establishing and operating a PuroClean Franchise Business with an attorney, accountant, \_\_\_\_\_ or \_\_\_\_\_ other \_\_\_\_\_ professional \_\_\_\_\_ advisor?  
Yes \_\_\_\_\_ or No \_\_\_\_\_

7. Do you recognize that the business venture contemplated by the Franchise Agreement involves business risks and that its success will depend upon the ability of you as an independent business person and understand that the success or failure of your Franchise Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, labor and supply costs, lease terms and other economic and business factors?

Yes \_\_\_\_\_ or No \_\_\_\_\_

8. Do you understand that the sales and marketing component of the Franchise Business requires you or an employee of yours to devote their working day calling on insurance offices and other sources of business like real estate agents, plumbing contractors and other designated referral companies?

Yes \_\_\_\_\_ or No \_\_\_\_\_

9. Do you understand that your PuroClean office is not assigned or limited to a “territory”? The approved POL is for your office location only, and you may market or service customers in any location that you choose. Likewise, other PuroClean offices are also free to market and service customers anywhere they desire.

Yes \_\_\_\_\_ or No \_\_\_\_\_

10. Do you understand that a competing franchisee or office location of the Franchisor or its affiliate may be placed or operate near or adjacent to your location?

Yes \_\_\_\_\_ or No \_\_\_\_\_

11. Do you understand that PuroSystems recommends your full-time participation in the day-to-day normal business operations as outlined in Item 7.3? (PuroClean is a business-to-business sales model and highly relational with referral sources. A Franchisee’s success is directly related to the owner’s involvement in the sales process. If the Franchise Owner is not directly involved in sales calls, then supervision of the sales staff must be achieved on a daily basis.)

Yes \_\_\_\_\_ or No \_\_\_\_\_

12. Do you understand that any training, support, guidance or tools that PuroSystems provides to you as part of the franchise are for the purpose of protecting the PuroClean brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters?

Yes \_\_\_\_\_ or No \_\_\_\_\_

13. Except for the financial performance representation in Item 19 of the FDD, did any employee or other person speaking on behalf of PuroSystems make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, earnings, income or profit levels at any PuroClean business, or the likelihood of \_\_\_\_\_ success \_\_\_\_\_ at \_\_\_\_\_ your \_\_\_\_\_ franchised \_\_\_\_\_ business?

Yes \_\_\_\_\_ or No \_\_\_\_\_

If yes, give details \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

14. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money or revenue you may earn in operating the Franchise Business that is contrary to the information contained in the FDD?

Yes \_\_\_\_\_ or No \_\_\_\_\_

If yes, give details \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

15. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchise Business that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ or No \_\_\_\_\_

If yes, give details \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

16. Has any employee or other person speaking on behalf of the Franchisor made a guarantee that you will be successful operating a PuroClean Franchise Business?

Yes \_\_\_\_\_ or No \_\_\_\_\_

If yes, give details \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

17. Has any employee or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ or No \_\_\_\_\_

If yes, give details \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

18. Are you entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in the FDD or Franchise Agreement?

Yes \_\_\_\_\_ or No \_\_\_\_\_

If no, give details \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

19. Have you entered into any binding agreement with the Franchisor or paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ or No \_\_\_\_\_

20. Do you understand that the success of your franchise will depend largely upon your individual abilities and your market, and the financial results of your franchise may differ from the results summarized in Item 19 of the Disclosure Document?

Yes \_\_\_\_\_ or No \_\_\_\_\_

If no, give details \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

21. Do you understand that the revenues, costs and expenses of your Franchised Business will be directly affected by many factors, such as: (a) geographic location; (b) competition from other similar businesses in your area; (c) advertising effectiveness based on market saturation; (d) your product and service pricing; (e) vendor prices on materials, supplies and inventory; (f) labor costs (g) ability to generate customers; (h) customer loyalty; and (i) employment conditions in the market?

Yes \_\_\_\_\_ or No \_\_\_\_\_

If no, give details \_\_\_\_\_

\_\_\_\_\_

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

**NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.**

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

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

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

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

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

APPROVED ON BEHALF OF  
PUROSYSTEMS, LLC

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

Title: President/COO

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

\*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the California Franchise Investment Law, Illinois Franchise Disclosure Act Maryland Franchise Registration and Disclosure Law and Washington Franchise Investment Law.

**EXHIBIT H**  
**AFFIRMATION**

**AFFIRMATION**

THE UNDERSIGNED HEREBY AFFIRMS THAT:

Franchisee understands and acknowledges that PUROSYSTEMS, LLC as well as any and all of its representatives and/or agents with whom Franchisee has had contact with, have not and are not making any guarantees as to the extent of the Franchisee's success, and have not and are not in any way representing or promising any amounts of earnings or profits in association with the Franchisee's new business. Franchisee's decision to purchase a Franchise was made solely relying on the contents of the Franchise Disclosure Document and/or independent information obtained by Franchisee through Franchisee's own independent investigation.

Franchisee understands and acknowledges that it is the sole responsibility of the Franchisee to secure any financing that may be necessary from third-party lending sources in order to satisfy capital requirements of opening a PUROCLEAN FRANCHISE. If all or any part of the fees required by the FRANCHISE AGREEMENT were financed, it is further understood and acknowledged that the Franchisee freely chose the finance company, and the Franchisee takes sole responsibility for rates, terms and conditions. Franchisee further acknowledges that Franchisee has read all documents related to the purchase of a PUROCLEAN FRANCHISE and fully understands all documents presented.

IN WITNESS WHEREOF, the parties hereto have executed this affirmation under seal on the date set forth below.

\_\_\_\_\_  
DATED

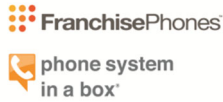
\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATED

\_\_\_\_\_  
SIGNATURE

**EXHIBIT I**

**TELEPHONE NUMBER RELEASE AGREEMENT**



# Telephone Number Release Agreement

I hereby attest as the account holder or authorized agent to relinquish any and all claim that I may have on the telephone number(s) listed below.

I agree that when this form is completed, signed, notarized and received by Clarity, my relinquishment and waiver are irrevocable. I hereby assign, as of the date noted below, all of my right, title and interest in the telephone number(s) to \_\_\_\_\_.

I understand and agree that I am still responsible for any other obligations associated with the account such as contracts and basic termination charges to include but not limited to unbilled toll, calling card charges and yellow pages advertising.

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

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

Daytime Contact Number (\_\_\_\_) \_\_\_\_\_ - \_\_\_\_\_

Effective Date of Release \_\_\_\_/\_\_\_\_/\_\_\_\_

Re: Telephone Number(s):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

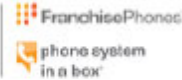
Signature: \_\_\_\_\_ Date: \_\_\_\_\_

<b>Notary</b>	
Sworn to and signed before me, a notary public, this _____ day of _____ in the year _____,	
Notary Public in and for the county of _____, state of _____	
_____	_____
Notary Public Signature	Seal

**Mail Completed Release to:**  
Clarity Voice – Number Management  
27600 Northwestern Hwy, Suite 250, Southfield MI 48034

**EXHIBIT J**

**TELEPHONE SERVICE AGREEMENT**



**Congratulations! Your order has been successfully created.**  
 Contact your sales advisor at 800-786-6160 if you have any questions.

Order Number: 260YY  
 Date: 06/28/2013 18:06:14  
 Billing Address: PuroClean #XYZ  
 245 W. Main Street  
 Anytown, US 12345  
 Ship to Address: PuroClean #XYZ  
 245 W. Main Street  
 Anytown, US 12345

ITEM	QTY	UNIT PRICE	TODAY'S CHARGE	MONTHLY CHARGE
<b>Polycom VVX 300 w/ AC Adapter \$159.95</b>	1	\$159.95	\$159.95	
<i>VVX 300 6-line Desktop Phone with HD Voice and AC Power Supply.</i>				
<b>Seat Activation \$40.00</b>	1	\$40.00	\$40.00	
<i>Extension/seat activation for PBX service. Includes BASIC configuration for SmartRouting (hunt group, agent group, simultaneous ring, service flag).</i>				
<b>NetGear WNR3500L Router \$109.95</b>	1	\$109.95	\$109.95	
<i>NetGear Rangemax Gigabit and Wireless-N Router w/ Clarity Voice Quality Engine</i>				
<b>Premium Unlimited Seat \$39.95</b>	1	\$39.95		\$39.95
<i>PBX seat license for one extension with one endpoint registration. Unlimited simultaneous calls and unlimited local and long distance calling throughout the continental U.S. and Canada.</i>				
<b>TN provide by PuroClean Corporate.</b>	1	\$0.00		
<i>Shipping - Ground</i>				
	1	\$22.95	\$22.95	
<i>Shipping - Ground / with signature required</i>				
<b>Taxes</b>	1	\$0.00	\$0.00	
<i>Taxes charged on today's order</i>				
<b>TOTALS:</b>			<b>\$332.85</b>	<b>\$39.95</b>

\* Charges plus shipping (if applicable), taxes and fees have been charged to your Visa ending xxxx.  
 \* New agreement in effect for 24 months and subject to early disconnect charges.  
 This order was submitted by Franchisee Name on 06/28/2013 18:06:14 from IP address xxx.xxx.xxx.xxx.

**DISCLAIMER**

Today's Charges, plus applicable taxes and fees will be billed to your credit or debit card prior to equipment shipping and service activation. Activation and usage charges are Non-Refundable. You are responsible for your own internet connection and local computer network. We are not responsible for any third party products or services, nor will we troubleshoot problems in our service caused by your internet connection, local computer network or third party products. It is important to read and understand the TERMS AND CONDITIONS, 911 STATEMENT and PRIVACY POLICY. READ THEM CAREFULLY.

**TERMS & CONDITIONS**

This agreement ("Agreement") is between Clarity Communication Advisors, Inc. ("Clarity"), a Michigan Corporation, whose address is 27800 Northwestern Highway, Suite 250, Southfield, Michigan 48034 and the purchaser ("Customer") of any Clarity services or products ("Services"). By purchasing the Services, CUSTOMER AGREES TO BE BOUND BY THESE TERMS AND CONDITIONS. PLEASE READ THESE TERMS AND CONDITIONS CAREFULLY.

1. TERM. The term of this Agreement ("Term") and Services ordered pursuant to this Agreement, begins on the date that Customer purchases Services and, unless terminated earlier as set forth herein, shall continue thereafter for the longer of 30 days or the Term as

set forth in the Order. After the Term has expired, the Agreement will automatically renew for one month terms for each subsequent month. Unless noted as a "New Agreement" in the Order, additional Services purchased by Customer are co-terminus with the Term of Customers active Agreement with Clarity.

2. 911 SERVICE LIMITATIONS. CUSTOMER ACKNOWLEDGES THAT CLARITY'S EQUIPMENT AND SERVICES DO NOT SUPPORT 911 EMERGENCY DIALING OR OTHER EMERGENCY FUNCTIONS IN THE SAME WAY THAT TRADITIONAL WIRELINE 911 SERVICES WORK. THE DIFFERENCES ARE DETAILED IN THE 911 DIALING STATEMENT, AND CUSTOMER AGREES TO NOTIFY ANY POTENTIAL USER OF THE SERVICES, WHO MAY PLACE CALLS USING CUSTOMER'S SERVICES, OF THE 911 LIMITATIONS DESCRIBED THEREIN.

3. METHOD OF COMMUNICATION. Clarity communicates with customers primarily via email. You agree that sending a message to your contact email address is our agreed upon means of providing notification. Your email account is used to communicate vital information about your services, billing, service outages, and enhancements or changes to your existing services. This information is time-sensitive in nature. It is required that you read any email sent to your account to avoid any potential interruptions in your service. Customer may find contact information at Clarity's web site at [www.clarityvoice.com/contact](http://www.clarityvoice.com/contact), or Customer may contact Clarity by telephone at (800) 786-6160 or (248) 327-4390 or by U.S. Postal mail at: 27600 Northwestern Highway, Suite 250, Southfield, MI 48034.

4. CHARGES. Billing for recurring services shall commence upon the date service was activated ("Activation Date"). Billing for activation, equipment and other services listed in the "Today's Charge" column of the Order are due upon placement of Order. For recurring and usage charges, Clarity will invoice on the first calendar day of each month, in advance for recurring charges and in arrears for usage and any other non-recurring charges, except that the first billing statement will include the first billing period's pro-rated recurring charges in arrears. Customer shall pay for all Services and Products that Clarity furnishes to Customer at the applicable prices set forth in Customer's Order and the fee schedule ("Fee Schedule"). The Fee Schedule is viewable on the Clarity web site [www.clarityvoice.com/fee\\_schedule.htm](http://www.clarityvoice.com/fee_schedule.htm) and has prices for Services not listed on Customer's Order. Customer agrees to pay for usage charges not specified in Customer's Order or this Agreement including without limitation international calls and directory assistance, whether fraudulent or not.

5. PAYMENT METHOD. Customer agrees to provide Clarity with a valid email address and valid electronic payment method (Visa, MasterCard, American Express, Discover or ACH bank draft). Customer authorizes Clarity to automatically bill any payment method Customer provides for charges. Customer is responsible to notify Clarity immediately of email address changes and/or payment method changes or expiration. Failure to comply may result in the immediate termination of Service and applicable Disconnect Fees. Clarity may charge a \$10 fee for each declined credit or debit card transaction and a \$35 fee for each declined ACH bank draft.

6. CANCELLATION. It is Customer's responsibility to notify Clarity of cancellation at least 3 business days prior to the start of the next calendar month to avoid Service charges for the next calendar month. CUSTOMER MUST CANCEL SERVICES BY SENDING AN EMAIL TO [billing@clarityvoice.com](mailto:billing@clarityvoice.com). Clarity will provide Customer with an email confirming request to cancel Service. Failure to cancel Service in accordance with this Section will result in ongoing Service fees. Customer will not receive any refund or partial refund or credit for any charges already billed to Customer's account. Customer's Failure to pay, porting out of telephone number(s) does NOT constitute notification of Service cancellation. Cancellation of Service before the end of the Term may result in Disconnection Fees as set forth below.

7. CREDITS. Customer acknowledges and agrees that the Services are provided "as is, where-is, and credit allowances for interruption of the Services shall not be provided.

8. TAXES. Prices for the Services do not include any customs duties, sales, use, value added, excise, federal, state, local, public utility, universal service or other similar taxes. All such taxes shall be paid by you and will be added to any amounts otherwise charged to you unless you provide Clarity with an appropriate exemption certificate. If any amounts paid for the Services are refunded by Clarity, applicable taxes may not be refundable.

9. REGULATORY FEE. A fee may be charged monthly to offset costs incurred by Clarity in complying with inquiries and obligations imposed by federal, state and municipal regulatory bodies/governments and the related legal and billing expenses. This fee is not a tax or charge required or assessed by any government.

10. OVERDUE CHARGES. Payment is due upon the invoice date. Unless otherwise agreed, any amount not paid by the 18th day after the invoice date is overdue and subject to a late payment fee of \$25 or 1.5% of the overdue amount, whichever is greater. Service to Customer may be suspended without notice if any undisputed charges are not paid within 30 days of invoice date. A reinstatement charge equal to one time the Total Monthly charges may be levied to reinstate suspended service. Customer will be responsible for any expenses (including attorney's fees and court costs) that Clarity incurs to collect overdue charges.

11. RATE CHANGES. Clarity may change the prices for the Services from time to time. Clarity may change prices, plans, taxes, or fees without any advance notice. Service prices will not be increased on Customers with remaining Term greater than 30 days, with the exception of tax or fee changes, international toll calling rates and Fee Schedule items not explicitly listed on Customer's Order.

12. DISPUTED CHARGES. Customer may dispute any part or all of an invoice if Customer provides written notice to Clarity within thirty (30) days from the date of an invoice. All undisputed portions of an invoice must be paid in a timely manner. Within ten (10) days receipt of a written notice of dispute, Clarity will use good faith efforts to determine the validity of a dispute and notify Customer of Clarity's final determination. Any amounts due as a result of Clarity's final determination will be due.

13. CREDIT LIMIT. All Service provided to Customer and covered by the Agreement shall at all times be subject to approval or review by Clarity. Clarity, in its sole discretion and judgment, may discontinue credit at any time without notice, require a deposit, or bill immediately for charges using any Payment Method Clarity has on file for Customer.

14. RIGHT TO TERMINATE SERVICE. Clarity may modify the terms of this Agreement or the Service at any time upon notice to you. In the event Clarity materially modifies the Agreement or the Services, Customer may terminate the Service within 30 days without Disconnect Fees. Customer's continued use of the Service after 30 days, notice from Clarity constitutes Customer's agreement to those modified terms. Clarity may terminate this Agreement and any Services at any time, upon 30 days, notice to Customer. Customer obligation to pay accrued charges and fees shall survive any termination of this Agreement.

15. PHONE NUMBERS. Clarity permits porting out of telephone numbers and directory listings of telephone numbers listed on the current invoice issued by Clarity to Customer, provided the Customer's account is in good standing. Customer acknowledges that their voluntary transfer of ownership of ported in telephone numbers to another Clarity Customer is immediate and permanent. Customer acknowledges that in the event of any account termination or cancellation, ownership of all numbers associated with Customer account is released to Clarity.

16. ANCILLIARY SERVICES. List and publish and caller name identification (i.e., caller ID with name) Services provided by Clarity are based on availability of such Services from Clarity's underlying providers. Clarity does not guarantee that such Services are available for all numbers in all serving areas. Clarity submits Directory Listing updates as a courtesy to Customer without obligation or guarantee that Directory Listings will be published.

17. UNLIMITED USAGE PLAN. Unlimited voice services are provided solely for live dialog between two individuals. Unlimited voice services may not be used for conference calling, call forwarding, monitoring services, data transmissions, transmission of broadcasts, transmission of recorded material, or other connections which do not consist of uninterrupted live dialog between two individuals. If Clarity finds that you are using an unlimited voice service offering for other than live dialog between two individuals, Clarity may, at its option, terminate your service or change your plan to one with metered usage. Clarity will provide notice that it intends to take any of the above actions. Notwithstanding the foregoing, you shall be entitled to use Clarity conference calling services such as three way calling and Clarity-provided conference calling bridges.

18. MONITORING. Clarity and its suppliers have no obligation to monitor the Services, but may do so and disclose information regarding use of the Services if Clarity or its supplies, in their sole discretion, believes it is commercially reasonable to do so, including to: (i) satisfy laws, regulations, or governmental or legal requests; (ii) operate the Services properly; or (iii) protect itself and its other users and customers. Clarity may immediately remove Customer's material or information from Clarity's services, in whole or in part, if Clarity, in its sole and absolute discretion, determines that such content infringes another party's property rights, is illegal or if Clarity determines such content violates Acceptable Use.

20. DISCONNECT FEES. Upon Termination of Services by Customer, in whole or part, Clarity may immediately charge Customer Disconnect Fees. Unless noted otherwise noted on Agreement, Disconnect Fees will be equal to the total Monthly Recurring Charges remaining in the Agreement Term.

21. EQUIPMENT WARRANTY. Unless otherwise specified, all equipment comes with a twelve (12) month limited manufacturer's warranty from the date of purchase. The terms of the limited warranty are included in the equipment packaging. Equipment purchased that does not have a manufacturer's warranty is provided "as is" and without warranty of any kind, including implied warranties of merchantability and fitness for a particular use. Customer must obtain authorization from Clarity before returning any equipment for any reason.

22. DISCLAIMER OF WARRANTY. Unless specifically noted otherwise, Clarity provides Services and any software and equipment hereunder on as "AS IS" basis, and Customer's use thereof is at its own risk. Clarity does not make and hereby disclaims, any and all express and implied warranties, including, but not limited to, warranties of merchantability, fitness of a particular purpose, non-infringement and title, any warranties arising from a course of dealing, usage or trade practice. Clarity does not warrant that Services will perform, will be uninterrupted, will be error-free or completely secure.

23. LIMITATION OF LIABILITY AND LIQUIDATED DAMAGES. IN NO EVENT SHALL CLARITY OR ITS SUPPLIERS BE LIABLE TO CUSTOMER OR ANY PARTY FOR ANY DAMAGES RESULTING FROM LOSS OF BUSINESS OR PROFITS (INCLUDING, WITHOUT LIMITATION, ANY LOSS OF DATA), OR THE INTERRUPTION OR LOSS OF USE OF SERVICES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. NEITHER PARTY WILL BE LIABLE UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER THEORY FOR INDIRECT OR CONSEQUENTIAL DAMAGES WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT. CLARITY AND CUSTOMER AGREE THAT IF CLARITY SHOULD BE FOUND LIABLE FOR LOSS OR DAMAGE DUE FROM FAILURE OF CLARITY TO PERFORM ANY OF THE OBLIGATIONS HEREIN, CLARITY'S LIABILITY FOR DAMAGES SHALL BE LIMITED TO ONE MONTH OF CUSTOMER'S MONTHLY RECURRING SERVICE CHARGES AS LIQUIDATED DAMAGES AND NOT AS A PENALTY, AND THIS LIABILITY SHALL BE EXCLUSIVE. THE PROVISIONS OF THIS SECTION SHALL APPLY IF LOSSES OR DAMAGES, IRRESPECTIVE OF CAUSE OR ORIGIN, RESULT DIRECTLY OR INDIRECTLY TO PERSONS OR PROPERTY, FROM PERFORMANCE OR NON-PERFORMANCE OF THE OBLIGATIONS IMPOSED BY THIS CONTRACT, OR FROM NEGLIGENCE, ACTIVE OR OTHERWISE, OF CLARITY, ITS AGENTS, ASSIGNS OR EMPLOYEES.

24. INDEMNIFICATION. CUSTOMER AGREES TO DEFEND, INDEMNIFY, AND HOLD HARMLESS CLARITY, ITS PARENTS, SUBSIDIARIES, AFFILIATES, AND THEIR RESPECTIVE MEMBERS, MANAGERS, DIRECTORS, OFFICERS, EMPLOYEES,

STOCKHOLDERS, AGENTS AND ANY UNDERLYING CARRIER, HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, EXPENSES OR DAMAGES (INCLUDING ATTORNEYS' FEES), WHETHER KNOWN OR UNKNOWN, ARISING FROM, INCURRED AS A RESULT OF, OR IN ANY MANNER RELATED TO (A) CUSTOMERS USE OF THE SERVICES, (B) ANY OTHER PERSON'S USE OF ANY ACCOUNT CUSTOMER MAINTAINS, REGARDLESS OF WHETHER SUCH USE IS AUTHORIZED BY CUSTOMER, OR (C) CUSTOMER'S PROMISES OR STATEMENTS MADE IN THIS AGREEMENT. CUSTOMER HEREBY AGREES TO WAIVE ALL LAWS THAT MAY LIMIT THE EFFECTIVENESS OF THE FOREGOING RELEASES. NOTWITHSTANDING THE FOREGOING, CUSTOMER SHALL NOT BE LIABLE FOR CLAIMS, EXPENSES OR DAMAGES ARISING FROM THE INTENTIONAL OR GROSSLY NEGLIGENT ACTS OF CLARITY OR ITS EMPLOYEES, AGENTS, CONTRACTORS OR REPRESENTATIVES. THIS INDEMNIFICATION SHALL APPLY TO THE FULLEST EXTENT PERMITTED BY LAW AND SHALL SURVIVE TERMINATION OF THIS AGREEMENT.

25. SOFTWARE COPYRIGHT. Any software used by Clarity to provide the Service and any software provided to Customer in conjunction with providing the Service is protected by copyright law and international provisions. Customer may not copy the software or any portion of it.

26. FORCE MAJEURE. Clarity shall not be liable for any delay in performance directly or indirectly caused by or resulting from acts of God, fire, flood, accident, riot, war, government intervention, embargoes, strikes, labor difficulties, equipment failure, late delivery by suppliers or other difficulties of Clarity as may occur in spite of Clarity's best efforts.

27. PRIVACY POLICY. Clarity shall act pursuant to the Privacy Policy posted on the Clarity web site [www.clarityvoice.com](http://www.clarityvoice.com), and in accordance with federal and state privacy regulations. Customer agrees to the terms of the Privacy Policy which becomes part of this Agreement.

28. ELECTRONIC RECORDING. Customer accepts responsibility for compliance with federal and state statutes governing the use of electronic, mechanical or other device recordings. Clarity is not legally responsible for any misinterpretation, lack of understanding or lack of knowledge regarding the use of electronic recordings or the use of recording services by Customer or other party whether legal or illegal.

29. CHOICE OF LAW AND BINDING ARBITRATION. This Agreement shall be deemed to have been made in, and shall be construed pursuant to the law of the State of Michigan and the United States without regard to conflicts of law's provisions thereof. Any waivers or amendments shall be effective only if made in writing and signed by an executive officer of Clarity who is authorized to enter into such amendments. Binding arbitration shall be the sole and exclusive remedy for resolution of Disputes between the parties. Such Dispute shall be submitted for arbitration in Southfield, Michigan, under the rules of the American Arbitration Association ("AAA"). The arbitrator's decision will be final and entered into any court of competent jurisdiction. The prevailing party will be entitled to recover its attorney's fees and costs in connection with such arbitration. Should either party bring a Dispute in a forum other than AAA, the arbitrator may award the other party its reasonable costs and expenses, including attorneys' fees, incurred in staying or dismissing such proceedings or in otherwise enforcing compliance with this Dispute resolution provision. Customer understands that Customer would have had a right to litigate Disputes through a court, and the Customer has expressly and knowingly waived that right and agreed to resolve any Disputes through binding arbitration. This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by the Federal Arbitration Act, 9 U.S.C. Section 1, et seq. For the purposes of this section, the term "Dispute" means any dispute, controversy, or claim arising out of or relating to (i) this Agreement, its interpretation, or the breach, termination, applicability or validity thereof.

30. CONSENT TO ELECTRONIC SIGNATURES AND RECORDS. Clarity provides access to its Services online which may require you to enter into agreements or receive notices electronically. Accordingly, you acknowledge and agree that by clicking .I Agree. or .I Accept. anywhere on a Clarity website: (a) You agree to conduct electronically the particular transaction into which you thereby enter including, without limitation, entering into this Agreement; (b) You have read and understand the electronic copy of electronic contracts, notices and records, including, without limitation, this Agreement, and any policies and any amendments hereto or thereto; (c) You agree to, and intend to be bound by, the terms of the particular transaction into which you thereby enter; (d) You are capable of printing or storing a copy of electronic records of transactions into which you enter including, without limitation, this Agreement and any amendments hereto; and, (e) You agree to receive electronically information about the Services and other electronic records into which you thereby enter including, without limitation, this Agreement.

## PRIVACY POLICY

This Privacy Policy identifies and describes the way Clarity Communication Advisors, Inc. (.Clarity.) uses and protects the information we collect about Customers and Users. All use of Clarity's products and services, as well as visits to our websites, are subject to this Privacy Policy.

### The Information We Collect, How We Collect It, And How We Use It

We may collect different types of personal and other information based on your use of our products and services and our business relationship with you. Some examples include:

- Contact Information that allows us to communicate with you – including your name, address, telephone number, and e-mail

address;

- Billing information related to your financial relationship with us -- including your payment data, credit history, credit card number, Social Security numbers, security codes, and service history;
- Equipment, Performance, Clarity.s Website Usage, Viewing and other Technical Information about your use of our network, services, products or websites.

We collect information in three primary ways:

- You give it to us when you purchase or interact with us about a product or service we offer or provide;
- We collect it automatically when you visit our websites or use our products and services;
- We obtain it from other sources, such as credit agencies.

We may use the information we collect in a variety of ways, including to:

- Provide you with the best customer experience possible;
- Provide the services you purchase, and to respond to your questions;
- Communicate with you regarding service updates, offers, and promotions;
- Deliver customized content and advertising that may be of interest to you;
- Address network integrity and security issues;
- Investigate, prevent or take action regarding illegal activities, violations of our Terms of Service or Acceptable Use Policies; and
- Provide local directory and directory assistance.

#### Information Sharing

**With Clarity Companies:** Subject to applicable legal restrictions, such as those that exist for Customer Proprietary Network Information (CPNI), the Clarity companies may share your Personal Information with each other to make sure your experience is as seamless as possible, and you have the full benefit of what Clarity has to offer.

**With Non- Clarity Companies:** We share your Personal Information only with non- Clarity companies that perform services on our behalf, and only as necessary for them to perform those services.

- We require those non- Clarity companies to protect any Personal Information they may receive in a manner consistent with this policy.
- We do not provide Personal Information to non- Clarity companies for the marketing of their own products and services without your consent.
- 

**In Franchisor-Franchisee Relationships:** In situations where there exists a Franchisor-Franchisee relationship and Clarity is providing services to the Franchisee, Clarity may disclose the Franchisee.s personal calling data to the Franchisor under the following circumstances:

- When instructed to by the Franchisee customer of Clarity, or;
- When required by Franchisor pursuant to contract between Franchisee and a Franchisor when such contract provision is disclosed to Clarity and Franchisee has not otherwise objected to such disclosure in writing to Clarity prior to activation of the service, or;
- When the calling data provided by Clarity is in aggregate form and is only being used to identify geographic or durational patterns that can assist with planning or optimizing Clarity.s network.

**In Other Circumstances:** We may provide Personal Information to non- Clarity companies or other third parties for purposes such as:

- Responding to 911 calls and other emergencies;
- Complying with court orders and other legal process;
- To assist with identity verification, and to prevent fraud and identity theft;
- Enforcing our agreements and property rights; and
- Obtaining payment for products and services that appear on your Clarity billing statements, including the transfer or sale of delinquent accounts to third parties for collection

#### Anonymous & Aggregate Information

- We collect some information on an anonymous basis. We also may anonymize the personal information we collect about you.
- We obtain aggregate data by combining anonymous data that meet certain criteria into groups.
- When we employ non- Clarity companies to anonymize or aggregate data on our behalf, the requirements for sharing Personal Information with non- companies apply.
- We may share aggregate or anonymous information in various formats with trusted non- Clarity entities, and may work with those entities to do research and provide products and services.

#### Safeguarding Your Information: Our Policy on Data Protection and Security

- We do not sell your Personal Information to anyone for any purpose. Period.
- We maintain information about you in our business records while you are a customer, or until it is no longer needed for business, tax, or legal purposes.
- We have implemented encryption or other appropriate security controls to protect Personal Information when stored or transmitted by Clarity.
- We require non- Clarity companies acting on our behalf to protect any Personal Information they may receive in a manner consistent with this Policy. We do not allow them to use such information for any other purpose.
- 

#### Customer Privacy Controls and Choices

- You can review and correct your Personal Information collected by us.
- You can limit certain types of solicitation communications from Clarity, including marketing contacts made via telephone, e-mail and text messaging.
- We will provide you with notice of changes to this policy.

#### Your California Privacy Rights

California Civil Code Section 1798.83 entitles California customers to request information concerning whether a business has disclosed Personal Information to any third parties for the third parties' direct marketing purposes. As stated in this Privacy Policy, Clarity will not sell or share your Personal Information with non-Clarity companies for their direct marketing purposes without your consent. California customers who wish to request further information about our compliance with this law or have questions or concerns about our privacy practices and policies may contact us at 800-786-8160, option 4.

#### 911 STATEMENT

1. ACKNOWLEDGEMENT. CUSTOMER ACKNOWLEDGES THAT CLARITY'S EQUIPMENT AND SERVICES DO NOT SUPPORT 911 EMERGENCY DIALING OR OTHER EMERGENCY FUNCTIONS IN THE SAME WAY THAT TRADITIONAL WIRELINE 911 SERVICES WORK. THE DIFFERENCES ARE DETAILED BELOW, AND CUSTOMER AGREES TO NOTIFY ANY POTENTIAL USER OF THE SERVICES, WHO MAY PLACE CALLS USING CUSTOMER'S SERVICES, OF THE 911 LIMITATIONS DESCRIBED HEREIN.

2. ALTERNATIVE MEANS. CLARITY ADVISES CUSTOMER TO MAINTAIN AN ALTERNATIVE MEANS OF ACCESSING TRADITIONAL 911 SERVICES.

3. ELECTRICAL POWER. CUSTOMER ACKNOWLEDGES THAT THE SERVICES WILL NOT FUNCTION IN THE ABSENCE OF ELECTRICAL POWER.

4. INTERNET ACCESS. INTERNET ACCESS. CUSTOMER ACKNOWLEDGES THAT THE SERVICES WILL NOT FUNCTION IF THERE IS AN INTERRUPTION OF END USER'S BROADBAND OR HIGH-SPEED INTERNET ACCESS SERVICE.

5. NON-VOICE SYSTEMS. CUSTOMER ACKNOWLEDGES THAT THE SERVICES ARE NOT SET UP TO FUNCTION WITH OUTDIALING SYSTEMS INCLUDING HOME SECURITY SYSTEMS, MEDICAL MONITORING EQUIPMENT, TTY EQUIPMENT, AND ENTERTAINMENT OR SATELLITE TELEVISION SYSTEMS. END USER HAS NO CLAIM AGAINST 8X8 FOR INTERRUPTION OR DISRUPTION OF SUCH SYSTEMS BY THE SERVICES.

6. REGISTRATION. CUSTOMER'S WHO SUBSCRIBE TO CLARITY SERVICE WILL BE REQUIRED TO REGISTER THE PHYSICAL LOCATION OF THEIR EQUIPMENT WITH CLARITY BY CALLING CUSTOMER SERVICE, AND AGREE TO UPDATE THE LOCATION WHENEVER THE PHYSICAL LOCATION OF SERVICE CHANGES. CUSTOMER ACKNOWLEDGES THAT CLARITY'S ONLY MECHANISM FOR ROUTING 911 CALLS TO THE CORRECT EMERGENCY CENTER (PSAP) IS THE PHYSICAL LOCATION CURRENTLY REGISTERED FOR THE ACCOUNT. CUSTOMER ACKNOWLEDGES AND UNDERSTANDS THAT ANY ENHANCED LOCATION INFORMATION PASSED TO AN EMERGENCY OPERATOR BY CLARITY WILL BE BASED UPON THE PHYSICAL LOCATION PROVIDED TO CLARITY BY CUSTOMER. IN THE EVENT THAT THE PHYSICAL LOCATION HAS NOT BEEN UPDATED OR IS NOT COMPLETE, CLARITY MAY ATTEMPT TO ROUTE A 911 CALL BASED UPON THE BILL-TO OR SHIP-TO ADDRESSES ASSOCIATED WITH THE CUSTOMER'S ACCOUNT OR INITIAL ORDER.

7. CUSTOMER ALSO ACKNOWLEDGES THAT CLARITY E911 SERVICE HAS CERTAIN CHARACTERISTICS THAT DISTINGUISH IT FROM TRADITIONAL, LEGACY, CIRCUIT-SWITCHED 911 SERVICE. THESE CHARACTERISTICS MAY MAKE CLARITY E911 SERVICES UNSUITABLE FOR SOME CUSTOMERS. BECAUSE CUSTOMER CIRCUMSTANCES VARY WIDELY, CUSTOMERS SHOULD CAREFULLY EVALUATE THEIR OWN CIRCUMSTANCES WHEN DECIDING WHETHER TO RELY SOLELY UPON CLARITY E911 SERVICE. CUSTOMER ACKNOWLEDGES THAT IT IS CUSTOMER'S RESPONSIBILITY TO DETERMINE THE TECHNOLOGY OR COMBINATION OF TECHNOLOGIES BEST SUITED TO MEET END CUSTOMER'S EMERGENCY CALLING NEEDS, AND TO MAKE THE NECESSARY PROVISIONS FOR ACCESS TO EMERGENCY CALLING SERVICES (SUCH AS MAINTAINING A CONVENTIONAL LANDLINE PHONE OR WIRELESS PHONE AS A BACKUP MEANS OF COMPLETING EMERGENCY CALLS). THE FOLLOWING CHARACTERISTICS DISTINGUISH CLARITY'S E911 SERVICE FROM TRADITIONAL, LEGACY, CIRCUIT-SWITCHED 911 SERVICE:

I. CLARITY'S E911 SERVICE WILL NOT FUNCTION IF CUSTOMER'S PHONE FAILS OR IS NOT CONFIGURED CORRECTLY OR IF CUSTOMER'S SERVICE IS NOT FUNCTIONING FOR ANY REASON, INCLUDING, BUT NOT LIMITED TO, ELECTRICAL POWER OUTAGE, BROADBAND SERVICE OUTAGE, OR SUSPENSION OR DISCONNECTION OF SERVICE BECAUSE OF BILLING OR OTHER ISSUES. IF THERE IS A POWER OUTAGE, CUSTOMER MAY BE REQUIRED TO RESET OR RECONFIGURE THE EQUIPMENT BEFORE BEING ABLE TO USE THE SERVICE, INCLUDING FOR E911 PURPOSES.

II. THE LOCAL EMERGENCY SERVICE OPERATOR RECEIVING CLARITY E911 EMERGENCY SERVICE CALLS MAY NOT HAVE A SYSTEM CONFIGURED FOR E911 SERVICES OR BE ABLE TO CAPTURE AND/OR RETAIN AUTOMATIC NUMBER OR LOCATION INFORMATION. THIS MEANS THAT THE OPERATOR MAY NOT KNOW THE PHONE NUMBER OR PHYSICAL LOCATION OF THE PERSON WHO IS MAKING THE 8X8 E911 CALL. DUE TO TECHNICAL FACTORS IN NETWORK DESIGN, AND IN THE EVENT OF NETWORK CONGESTION ON THE CLARITY NETWORK, THERE IS A POSSIBILITY THAT A CLARITY 911 CALL WILL PRODUCE A BUSY SIGNAL OR WILL EXPERIENCE UNEXPECTED ANSWERING WAIT TIMES AND/OR TAKE LONGER TO ANSWER THAN 911 CALLS PLACED VIA TRADITIONAL, LEGACY, CIRCUIT-SWITCHED TELEPHONE NETWORKS.

III. IF CUSTOMER DOES NOT CORRECTLY IDENTIFY THE ACTUAL LOCATION WHERE THE CLARITY EQUIPMENT WILL BE LOCATED AT THE TIME OF ACTIVATION OF THE SERVICE, CLARITY E911 COMMUNICATIONS MAY NOT BE DIRECTED TO THE CORRECT LOCAL EMERGENCY OPERATOR (PSAP).

8. CUSTOMER ACKNOWLEDGES AND UNDERSTANDS THAT CLARITY WILL NOT BE LIABLE FOR ANY SERVICE OUTAGE AND/OR INABILITY TO DIAL 911 OR ANY OTHER EMERGENCY TELEPHONE NUMBER USING CLARITY SERVICE OR TO ACCESS AN EMERGENCY SERVICE OPERATOR DUE TO THE 911 DIALING CHARACTERISTICS AND LIMITATIONS SET FORTH IN THIS AGREEMENT. CUSTOMER AGREES TO DEFEND, INDEMNIFY, AND HOLD HARMLESS CLARITY, ITS OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES AND AGENTS AND ANY OTHER SERVICE PROVIDER WHO FURNISHES SERVICES TO CUSTOMER IN CONNECTION WITH THE SERVICES, FROM ANY AND ALL CLAIMS, LOSSES, DAMAGES, FINES, PENALTIES, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEY FEES) BY, OR ON BEHALF OF, CUSTOMER OR ANY THIRD PARTY OR USER OF THE SERVICE RELATING TO THE FAILURE OR OUTAGE OF THE SERVICE, INCLUDING THOSE RELATED TO 911 DIALING.

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**EXHIBIT K**  
**DASH USER AGREEMENT**



## ORDER FORM

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### COMPANY INFORMATION

Company Name:

Contact Name:

Phone Number:

Address:

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### TERMS AND CONDITIONS

Contract Start Date:

Contract Term: coterminous with PuroSystems, Inc. \*

Payment Terms: automatic draft on the 1<sup>st</sup> of the month

Billing Contact Email:

PuroClean Franchise ID:

Xactimate Address:

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\*Contract will run coterminous with PuroSystems, Inc.'s Software License Agreement with Next Gear Solutions through 12/31/2026 plus any renewal term(s). Upon renewal of PuroSystems, Inc.'s Software License Agreement, Next Gear Solutions shall have the right to increase the fees contained herein by up to five percent (5%) per year. All data rights PuroSystems Inc. has in Company's data, as governed by any separate agreement between PuroSystems, Inc. and Company, shall remain in place and such data rights shall extend to Company's data contained in the products included in this Agreement. If Company ends their relationship with PuroSystem Inc., it is the responsibility of Company to immediately notify Next Gear Solutions.



## INCLUDED PRODUCTS

Product Name
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**PRODUCT FEES** (Company will only be charged for those products listed in the Included Products section above)

Product Name	Fee	Details
PuroLogic Pro – allows for up to 20 job starts per month. Job starts in excess of 20 per month incur a fee of \$25.00 per job start	\$364.00 per month	Charged monthly beginning 3/1/22; Discounted to \$182.00 per month for 2022
PuroLogic Enterprise – allows for unlimited job starts	\$485.00 per month	Charged monthly beginning 3/1/22; Discounted to \$243.00 per month for 2022
PuroLogic Enterprise Additional Locations	\$250.00 per month per location	Charged monthly upon request; Discounted to \$125.00 per month for 2022
Luxor Activation	\$1,500.00	One-time; <b>Charged at contract signing</b>
Luxor - One Auditor License	\$60.00 per month	Charged monthly beginning 3/1/22; Discounted to \$30.00 per month for 2022
Luxor - Additional Licenses	\$60.00 per month per license	Charged monthly upon request; Discounted to \$30.00 per month for 2022
ProAssist	\$50.00 per month per location	Charged monthly beginning 3/1/22 or upon request; Discounted to \$25.00 per month for 2022
Time and Attendance	\$5.00 per employee per month	Charged monthly in arrears; Charged per employee with a timesheet assigned to them during the previous month
Standard BI Reports	\$0 per month	Fee waived

The Included Products shown above reflect the products requested by Company at the time this Order Form was signed. If during the duration of this Agreement, Company requests additional products, designates additional locations, or Next Gear Solutions



discovers Company is using its Software at an undesignated location, Company shall pay all fees associated with such additional products and/or locations.

All fees shown are exclusive of sales tax. If Next Gear Solutions is required to collect and remit sales tax in your jurisdiction, such sales tax will be charged in addition to the fees shown above.



Upon signature by Company and submission to Next Gear Solutions, this Order Form shall become legally binding and governed by the Master Subscription Agreement between Next Gear Solutions and Company. The Master Subscription Agreement can be viewed at [http://www.nextgearsolutions.com/wp-content/uploads/2015/06/Master\\_Subscription\\_Agreement.pdf](http://www.nextgearsolutions.com/wp-content/uploads/2015/06/Master_Subscription_Agreement.pdf)

Company:

Signature:

Name:

Title:

Date:



**PLEASE FILL OUT YOUR PAYMENT INFORMATION**

**EXHIBIT L**

**XACTANALYSIS LICENSE AGREEMENT**

## **XactAnalysis License Agreement**

AS A CONDITION TO YOUR LICENSE TO USE THE LICENSED PRODUCT, XACTANALYSIS, AS FURTHER DEFINED BELOW OR ANY OF ITS PARTS, YOU MUST AGREE TO THE FOLLOWING TERMS. YOUR SUBSEQUENT USE OF THE LICENSED PRODUCT WILL BE SUBJECT TO ANY ADDITIONS OR MODIFICATIONS IN EFFECT ON THE DATE OF THAT USE. IF YOU DO NOT AGREE WITH ANY OF THESE TERMS, DO NOT PROCEED, AND DO NOT USE THIS LICENSED PRODUCT. BY PROCEEDING YOU ARE INDICATING YOUR AGREEMENT TO BE GOVERNED BY THIS AGREEMENT IN ITS ENTIRETY.

\*Note: This License Agreement is valid only for one individual user ID and password. If you need more than one individual user ID and password, please contact Xactware's Sales Team at 1-800-424-9228 for appropriate License Agreements.

Pursuant to this Agreement, Xactware Solutions, Inc. (hereinafter "Xactware") authorizes you to accept a non-transferable and non-exclusive license to utilize the Licensed Product "XactAnalysis" for internal purposes during the term of this Agreement on computer(s) located at your office(s) and used by you or any of your employees.

### **1. DEFINITIONS**

A. "Accepted Assignment" shall mean an Assignment that has been Downloaded by Assignee to Assignee's Field Unit. The act of Downloading the Loss Assignment shall constitute acceptance of the responsibility to perform the Assignee services as agreed upon with Assignor and as required hereunder.

B. "Anonymous Data" shall mean data from which Assignee, Assignor, and non-public personally identifiable information has been removed, which was created and/or extracted using the Licensed Product.

C. "Assignment" shall mean an electronic record stored on, created by, or transferred through Xactware network products (e.g. XactAnalysis). Assignments can be created through various methods including, but not limited to, Assignment initiation screens in XactAnalysis ("Send Work Assignments"), electronic data interchange connections, field uploads from Xactware's product, Xactimate ("Field Assignments"), through the Create Duplicate Assignment functionality, or through the referral Assignment workflow created from existing Assignments.

D. "Assignee" shall mean the individual or entity that is designated as the recipient of the Assignment by the Assignor.

E. "Assignor" shall mean the individual or entity that originally sends an Assignment to XactAnalysis with instructions for its transfer to a designated recipient.

F. "Completed Assignment" shall mean an Assignment for which Assignee has completed all responsibilities agreed to with Assignor, and Uploaded the required information (e.g., estimate) to XactAnalysis.

G. "Corrected Estimate(s)" shall mean the subsequent updating of a Completed Assignment and Uploading the results.

H. "Download" shall mean to move information from XactAnalysis down to the Field Unit.

- I. "Field Assignee" shall mean the individual who performs the fieldwork necessary to fulfill the agreed upon responsibilities attached to an Assignment.
- J. "Field Unit" shall mean a computer used by an Assignee having the capability to Download and Upload Assignments or other information via XactAnalysis.
- K. "Industry Average" shall mean an average of Anonymous Data gleaned from the use XactAnalysis by Xactware customers and other industry data for use in XactAnalysis or other Xactware produced reports.
- L. "Licensed Product" shall mean the product XactAnalysis. Under this license, you are provided web-based access to XactAnalysis and a license for you to use XactAnalysis for SP via an individual user ID and password (and associated downloadable software components).
- M. "Price Data" shall mean applicable pricing information which will be provided to you in an organized format for the specific limited purpose of estimating fixed residential and/or light commercial structural remodel and repair costs.
- N. "Re-Assignor" and "Re-Assign" shall mean an Assignee who designates a surrogate recipient for the Assignment and Re-Assigns the Assignment to that surrogate. For example, an Assignor who is an insurance carrier might designate a large Independent Adjusting firm as the Assignee. The Independent Adjusting firm might accept the Assignment, then Re-Assign it to a specific Field Assignee.
- O. "Tracker Information" shall mean information detailing the dates and times of major events occurring since the time the original Assignment first reached XactAnalysis.
- P. "Upload" shall mean to move information from the Field Unit up to XactAnalysis.
- Q. "Work Product" shall mean estimate data generated by your use of the Licensed Product.
- R. "Xactimate" shall mean Xactware's estimating structural damage repair software product, which is designed to communicate with XactAnalysis.
- S. "XactAnalysis" shall mean Xactware's secure, online full-cycle, electronic-assignment network product, connecting assignment senders and receivers in a secure and private network environment and management reporting tool that generates real-time management reports. Through XactAnalysis, insurance companies, adjusters, contractors, and any applicable organization sending or receiving assignments can securely exchange, among other things, estimates, price lists, data reports, and messages.
- T. "XactRemodel" shall mean Xactware's estimating remodel and repair software product, which is designed to communicate with XactAnalysis.
- U. "Xactware Data" shall mean data provided by Xactware.

## 2. PROHIBITED USES.

YOU HEREBY WARRANT: (a) that in no event will you ever at any time make any attempt to perform automated data collection of information from Xactware's web-sites, de-compile, reverse engineer, disassemble or create derivative works from the Licensed Product or any other applicable Xactware product, including Xactware proprietary or copyrighted materials, including but not limited to pricing information, Price Data, and any other applicable data;

(b) not to commercially market all or part of Xactware's products or any product similar to Xactware's products, and that you will not compete with Xactware in any way; or (c) not to sell, loan, rent, lease, or transfer the Licensed Product to another user or third party.

Portions of the Licensed Product constitute a passive service of allowing the posting of information. Xactware assumes and undertakes no responsibility to police or review the accuracy of the information posted, or the right of the individual posting the information to do so. Nevertheless, postings which come to the attention of Xactware and which are deemed by it to violate the terms of this Agreement may be removed without notice and/or may result in revocation of this License. The following are strictly prohibited:

- a.) Posting to or on the Licensed Product matter that is libelous, invasive of privacy rights, inflammatory, hateful, pornographic, indecent, illegal, or misleading.
- b.) Inserting on the Licensed Product any materials that violate or infringe upon the trademark, copyright, or proprietary rights of others. This includes illegally distributed/hijacked software, copyrighted photographs, text, video, artwork, and music.
- c.) Incorporating in the Licensed Product any electronic component designed to interfere with the function of hardware, software, or data, e.g., virus worm, Trojan Horse, or intentionally corrupted data.

Xactware may make the Licensed Product available to you on mobile devices. You hereby warrant and represent that you will not attempt to or use or cause another party to use the Licensed Product in a way that distracts and/or prevents you from obeying traffic or safety laws.

### 3. DATA USE AND OWNERSHIP.

#### A. Xactware Data for use with the Licensed Product.

Xactware Data provided to you for use with the Licensed Product is owned by Xactware and shall not be transferred, copied, or published (other than as part of the Work Product as defined below) by you or any of your employees, representatives, or agents in any form or format without Xactware's express, prior written permission.

#### B. Anonymous Data and XactAnalysis.

- i) Xactware shall own all Anonymous Data.
- ii) Analytical information on XactAnalysis is owned by Xactware. Use by you of information gathered from XactAnalysis is to be accompanied by appropriate acknowledgement of Xactware's ownership of the information.

#### C. Work Product.

Work Product is shared between the owner of the object of an Assignment (e.g., potential insured), the company with potential financial obligation related to the object of an Assignment (e.g., carrier), the entity which produced the Work Product relating to the object (e.g., contractor), the management or marketing entity responsible for managing the Assignment, if any (e.g., independent adjuster firm), and you. You agree to grant to Xactware a perpetual unlimited license to use and have access to the Work Product.

### 4. TERM.

The term of this Agreement shall be for twelve (12) months, and commences on the date when the Licensed Product is ordered ("Commencement Date"). This term will automatically renew upon each yearly anniversary of the Commencement Date unless you provide written verified notification of intent to terminate this Agreement at least ninety (90) days prior to the anniversary date, or upon execution of a replacement Licensed Product License Agreement. This Agreement may be terminated by Xactware without cause by giving you at least thirty (30) days written notice of its intent to terminate, except in the event of a breach by you of this Agreement in which case this Agreement may be terminated by Xactware immediately upon written notice. In the event of termination, you shall promptly, but in no event more than ten (10) days following such written request, deliver, return or destroy all or any portion of procedures, proprietary information, documentation, files, and any other confidential information belonging to Xactware, or property provided by Xactware, under this Agreement.

## 5. PAYMENT SCHEDULE.

A. Xactware shall provide an invoice to you each month. This billing shall detail your Assignment or estimate charges for the relevant month and will vary according to the feature-set chose to facilitate the agreement between Assignor and Assignee. You will be notified of the charges for the Assignor/Assignee agree feature set at the time of your implementation of, or acceptance into, its specific program. Your Downloading or Uploading of an Accepted Assignment shall indicate acceptance of responsibility to pay the associated fees.

B. Unless otherwise specified on the invoice, you shall pay all billed charges within thirty (30) days receipt of the invoice. All billings shall be payable in U.S. dollars only.

C. You will pay interest to Xactware in the amount of one and one-half percent (1 ½%) per month, or the maximum interest permitted by law, on amounts on all invoices not paid when due. You will also provide a written list of any charges you dispute within ten (10) days of billing. Any charges not disputed within said period shall be deemed to have been accepted and payable.

D. You hereby acknowledge and agree that your failure to make any payment to Xactware within thirty (30) days after it is due shall constitute a default. Once your account is in default, Xactware, in addition to all other remedies available at law or equity, shall have the right to disable your access rights to any Xactware product and/or service. This includes the right to terminate your sending and receiving access and general access to XactAnalysis and to remove your publicly listed information. So long as the account remains in default, Xactware shall have the right to exercise any or all of these options, at its sole discretion, without prior notice.

## 6. YOUR REPRESENTATIONS AND WARRANTIES.

You represent that you either own or have legal authority to control the property that is the subject of the information you have or have directed to be posted on the Licensed Product. You acknowledge that those parties to whom you grant access may rely upon the information posted by you. You represent and warrant that to the best of your information and belief, the information posted by you is accurate. Unsupported opinions and estimates should be so identified. You further represent and warrant that the information obtained by you through your use of the Licensed Product will be treated as opinion and shall not be relied upon by you without independent verification, except at your own risk.

Xactware cannot and does not represent or assume the accuracy of, or in any way endorse

the content provided by its customers or any other entity. You warrant and represent, therefore, that your use of Licensed Product information is only as a source of opinion. You agree not to rely thereon without independent verification except at your own risk.

You agree that as between you and Xactware, you are in the best position to assess your loss potential for any damage or injury incurred by you which arises out of your use of the Licensed Product and you therefore contract and agree to accept the burden of insuring against such loss, including, but not limited to, losses caused by breach of express or implied warranty, product or service defect, negligence and the acts or omissions of Xactware. You waive any right of subrogation as to Xactware against any such insurable loss.

Furthermore, you represent that you are eighteen (18) years of age or older and you accept responsibility for all statements made, acts, or omissions that occur as part of the use of this website when such use is made possible through the use of your ID and password.

In connection with your use of the Licensed Product, Xactware may send you service announcements, administrative messages, and other information. You may be able to opt out of some of those communications. You hereby authorize Xactware to have access to any information you send to Xactware, including but not limited to your ID, password, email address, browser information, or information sent to Xactware for purposes of feedback or support.

You may also list or certify your company's credentials and update your contact information at [www.xactanalysis.com](http://www.xactanalysis.com). You shall be responsible to review and update the accuracy of the information contained therein on at least a semi-annual basis. Your contact information, including phone, beeper, fax, and modem numbers, along with address information and company name shall be kept current at all times and on an ongoing basis. The completion and submission of your company information authorizes Xactware to publish the information listed. You accept full and sole responsibility for the accuracy of its content. You agree to hold Xactware harmless from any action arising from information published in your Public Profile. By subscribing, you consent to said publication and the disclosure of such information to the public indefinitely.

## 7. XACTWARE'S LIMITED WARRANTIES.

The Licensed Product represents an integration point for content obtained from a vast array of sources. You assume the risk of human or mechanical or other error by Xactware, its members, licensees or other contributors that may cause delays, errors, or omissions. You acknowledge and agree that the Licensed Product may provide links to sites created by others. Xactware makes no implied or express representation or warranty with respect to the accuracy of information contained in these linked sites or the pricing information.

Xactware does not warrant that the operation of the Licensed Product or any of its parts will meet your particular application requirements, or that operation of the Licensed Product or any of its parts will be uninterrupted or error free. You assume full responsibility for determining suitability of the Licensed Product and its parts you use.

Xactware does not warrant the accuracy of Price Data. Price Data is intended to be a representation of historical information to be used as a baseline or place to begin creation of an estimate. You are responsible to ensure the estimate includes pricing consistent with components including but not limited to actual materials, equipment, and labor pricing. You acknowledge and understand that Price Data provided as part of the Licensed Product is intended to target the most representative price of the various price points collected relevant to the specific line item in question. Having this single representative price per line item,

computed from all valid price points researched in the market, means that some market price data are higher and some market price data are lower than that which is reported. You agree not to prohibit or preclude deviations from the Price Data where contractor requirements, market conditions, demand or any other factor warrants the use of a different line item price in the specific situation. The pricing information shall be compatible with the current version of the Licensed Product. This pricing information is provided for informational purposes only. It is your responsibility to ensure the estimates you write include pricing consistent with components including but not limited to actual materials, equipment, and labor pricing.

Xactware is the owner of all rights and title to the Licensed Product, data, documentation, training, and/or services and has the right to grant to you the License granted under this Agreement without violating any intellectual property rights of any third party.

If properly installed and operated by you in conformity with Xactware's instructions, including but not limited to periodic updates, Xactware warrants that the Licensed Product shall materially perform substantially as described in the applicable documentation and in conformity the system requirements described in this Agreement. Xactware further warrants that the Licensed Product shall function properly in conformity with the description and documentation as set forth herein and as updated with future releases and upgrades to the Licensed Product. Additional statements such as those made in advertising or presentations, whether oral or written, do not constitute warranties by Xactware and should not be relied upon as such.

In the event any product licensed hereunder fails to comply with the warranty as described herein, Xactware shall exert commercially reasonable efforts to correct such product so that the product licensed hereunder performs as warranted. In no event shall Xactware's total liability exceed the lesser of the fees paid for use of the Licensed Product during the twelve (12) month period of the license preceding the event for which liability is being claimed or \$1,000,000.

THE LICENSED PRODUCT IS LICENSED FOR USE "AS IS" AND SAID WARRANTIES AND LIMITATIONS SET FORTH IN THIS AGREEMENT ARE EXCLUSIVE REMEDIES AND ARE IN LIEU OF ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER TYPE OF WARRANTY, WHETHER EXPRESS OR IMPLIED.

#### 8. INDEMNIFICATION.

You shall protect, defend, indemnify, and hold harmless Xactware, its parent and affiliates, and their respective officers, employees, directors, partners, shareholders, agents, attorneys and advisors from and against any and all claims, suits, losses, liabilities, damages, judgments, awards, expenses and costs, including legal fees and court fees incurred by Xactware from any litigation, as well as claims, losses, liabilities, attorney's fees, and fees incurred out of court, arising out of, based upon, or caused by (a) the unlawful or tortuous conduct of or a breach of duty by you, your employees, agents, subsidiaries, or independent contractors, (b) any damage or injury (including death) to persons or property caused by or sustained in connection with your performance under this Agreement or by conditions created thereby, or based upon your violation of any statute, ordinance, code or regulation, and the defense of any such claims or actions, (c) your use of the Licensed Product website or data obtained therefrom, or (d) your improper use or disclosure of your ID or password. Xactware shall give you notice of any such claim and provide at Xactware's own expense such commercially reasonable assistance as you may require,

9. LIMITATION OF REMEDIES.

In the event you shall assert any claim against Xactware, the total of all such claims shall be limited to the lesser of the amounts paid by you to Xactware under the terms of this Agreement during the twelve (12) month period preceding the claim or \$1,000,000. IN NO EVENT SHALL XACTWARE BE LIABLE FOR LOSS OF PROFIT, GOODWILL, OR ANY OTHER GENERAL, SPECIAL, CONSEQUENTIAL, INDIRECT, CIRCUMSTANTIAL OR INCIDENTAL DAMAGES SUFFERED OR CLAIMED BY YOU OR ANY OTHER PERSON, FIRM, OR ENTITY AS A RESULT OF YOUR USE OF THE LICENSED PRODUCT, DOCUMENTATION, DATA, SERVICES OR OTHER ITEMS PROVIDED HEREUNDER, IRRESPECTIVE OF WHETHER SUCH LOSS OF PROFIT, GOODWILL, OR OTHER DAMAGES OF ANY NATURE WAS KNOWN OR COULD HAVE BEEN REASONABLY FORESEEN BY XACTWARE.

10. LIMITED USE OF PROPRIETARY, CONFIDENTIAL, AND TRADE SECRET INFORMATION.

The Licensed Product, data and all documentation provided hereunder and all copies thereof are Xactware's proprietary information and the rights and title thereto remain with Xactware. You may not use the Licensed Product for any other use or purpose other than those provided herein. Price Data or any other information marked or designated in written form as confidential are to be treated as trade secrets and confidential information. You agree to take reasonable action by instruction, agreement, and otherwise with your employees, representatives, and agents to inform them of the trade secret and confidential nature of such information and obtain their compliance with this obligation. You agree to protect the confidentiality of the Licensed Product, data, documentation, services and business trade secrets using the same degree of care, but not less than a reasonable degree of care, as you use to protect and preserve your own confidential information.

This Agreement shall not be construed to grant to you any patents, copyrights, trademarks, licenses or similar rights to proprietary information or confidential information disclosed hereunder.

Your undertakings and obligations under this Agreement shall not apply to any confidential information which:

- Is disclosed in a printed publication available to the public, is described in a patent or a patent application anywhere in the world, or is otherwise in the public domain at the time of disclosure; or
- Is generally disclosed to third parties by the disclosing party without restriction on such third parties; or
- Is approved for release by prior written authorization of the disclosing party; or
- Is required to be disclosed by a governmental agency or by a proper order of a court of competent jurisdiction; provided, however, that the receiving party will use its best efforts to minimize such disclosure and will consult with and assist the disclosing party in obtaining a protective order prior to such disclosure; or
- Is in the receiving party's lawful possession prior to the submission thereof by the other party; or
- Is independently developed by the receiving party prior to disclosure by the disclosing party.

The confidentiality provisions of this Agreement are necessary for the protection of the business and goodwill of Xactware. You agree that any breach of these confidentiality provisions or of this Agreement will cause the Xactware substantial and irreparable harm, and, therefore, in the event of such breach, in addition to any other legal remedies that may be available, Xactware shall have the right to seek injunctive relief and any other equitable

remedies to prevent or restrain any breach of this Agreement.

The obligations of confidentiality, non-disclosure, and limited use shall survive the termination of this Agreement.

In the event compulsory action is directed to you by a third party to obtain disclosure of Xactware proprietary information, you shall immediately notify Xactware and furnish information concerning the nature of the proceedings, the forum, matter number(s), and identification of the parties, counsel, and tribunal involved. Unless otherwise directed by Xactware, you will seek reasonable judicial or tribunal protection from disclosure.

## 11. SUPPORT

### A. PRODUCT SUPPORT

During the term of this Agreement, Xactware shall provide you online support, without charge, via Xactware's eService Center, located on the Internet at [www.xactware.com](http://www.xactware.com). Xactware shall also provide telephone support at the fees detailed on Xactware's eService Center.

### B. TRAINING.

Training seminars are available for an additional cost at Xactware's Corporate Headquarters in Lehi, Utah, and regionally throughout the USA and Canada as determined by Xactware. Please visit Xactware's website at [www.xactware.com](http://www.xactware.com) for the latest training schedule and registration forms, or contact Xactware's Training Team at 1-800-232-9228 Ext. 523 to schedule training.

## 12. TAXES.

You shall, in addition to the other amounts payable under this Agreement, pay all applicable sales and use taxes with respect to the license of the Xactware product(s) or service(s) provided to you by Xactware under this Agreement.

## 13. COPYRIGHT.

United States copyright laws and international treaties protect the Licensed Product offered under this Agreement. Unauthorized use of the Licensed Product, or any portion of it, may result in severe civil and criminal penalties, and will be prosecuted to the maximum extent under the law.

## 14. GOVERNING LAW.

The validity, construction, performance, and enforceability of this Agreement will be governed by the laws of the State of New York. You agree to submit to the jurisdiction of the Courts in New York as to disputes arising out of the interpretation or performance of this Agreement.

## 15. GENERAL.

A. Your use of the Licensed Product or any of its parts indicates that you have read this Agreement with the accompanying "Exhibit A-System Requirements," understand them, and fully accept the terms of this Agreement. You further agree that the Agreement for the Licensed Product you are utilizing is the complete and exclusive statement of the Agreement proposals, understandings, and all other agreements of the date herewith, oral or written, between you and Xactware relating to the Xactware Licensed Product(s) licensed under this Agreement.

B. You acknowledge that XactAnalysis' functionality is dependent on other Xactware Products (such as Xactimate or XactRemodel), and an Internet browser such as Microsoft's Internet Explorer for XactAnalysis. You further acknowledge and agree to legally purchase a license for any other software products not covered by this Agreement.

C. You acknowledge that Xactware is a service provider allowing Assignor and Assignee to pass Assignment information through its systems. Assignee acknowledges that it will be necessary for Assignee to reach an agreement with an Assignor (not Xactware) in order to begin receiving Assignments.

D. If any provision of this Agreement is held invalid or otherwise unenforceable, the enforceability of the remaining provisions shall not be impaired thereby.

E. The failure or delay of Xactware to exercise any right under this Agreement shall not be deemed a waiver of that or any other right. A waiver or consent given by Xactware on any one occasion is effective only in that instance and will not be construed as a waiver of any right on any other occasion.

F. Any other provisions contained herein to the contrary notwithstanding, neither party hereto shall be liable to the other party for loss, injury, delay, or damages, or other casualty suffered or incurred by such other party due to governmental regulations or directions, outbreak of a state emergency, Act of God, war, warlike hostilities, terrorism, civil commotion, riots, epidemics, storms, fires, strikes, lockouts, and any other similar cause or causes beyond the reasonable control of the party whose performance is affected by such cause or causes.

G. You shall not assign, rent, sell, sub-license, sub-contract or otherwise transfer this Agreement or any portion thereof to any other person, firm, or entity without Xactware's express prior written consent. The foregoing notwithstanding, however, a party may assign this Agreement without the express consent of the other to a purchaser of a controlling equity interest, or substantially all of the operational assets of the assigning party.

H. In the event Xactware must seek the services of an attorney to enforce the provisions of this Agreement, you shall pay all reasonable attorney's fees, costs and damages incurred by Xactware, whether such attorney's fees, costs and damages are incurred in or out of court.

I. This Agreement will be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns.

J. You hereby grant your permission and consent to receive information via fax transmission from Xactware.

**K. YOU ACKNOWLEDGE THAT YOU HAVE READ THIS AGREEMENT, UNDERSTAND IT, AND AGREE TO BE BOUND BY ITS TERMS, AND FURTHER AGREE THAT THIS IS THE COMPLETE AND EXCLUSIVE STATEMENT BETWEEN XACTWARE AND YOU RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT.**

L. For further information: Should you have any questions concerning the provisions of this Agreement or if you desire to contact Xactware, please write to: Xactware Solutions, Inc., 1100 West Traverse Parkway, Lehi, Utah 84043, call our Sales Department at 1-800- 424-9228 or visit our website at [www.xactware.com](http://www.xactware.com).

All Xactware Product names are trademarks of Xactware Solutions, Inc. All other brand and product names are trademarks of their respective owners.



## **EXHIBIT A SYSTEM REQUIREMENTS**

Please refer to  
<http://www.xactware.com/enus/solutions/claims-management/xactanalysis/system-requirements/>

**System requirements are subject to change without prior written notice.**

**EXHIBIT M**

**XACTWARE SOLUTIONS, INC. LICENSE AGREEMENT**

## Xactware Solutions, Inc. License Agreement

AS A CONDITION TO YOUR LICENSE TO USE LICENSED PRODUCT AS FURTHER DEFINED HEREIN, OR ANY OF ITS PARTS, YOU MUST AGREE TO THE FOLLOWING TERMS. YOUR SUBSEQUENT USE OF THE LICENSED PRODUCT WILL BE SUBJECT TO ANY ADDITIONS OR MODIFICATIONS IN EFFECT ON THE DATE OF THAT USE. IF YOU DO NOT AGREE WITH ANY OF THESE TERMS, DO NOT PROCEED AND DO NOT USE THIS LICENSED PRODUCT. BY PROCEEDING, YOU ARE INDICATING YOUR AGREEMENT TO BE GOVERNED BY THIS AGREEMENT IN ITS ENTIRETY.

This License Agreement is valid for short term evaluation or subscription of up to 25 licenses of the Licensed Product. If you need more than 25 licenses of the Licensed Product, please contact Xactware's Sales Team at 1-800-424-9228 for appropriate license agreements.

Pursuant to this Agreement, Xactware Solutions, Inc. (hereinafter "Xactware") authorizes you ("Licensee") to accept a non-transferable and non-exclusive license to: (a) utilize the Licensed Product for internal purposes during the term of this Agreement on computer(s) located at your office and used by you or any of your employees; (b) copy the accompanying Licensed Product onto a single computer and use such Licensed Product on that single computer; (c) copy the accompanying Licensed Product onto multiple computers as long as you purchase a number of licenses of the Licensed Product equal to the number of computers upon which the Licensed Product will be used; (d) when applicable, access the Licensed Product online using an individual user ID and password.

### 1. DEFINITIONS

As used in this Agreement, the terms below shall have the following meanings:

"Licensed Product" shall mean, as applicable, a single copy of Xactimate, a single copy of Xactimate Professional, **or** a single licensed user of Xactimate Online or Xactimate Mobile. Should Licensee pay the applicable additional license fees, Licensed Product shall also mean access to a single copy of XactContents or XactContents Mobile, access to XactScope through Xactimate Professional, and/or access to XactAnalysis (including a license to use XactAnalysis for SP).

"Price Data" shall mean any applicable pricing information authored by Xactware (including but not limited to Xactware's copyrighted price lists) in an organized format for the specific limited purpose of estimating fixed residential and/or light commercial structural remodel and repair costs, that is compatible with the current version of the Licensed Products. This pricing information is provided for informational purposes only.

"SketchCam" shall mean a floor-plan dimensioning feature using the built-in camera in mobile devices available within Xactimate Mobile.

"XactContents" shall mean an application and database created for use in inventorying personal property items lost, estimating the cost to replace the items, and tracking associated payments on personal property claims.

"XactAnalysis" shall mean Xactware's secure, online full-cycle, electronic-assignment network, connecting assignment senders and receivers in a secure and private network environment and providing a management reporting tool that generates real-time management reports. Through XactAnalysis, insurance companies, adjusters, contractors, and any applicable organization sending or receiving assignments can securely exchange, among other things, estimates, price lists, data reports, and messages.

"Xactimate" shall mean Xactware's structural damage repair estimating software.

"Xactimate Online" shall mean Xactware's online structural damage repair estimate software, accessed via a user ID and password.

"Xactimate Professional" shall mean the professional version of Xactware's structural damage repair estimating software.

"XactScope" shall mean any proprietary application which runs on a smart-phone, mobile computerized device or handheld type device for the use of collecting scope data and the proprietary mechanisms used to convey data to and from Xactimate.

"Xactware Marks" shall mean the trademarks XACTIMATE®, X Logo ®, XACTPRICE ®, XACTNET ®, XACTANALYSIS® and any XACT-formative marks owned and used by Xactware in connection with the Licensed Products and any other products or services offered by Xactware.

"Xactware Materials" shall mean all Xactware training materials (e.g., manuals, tutorials, etc.) and/or promotional materials (e.g., advertising, catalogues, web site content and design, etc.), fixed in any tangible means of expression, that have been used, created, or obtained to date anywhere in the world by or on behalf of Xactware.

## 2. PROHIBITED USES.

You hereby warrant that you will never, directly or indirectly:

a.) make any attempt to perform automated data collection of information from Xactware's systems; de-compile, reverse engineer, disassemble or create derivative works from the Licensed Product, any other Xactware product, the Price Data, the Xactware Materials, and/or any other data or information owned by Xactware;

b.) commercially market all or part of Xactware's products (including but not limited to the Licensed Product and/or the Price Data) or any product similar to Xactware's products, and/or compete with Xactware in any way;

c.) install a copy of the Licensed Product onto an Internet site, desktop virtualization application (e.g., Citrix), cloud computing platform, or other open source software platform;

d.) use a copy of the Licensed Product via an Internet site, desktop virtualization application (e.g., Citrix), cloud computing platform, or other open source software platform;

e.) make an electronic copy of the Licensed Product;

f.) sell, loan, rent, lease, or transfer the Licensed Product and/or the Price Data to another user or third party;

g.) use and/or register the Xactware Marks, any designation, trademark or trade name that incorporates the terms XACT or X, or any designation, trademark or trade name that is confusingly similar to the Xactware Marks, as elaborated in greater detail in Paragraph 12.A herein;

h.) use and/or register the Xactware Materials, or any materials that are substantially similar to the Xactware Materials; or

i.) copy, export, reproduce, distribute, display or otherwise use the Price Data other than in conjunction with your use of the Licensed Product as permitted in this Agreement.

Portions of the Licensed Product constitute a passive service of allowing the posting of information. Xactware assumes and undertakes no responsibility to police or review the accuracy of the information posted, or the right of the individual posting the information to do so. Nevertheless, postings which come to the attention of Xactware and which are deemed by it to violate the terms of this Agreement may be removed without notice and/or may result in revocation of this License. The following are strictly prohibited:

a.) matter that is libelous, invasive of privacy rights, inflammatory, hateful, pornographic, indecent, illegal, or misleading;

b.) any materials that violate or infringe upon the trademark, copyright, or proprietary rights of others. This includes illegally distributed/hijacked software, copyrighted photographs, text, video, artwork, and music; and

c.) any electronic component designed to interfere with the function of hardware, software, or data, e.g., virus worm, Trojan Horse, or intentionally corrupted data.

### 3. DATA USE AND OWNERSHIP.

#### A. Data Provided by Xactware for Use with the Licensed Product.

All data provided by Xactware (including but not limited to the Price Data) to you for use with the Licensed Product are owned by Xactware and shall not be transferred, copied, or published (other than as part of the Work Product as defined below) by you or any of your employees, representatives, or agents in any form or format without Xactware's express prior written permission.

#### B. Anonymous Data and XactAnalysis.

i) Xactware shall own all assignment and estimate data from which assignee, assignor, and non-public personally identifiable information has been removed, which were created and/or extracted using the Licensed Product. Such data shall be referred to as "Anonymous Data".

ii) Analytical information on XactAnalysis is owned by Xactware. Use by you of information gathered from XactAnalysis is to be accompanied by appropriate acknowledgement of Xactware's ownership of the information.

#### C. Work Product.

Ownership of estimate data generated using one or more Xactware Product ("Work Product") is shared between the owner of the object of an Assignment, as defined in Exhibit A (e.g., potential insured), the company with potential financial obligation related to the object of an Assignment (e.g., carrier), the entity which produced the Work Product relating to the object (e.g., contractor), the management or marketing entity responsible for managing the Assignment, if any (e.g., independent adjuster firm), and you. You agree to grant to Xactware a perpetual unlimited license to use and have access to the Work Product.

#### 4. TERM.

The term of this Agreement shall be for twelve (12) months. This term will automatically renew at each anniversary date unless you provide written verified notification of intent to terminate this Agreement at least ninety (90) days prior to the anniversary date, or upon execution of a replacement Licensed Product License Agreement. This Agreement may be terminated by Xactware without cause by giving you at least thirty (30) days written notice of its intent to terminate, except in the event of a breach by you of this Agreement, in which case this Agreement may be terminated by Xactware immediately upon written notice, with no rights of cure. In the event of termination, you shall promptly, but in no event more than ten (10) days following such written request, deliver, return or destroy all or any portion of the Licensed Product, Price Data, or any other procedures, proprietary information, documentation, files, and or any other property or data provided by Xactware under this Agreement.

#### 5. THE AUTOMATED ASSIGNMENT PROCESS.

For purposes of this Section, additional definitions listed in Exhibit A shall apply.

- A. An Assignor creates an Assignment on XactAnalysis, and an Assignee is designated.
- B. XactAnalysis notifies Assignee that an Assignment is ready for routing to their Field Unit.
- C. Assignee connects Field Unit to XactAnalysis and Downloads the Assignment. The Assignee then has the ability to either accept or reject the Assignment using the field software. The Assignment may also be deemed rejected if it is not Downloaded to the Assignee's computer within the lesser of (i) the time frame specified in Assignee's agreement with Assignor, or (ii) within three (3) work days from the time of the first notification attempt.
- D. The Assignee responds to an Accepted Assignment by fulfilling all responsibilities made to the Assignor in an Agreement pre-dating the receipt of the Assignment. Such responsibilities usually include the preparation of an estimate in a prompt, professional and technically competent manner within the parameters prescribed by the Agreement with the Assignor.
- E. Assignee connects its computer to XactAnalysis and Uploads the required information (e.g., estimate). XactAnalysis stores, analyzes and prepares the Uploaded information to which Assignor or Assignee has rights of ownership as defined below for presentation to Assignor, Assignee and any other recipient (e.g., homeowner) designated by either Assignor or Assignee.
- F. Both Assignee and Assignor may view Tracker Information at any time during the process to monitor the progress of the Assignment.
- G. Xactware bills you for XactAnalysis usage on a monthly basis. Billings vary according to the feature-set chosen to facilitate the agreement between Assignor and Assignee. You will be notified of the charges for the Assignor/Assignee agreed feature set at the time of your implementation of, or acceptance into, its specific program. Your Downloading or Uploading of an Accepted Assignment shall indicate acceptance of responsibility to pay the associated fees.

## 6. PAYMENT SCHEDULE.

- A. Licensed Product license fees are due at the beginning of each twelve (12) month term. In addition, Xactware shall provide an invoice to you each month detailing your Assignment charges plus all applicable per-minute charges for the prior month, and/or any other payments associated with any other Xactware products or services being utilized by you.
- B. Unless otherwise specified on the invoice, you shall pay all billed charges by the tenth day of the month in which they are invoiced. All billings shall be payable in U.S. dollars only.
- C. You will pay interest to Xactware in the amount of one and one-half percent (1 ½%) per month on amounts on all invoices not paid when due. You will also provide a written list of any charges you dispute within ten (10) days of billing. Any charges not disputed within said period shall be deemed to have been accepted and payable.
- D. You hereby acknowledge and agree that your failure to make any payment to Xactware within fifteen (15) days after it is due shall constitute a default. Once your account is in default, Xactware, in addition to all other remedies available at law or equity, shall have the right to disable your access rights to any Xactware product and/or service. This includes the right to terminate your sending and receiving access and general access to XactAnalysis and to remove your publicly listed information. So long as the account remains in default, Xactware shall have the right to exercise any or all of these options, at its sole discretion, without prior notice.
- E. You agree to cooperate with Xactware in the establishment of a program that shall allow you to utilize a method of electronic funds transfer as the means for payment to Xactware of the charges you have incurred.
- F. Payments are to be made according to your Xactware invoice or, if paying online, payment is due immediately by valid credit card.
- G. The twelve (12) month license period commences when the Licensed Product is ordered.

## 7. INDEMNIFICATION

You shall defend, indemnify, and hold harmless Xactware and their directors, officers and employees from and against any and all claims (including claims for bodily injury (including death) and property damage), loss, liability, judgments, awards, and costs, including legal fees and court costs, incurred by Xactware and ISO, that arise out of, are caused by or result from (i) your tortious conduct (including negligence), (ii) any violation by you of any applicable statute, ordinance, code or regulation, (iii) your willful misconduct or illegal act or omission, (iv) your breach of any material obligation of this Agreement, or (v) any actual or threatened claim by a third party in any way relating to the output of any Licensed Product that you provide to such third party.

## 8. YOUR REPRESENTATIONS AND WARRANTIES.

You represent that you either own or have legal authority to control the property that is the subject of the information posted on the Licensed Product. You acknowledge that those parties to whom you grant access may rely upon the information posted by you. You represent and warrant that to the best of your information and belief, the information posted by you is accurate. Unsupported opinions and estimates should be so identified. You further represent and warrant that the information obtained by you through your use of the Licensed Product

will be treated as opinion and shall not be relied upon by you without independent verification, except at your own risk.

Xactware cannot and does not represent or assume the accuracy of, or in any way endorse the content provided by its members or any other entity. You warrant and represent, therefore, that your use of Licensed Product information is only as a source of opinion. You agree not to rely thereon without independent verification, except at your own risk. You agree that as between you and Xactware, you are in the best position to assess your loss potential for any damage or injury incurred by you which arises out of your use of the Licensed Product, and you therefore contract and agree to accept the burden of insuring against such loss, including, but not limited to, losses caused by breach of express or implied warranty, product or service defect, negligence, and the acts or omissions of Xactware. You waive any right of subrogation as to Xactware against any such insurable loss. You agree to indemnify and hold Xactware harmless from liability arising out of your use of the Licensed Product website, [www.xactware.com](http://www.xactware.com), or data obtained therefrom which arise out of any such insurable loss. You accept responsibility for all statements made, acts, or omissions that occur as part of the use of this website when such use is made possible through the use of your ID and password. You agree to indemnify Xactware from claims arising out of your use or from disclosure of your ID or password.

Contingent upon payment of the associated XactAnalysis license fees, you may also list or certify your company's credentials and update your contact information at [www.xactanalysis.com](http://www.xactanalysis.com). You shall be responsible to review and update the accuracy of the information contained therein on at least a semi-annual basis. Your contact information, including phone, beeper, fax, and modem numbers, along with address information and company name shall be kept current at all times and on an ongoing basis. The completion and submission of your company information authorizes Xactware to publish the information listed. You accept full and sole responsibility for the accuracy of its content. You agree to hold Xactware harmless from any action arising from information published in your public profile. By subscribing, you consent to said publication and the disclosure of such information to the public indefinitely.

#### 9. XACTWARE'S LIMITED WARRANTIES.

The Licensed Product represents an integration point for content obtained from a vast array of sources. You assume the risk of human, mechanical or other error by Xactware, its members, licensees or other contributors that may cause delays, errors, or omissions. You acknowledge and agree that the Licensed Product may provide links to sites and information (including but not limited to pricing information) provided by others. Xactware makes no implied or express representation or warranty with respect to the accuracy of information contained in these linked sites or the pricing information.

Xactware does not warrant that the operation of the Licensed Product or any of its parts will meet your particular application requirements, or that operation of the Licensed Product or any of its parts will be uninterrupted or error free. You assume full responsibility for determining suitability of the Licensed Product and its parts for your use.

Xactware does not warrant the accuracy of pricing information in the Price Data. Price Data are intended to be a representation of historical information to be used as a baseline or place to begin creation of an estimate. You are responsible to ensure the estimate includes pricing consistent with components including but not limited to actual materials, equipment, and labor pricing. You acknowledge and understand that Price Data provided as part of the Licensed Product are intended to target the most representative price of the various price points collected relevant to the specific line item in question. Having this single

representative price per line item, computed from all valid price points researched in the market, means that some market price data are higher and some market price data are lower than that which are reported. You agree not to prohibit or preclude deviations from the Price Data where contractor requirements, market conditions, demand or any other factor warrants the use of a different line item price in the specific situation.

Xactware does not warrant the accuracy of the SketchCam tool. SketchCam is intended to capture the rough shape of a room and create renderings in Sketch, but should not be relied upon as a definitive measurement device. Accuracy of SketchCam is dependent on device sensors and human input which are inherently inaccurate. You are responsible to ensure the measurements used to create a Sketch of a room are accurate.

Xactware is the owner of all rights and title to the rights licensed to you hereunder, and has the right to grant to you the License granted under this Agreement without violating any intellectual property rights of any third party.

Xactware warrants that the Licensed Product, if properly installed and operated by you in conformity with Xactware's instructions, including but not limited to periodic updates, shall materially perform substantially as described in the applicable documentation and in conformity with the system requirements identified by Xactware for the proper operation of the Licensed Product. Xactware further warrants that the Licensed Product shall function properly in conformity with the description and documentation as set forth herein and as updated with future releases and upgrades to the Licensed Product. Additional statements, such as those made in advertising or presentations, whether oral or written, do not constitute warranties by Xactware and should not be relied upon as such.

In the event any product licensed hereunder fails to comply with the warranty as described herein, Xactware shall exert commercially reasonable efforts to correct such product so that the product licensed hereunder performs as warranted. In no event shall Xactware's liability exceed the fees paid for use of the Licensed Product.

THE LICENSED PRODUCT IS LICENSED FOR USE "AS IS" AND SAID WARRANTIES AND LIMITATIONS SET FORTH IN THIS AGREEMENT ARE EXCLUSIVE REMEDIES AND ARE IN LIEU OF ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER TYPE OF WARRANTY, WHETHER EXPRESS OR IMPLIED.

10. LIMITATION OF LICENSEE'S REMEDIES.

In the event you shall assert any claim against Xactware, the total of all such claims shall be limited to the lesser of the amounts paid by you under the terms of this Agreement or \$1,000,000. IN NO EVENT SHALL XACTWARE BE LIABLE FOR LOSS OF PROFIT, GOODWILL, OR ANY OTHER GENERAL, SPECIAL, CONSEQUENTIAL, INDIRECT, CIRCUMSTANTIAL OR INCIDENTAL DAMAGES SUFFERED OR CLAIMED BY YOU OR ANY OTHER PERSON, FIRM, OR ENTITY AS A RESULT OF YOUR USE OF THE LICENSED PRODUCT, DOCUMENTATION, DATA, SERVICES, OR OTHER ITEMS PROVIDED HEREUNDER, IRRESPECTIVE OF WHETHER SUCH LOSS OF PROFIT, GOODWILL, OR OTHER DAMAGES OF ANY NATURE WAS KNOWN OR COULD HAVE BEEN REASONABLY FORESEEN BY XACTWARE.

11. LIMITED USE OF PROPRIETARY, CONFIDENTIAL, AND TRADE SECRET INFORMATION.

The Licensed Product, Price Data, Xactware Materials, and any other data or information provided hereunder and all copies thereof are Xactware's proprietary information, and the title thereto remains with Xactware. You may not use the Licensed Product, Price Data, or Xactware Materials for any other use or purpose other than those provided herein. Price Data

or any other information marked or designated in written form as confidential are to be treated as trade secrets and confidential information. You agree to take reasonable action by instruction, agreement, and otherwise with your employees, representatives, and agents to inform them of the trade secret and confidential nature of such information and obtain their compliance with this obligation. You agree to protect the confidentiality of the Licensed Product, Price Data, and other Xactware proprietary data, information, services and business trade secrets using the same degree of care, but not less than a reasonable degree of care, as you use to protect and preserve your own confidential information.

Except for the specific limited rights of use specifically granted in this Agreement, this Agreement shall not be construed to grant you any ownership, license, or other proprietary rights in or to any Xactware patents, copyrights, trademarks, confidential information, or other similar proprietary information.

Your undertakings and obligations under this Agreement shall not apply to any confidential information (excluding Xactware's online and offline software programs and associated documentation which shall remain Confidential Information) which:

- Is disclosed in a printed publication available to the public, is described in a patent or a patent application anywhere in the world, or is otherwise in the public domain at the time of disclosure; or
- Is generally disclosed to third parties by the disclosing party without restriction on such third parties; or
- Is approved for release by prior written authorization of the disclosing party; or
- Is required to be disclosed by a governmental agency or by a proper order of a court of competent jurisdiction; provided, however, that the receiving party will use its best efforts to minimize such disclosure and will consult with and assist the disclosing party in obtaining a protective order prior to such disclosure; or
- Is in the receiving party's lawful possession prior to the submission thereof by the other party; or
- Is independently developed by the receiving party prior to disclosure by the disclosing party.

The confidentiality provisions of this Agreement are necessary for the protection of the business and goodwill of Xactware. You agree that any breach of these confidentiality provisions or of this Agreement will cause Xactware substantial and irreparable harm, and, therefore, in the event of such breach, in addition to any other legal remedies that may be available, Xactware shall have the right to seek injunctive relief and any other equitable remedies to prevent or restrain any breach of this Agreement.

The obligations of confidentiality, non-disclosure, and limited use shall survive the termination of this Agreement.

In the event compulsory action is directed to you by a third party to obtain disclosure of any Xactware owned information, you shall immediately notify Xactware, in writing directed to Xactware Legal Department, and furnish information concerning the nature of the proceedings, the forum, matter number(s), and identification of the parties, counsel, and tribunal involved. Unless otherwise directed by Xactware, you will seek reasonable judicial or tribunal protection from disclosure.

## 12. USE OF XACTWARE MARKS AND XACTWARE MATERIALS.

### A. USE OF XACTWARE MARKS PROHIBITED.

Xactware is the sole and exclusive owner of the Xactware Marks. Xactware has not authorized you to use and/or register the Xactware Marks, any designation, trademark or trade name that incorporates the terms XACT or X, or any designation, trademark or trade name that is confusingly similar to the Xactware Marks. Specifically, you shall not use or incorporate the Xactware Marks or any confusingly similar marks or terms in your trade name or in any domain name owned and/or used by you. You shall not use or apply the Xactware Marks or any confusingly similar marks or terms on or in any of your promotional materials, including but not limited to your website, letterhead, business cards, estimates or any contracts. You also shall not use any of the Xactware Marks as a metatag(s). Any unauthorized use of or infringement by you of the Xactware Marks, or any variation or simulation thereof, shall be deemed a material breach of this Agreement, subject to immediate termination of the Agreement by Xactware, without rights of cure.

#### B. USE OF XACTWARE MATERIALS PROHIBITED.

Xactware is the sole and exclusive owner of the Xactware Materials. Xactware has not authorized you to use and/or register the Xactware Materials, or any materials substantially similar to the Xactware Materials. Any unauthorized use of or infringement by you of the Xactware Materials, or any variation or simulation thereof, shall be deemed a material breach of this Agreement, subject to immediate termination of the Agreement by Xactware, without rights of cure.

#### 13. LICENSOR'S REMEDIES; INJUNCTIVE RELIEF.

You acknowledge that your breach of the terms or conditions of this Agreement may substantially diminish the value of the Licensed Product, Price Data, Xactware Materials, and any other Xactware owned materials, thereby causing irreparable harm to Xactware. As such, you therefore acknowledge and agree that in the event of your breach of this Agreement, Xactware shall be entitled to equitable relief, and you consent to the entry of both a preliminary and permanent injunction enjoining you from further violation of this Agreement, solely upon a showing by Xactware that such breach by you has occurred.

Should Xactware seek equitable relief for a breach of this Agreement, including but not limited to injunctive relief, you agree that you shall not request that Xactware post a bond or other security in relation to such proceedings, or request that Xactware prove any actual damages. The provisions of this paragraph relating to you are included in this Agreement solely at the request of Xactware in order to afford Xactware more security and not for the purpose of permitting you to escape or avoid any laws, rules or regulations of any applicable jurisdiction or any subdivision thereof applicable to you. Xactware's entitlement to injunctive relief shall not bar it from recovering monetary damages from you as a result of your breach of this Agreement and/or infringement of any Xactware intellectual property.

#### 14. ACKNOWLEDGMENT OF XACTWARE'S RIGHTS.

You acknowledge Xactware's ownership of and the validity of the Licensed Product, the Xactware Marks, Price Data, and Xactware Materials. You shall never challenge Xactware's ownership or the validity of the Licensed Product, the Xactware Marks, Price Data, and Xactware Materials, or of any other intellectual property or other proprietary rights of Xactware therein. You shall not seek to register or otherwise assert rights over all or any portion of the Licensed Product, the Xactware Marks, Price Data, and Xactware Materials, or any variation or simulation thereof. Any such challenge or any attempt to register or obtain rights in and to the Licensed Product, the Xactware Marks, Price Data, and Xactware Materials, or any variation or simulation thereof, shall be deemed a material breach of this Agreement, subject to immediate termination of this Agreement by Xactware, without rights

of cure.

15. SUPPORT, MAINTENANCE, AND TRAINING.

A. DATABASE SUPPORT.

Xactware will provide pricing information, which shall consist of unit costs and unit cost breakdowns consistent with those that may be expected from a contract/repair company in specific available geographic market areas in the United States and Canada that may be served by you. You may be contacted for feedback on current pricing trends. You authorize Xactware to make such contacts and agree to provide personnel knowledgeable of pricing information in each of the areas for which Price Data shall be assembled. Monthly updates to the Price Data shall be made available to each site over an electronic connection to Xactware's XactAnalysis system.

B. PRODUCT SUPPORT.

During the term of this Agreement, Xactware shall provide online support to you and your employees licensed to use the Licensed Product, without charge, via Xactware's eService Center, located on the Internet at [www.xactware.com](http://www.xactware.com). Xactware shall also provide telephone support at the fees detailed on Xactware's eService Center. Due to the added functionality typically associated with newer versions of the Licensed Product, Xactware reserves the right to provide support electronically or by telephone for at least one (1) year after the initial release of the Licensed Product. For prior versions of the Licensed Product, Xactware reserves the right to provide support either electronically or by telephone (a) for at least one (1) year after the release of a replacement or updated version of the Licensed Product; or (b) for at least six (6) months after the Licensed Product has been discontinued (general distribution ceased); or (c) require you to update to the most current supported version of the Licensed Product prior to providing support.

C. MAINTENANCE.

During the term of this Agreement and so long as payment required under this Agreement is current, Xactware shall make enhancements available to you for the Licensed Product, as they become available generally to subscription customers. Enhancements shall be provided to you without additional charge. Any enhancement delivered to you under this Agreement shall be considered part of the Licensed Product and shall be governed by the terms and conditions of this License Agreement.

D. TRAINING.

Training seminars are available for an additional cost at Xactware's Corporate Headquarters in Orem, Utah, and regionally throughout the USA and Canada as determined by Xactware. Please visit Xactware's website at [www.xactware.com](http://www.xactware.com) for the latest training schedule and registration forms, or contact Xactware's Training Team at 1-800-232-9228 Ext. 523 to schedule training.

E. STORAGE.

Xactware will store completed estimates for the term of this Agreement, after which Xactware reserves the right to remove the estimate. Should you discontinue this Agreement and then begin a new Agreement at a later date, Xactware does not guarantee that the original data will remain and/or be available on Xactware's system. Additional fees to reconnect historical data to a new subscription Agreement may apply.

16. TAXES.

You shall, in addition to the other amounts payable under this Agreement, pay all applicable sales and use taxes.

17. COPYRIGHT.

United States copyright laws and international treaties protect the Licensed Product, Price Data, and Xactware Materials described in this Agreement. Unauthorized use of the Licensed Product, Price Data, and Xactware Materials, or any portion of them, may result in severe civil and criminal penalties, and will be prosecuted to the maximum extent under the law.

18. PUBLICITY.

During the term of this Agreement, you agree that Xactware shall have the right, but not the obligation, to list your company as a customer who uses the Licensed Product on Xactware's website and/or in presentations. Xactware will remove your company's name from any such list within thirty (30) days after any termination of this Agreement or upon your written request.

19. GOVERNING LAW.

The validity, construction, performance, and enforceability of this Agreement will be governed by the laws of the State of New York, excluding that body of law applicable to conflicts of law.

20. DISPUTES.

Xactware shall be entitled to seek legal or equitable relief in any Federal, State, and/or County Court in the State of New York without first submitting the matter to arbitration with respect to alleged breaches or threatened breaches of any material term or provision of this Agreement. The Federal, State and/or County Courts in the State of New York have exclusive jurisdiction over any such claim. You hereby irrevocably submit to the personal jurisdiction of any such court in the State of New York for any such claims and waive any claim or defense of inconvenient forum or lack of personal jurisdiction under any applicable law, decision, treaty or otherwise. In making the foregoing submission to jurisdiction, you expressly waive the benefit of any contrary provision of the laws of the jurisdiction of your incorporation or where you are doing business.

All disputes, disagreements, controversies, questions or claims brought by you, arising out of or relating to this Agreement including, without limitation, with respect to its formation, execution, validity, application, interpretation, performance, breach, termination or enforcement, shall be determined by arbitration.

21. GENERAL.

A. Your use of the Licensed Product or any of its parts indicates that you have read this Agreement, understand them, and fully accept the terms of this Agreement. You further agree that the Agreement for the Licensed Product you are utilizing is the complete and exclusive statement of the Agreement proposals, understandings, and all other agreements of the date herewith, oral or written, between you and Xactware relating to this Agreement.

B. You acknowledge that XactAnalysis' functionality is dependent on other Xactware Products (such as Xactimate or XactRemodel), and an Internet browser such as Microsoft's

Internet Explorer for XactAnalysis. You further acknowledge and agree to legally purchase a license for any other software products not covered by this Agreement.

C. You acknowledge that Xactware is a service provider allowing Assignor and Assignee to pass Assignment information through its systems. Assignee acknowledges that it will be necessary for Assignee to reach an agreement with an Assignor (not Xactware) in order to begin receiving Assignments.

D. If any provision of this Agreement is held invalid or otherwise unenforceable, the enforceability of the remaining provisions shall not be impaired thereby.

E. The failure or delay of Xactware to exercise any right under this Agreement shall not be deemed a waiver of that or any other right. A waiver or consent given by Xactware on any one occasion is effective only in that instance and will not be construed as a waiver of any right on any other occasion.

F. Any other provisions contained herein to the contrary notwithstanding, neither party hereto shall be liable to the other party for loss, injury, delay, or damages, or other casualty suffered or incurred by such other party due to governmental regulations or directions, outbreak of a state emergency, Act of God, war, warlike hostilities, civil commotion, riots, epidemics, storms, fires, strikes, lockouts, and any other similar cause or causes beyond the reasonable control of the party whose performance is affected by such cause or causes.

G. You shall not assign, rent, sell, sub-license, sub-contract or otherwise transfer this Agreement or any portion thereof to any other person, firm, or entity without the express prior written consent from Xactware. The foregoing notwithstanding, however, a party may assign this Agreement without the express consent of the other to a purchaser of a controlling interest, or substantially all of the operational assets of the assigning party.

H. In the event of a breach of this Agreement by you, you shall be liable to Xactware for any and all attorneys' fees and costs incurred by Xactware in connection with its efforts to enforce this Agreement, whether such attorney's fees and costs are incurred in connection with a court proceeding or any other action taken by Xactware to enforce the terms of this Agreement.

I. This Agreement will be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns.

J. In the case of a beta test or demo, Xactware authorizes you a temporary use license to utilize the Licensed Product for the sole purpose of internal pre-release evaluation and testing. This right is subject to additional agreements and covenants by you concerning the specific beta test or demo, which by this reference are incorporated herein. In addition, in the case of a demo, Section 4 does not apply. In the case of a beta test, Sections 4, 9 and 15 do not apply.

K. You hereby grant your permission and consent to receive information via fax transmission from Xactware.

**L. YOU ACKNOWLEDGE THAT YOU HAVE READ THIS AGREEMENT, UNDERSTAND IT, AND AGREE TO BE BOUND BY ITS TERMS, AND FURTHER AGREE THAT THIS IS THE COMPLETE AND EXCLUSIVE STATEMENT BETWEEN XACTWARE AND YOU RELATING TO THIS AGREEMENT.** Furthermore, you represent that you are 18 years of age or older and you accept responsibility for all statements made, acts or omissions that occur as part of the use of this website when

such use is made possible through the use of your ID and password. You agree to indemnify Xactware from claims arising out of your use or from disclosure of your ID or password

M. For further information: Should you have any questions concerning the provisions of this Agreement or if you desire to contact Xactware, please write to: Xactware Solutions, Inc., 1426 East 750 North, Orem, Utah 84097, or call our Sales Department at: 1-800-424 9228.

All Xactware Product names are trademarks or registered trademarks of Xactware Solutions, Inc. All other brand and product names are trademarks of their respective owners.

Copyright 1995-2013 by Xactware Solutions, Inc. All Rights Reserved.

## **EXHIBIT A**

### **XACTANALYSIS DEFINITIONS**

Should you pay the applicable additional fee for XactAnalysis, the following definitions shall apply:

- A. "Accepted Assignment" shall mean an Assignment that has been Downloaded by Assignee to Assignee's Field Unit. The act of Downloading the Loss Assignment shall constitute acceptance of the responsibility to perform the Assignee services as agreed upon with Assignor and as required hereunder.
- B. "Assignment" shall mean written specification of a task to be accomplished in accordance with an agreement previously entered into between both the sender and receiver of the specifications.
- C. "Assignee" shall mean the individual or entity that is designated as the recipient of the Assignment by the Assignor.
- D. "Assignor" shall mean the individual or entity that originally sends an Assignment to XactAnalysis with instructions for its transfer to a designated recipient.
- E. "Completed Assignment" shall mean an Assignment for which Assignee has completed all responsibilities agreed to with Assignor, and Uploaded the required information (e.g., estimate) to XactAnalysis.
- F. "Corrected Estimate(s)" shall mean the subsequent updating of a Completed Assignment and Uploading the results.
- G. "Download" shall mean to move information from XactAnalysis down to the Field Unit.
- H. "Field Assignee" shall mean the individual who performs the fieldwork necessary to fulfill the agreed upon responsibilities attached to an Assignment.
- I. "Field Unit" shall mean a computer used by an Assignee having the capability to Download and Upload Assignments or other information via XactAnalysis.
- J. "Industry Average" shall mean an average of Anonymous Data gleaned from XactAnalysis customers and other industry data for use in XactAnalysis or other Xactware produced reports.
- K. "Re-Assignor" and "Re-Assign" shall mean an Assignee who designates a surrogate recipient for the Assignment and Re-Assigns the Assignment to that surrogate. For example, an Assignor who is an insurance carrier might designate a large Independent Adjusting firm as the Assignee. The Independent Adjusting firm might Accept the Assignment, then Re-Assign it to a specific Field Assignee.
- L. "Tracker Information" shall mean information detailing the dates and times of major events occurring since the time the original Assignment first reached XactAnalysis.
- M. "Upload" shall mean to move information from the Field Unit up to XactAnalysis.

N. "XactRemodel" shall mean Xactware's estimating remodel and repair software, which is designed to communicate with XactAnalysis.

**EXHIBIT N**

**SAMPLE VEHICLE AND EQUIPMENT AND SUPPLIES LEASE AGREEMENT**

Lessee:	Lessor: Aztec Financial, LLC 556 West Confluence Avenue Salt Lake City, UT 84123
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**Equipment Location: [ADDRESS] [CITY] [STATE], [ZIP]**

	Payments are subject to applicable sales tax.	Term of Lease	Security Deposit	End of Lease Option(s):
TERMS	Payment 1: \$#,###.00 Payment 2 - 72: \$#,###.00	72	\$0.00	Purchase Equipment for \$#,###.00 plus applicable sales tax.

1. LEASE: Lessee hereby leases from Lessor and Lessor leases to Lessee, the personal property described on Schedule A attached hereto, together with any replacement parts, additions, repairs or accessories now or hereafter incorporated therein on or affixed thereto, hereinafter referred to as the "Equipment" and acknowledges that if a vehicle or trailer are involved in this lease, whether collateral or part hereof, all future references to Equipment are inclusive of each such Vehicle and Trailers where applicable.

2. DISCLAIMER OF WARRANTIES AND CLAIMS: LIMITATION OF REMEDIES. THERE ARE NO WARRANTIES BY OR ON BEHALF OF LESSOR,. Lessee acknowledges and agrees by his signature below as follows: (a) LESSOR MAKES NO WARRANTIES EITHER EXPRESS OR IMPLIED AS TO THE CONDITION OF THE EQUIPMENT, ITS FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY, OR WITH RESPECT TO ANY CHARACTERISTICS OF THE EQUIPMENT; (b) Lessee has fully inspected the Equipment which it has requested Lessor to acquire and lease to Lessee, and the Equipment is in good condition and to Lessee's complete satisfaction; (c) Lessee leases the Equipment "as is" and with all faults; (d) Lessee specifically acknowledges that the Equipment is leased to Lessee solely for commercial purposes and not for personal, family, household, or agricultural purposes; (e) If the Equipment does not operate as represented or warranted by the supplier or manufacturer, or is unsatisfactory for any reason, Lessee's only remedy, if any, shall be against the supplier or manufacture of the Equipment and not against Lessor; (f) Provided Lessee is not in default under this Lease, Lessor assigns to Lessee any warranties made by the supplier or the manufacture of the Equipment; (g) LESSEE SHALL HAVE NO REMEDY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES AGAINST LESSOR; and (h) Lessee shall hold Lessor harmless from any and all liability arising out of the lessee's operation or use of the Equipment; and (i) NO DEFECT, DAMAGE, OR UNFITNESS OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT OR RELIEVE LESSEE OF ANY OTHER OBLIGATION OWED TO LESSOR UNDER THIS LEASE.

3. STATUTORY FINANCE LEASE: Lessee agrees and acknowledges that it is the intent of both parties to this Lease that it qualifies as a statutory finance lease under Article 2A of the Uniform Commercial Code as adopted in Utah. Lessee acknowledges and agrees that Lessee has selected both: (1) the Equipment; and (2) the supplier from whom Lessor is to purchase the Equipment. Lessee acknowledges that Lessor has not participated in any way in Lessee's selection of the Equipment or of the supplier, and Lessor has not selected, manufactured, or supplied the Equipment. LESSEE IS ADVISED THAT IT MAY HAVE RIGHTS UNDER THE CONTRACT EVIDENCING THE LESSOR'S PURCHASE OF THE EQUIPMENT FROM THE SUPPLIER CHOSEN BY LESSEE AND THAT LESSEE SHOULD CONTACT THE SUPPLIER OF THE EQUIPMENT FOR A DESCRIPTION OF ANY SUCH RIGHTS.

4. RENTAL PAYMENTS. Lessee agrees to pay the total rent equal to the "Amount of Each Payment" multiplied by the number of payments as outlined herein. Payments will be made in advance and periodically. Payments and notices shall be made and given by Lessee at 556 West Confluence Ave., Salt Lake City, Utah 84123, or as otherwise directed by Lessor. Lessee shall not abate, set off, deduct any amount, or reduce any payment for any reason. (a) THIS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSEE EXCEPT AS OUTLINED HEREIN. Provided Lessee is not in default of lease terms, Lessor agrees to accept an early cancellation of this Lease in an amount equal to the equivalent amortized balance calculated as if this lease were a loan (Balance), plus any accrued and unpaid charges, plus a prorated refund of any incentives or discounts applied to agreement, plus an early cancellation charge to be calculated as the greater of Three Hundred and Fifty Dollars or Three and One-Half percent of the Balance if the agreement is terminated in the first twelve months of the contract term. Cancellation charge will reduce by One-Half Percent at the end of each successive twelve months of the contract term. The cancellation charge in the final twelve months of the contract term will be One-Half percent. Lessor agrees to waive the cancellation charge during the initial 6 months of the Agreement. b) LESSEE UNDERSTANDS AND ACKNOWLEDGES THAT NO BROKER OR SUPPLIER, IS AN AGENT OF LESSOR AND IS NOT AUTHORIZED TO WAIVE OR ALTER TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY BROKER OR SUPPLIER OR THEIR AGENT , SHALL IN ANY WAY EFFECT LESSEE'S DUTY TO PAY THE RENTAL AND TO PERFORM LESSEE'S OBLIGATIONS SET FORTH IN THIS LEASE.

5. CHOICE OF LAW, JURISDICTION, VENUE, LIMITATIONS, AND NON-JURY TRIAL. THIS LEASE AND ALL RELATED DOCUMENTS TO WHICH LESSOR IS A PARTY AND ALL RELATED CLAIMS AND CAUSES OF ACTION SHALL BE GOVERNED BY THE LAWS OF THE STATE OF UTAH. LESSOR AND LESSEE CONSENT AND AGREE TO JURISDICTION AND VENUE IN ANY STATE OR LOCAL COURT LOCATED IN SALT LAKE COUNTY, UT AND ANY CORRESPONDING FEDERAL AND BANKRUPTCY COURT AND LESSOR AND LESSEE WAIVE ANY AND ALL OBJECTIONS RELATING, TO IMPROPER VENUE OR FORUM NON CONVIENS. ALL LEGAL ACTION BY LESSEE IN ANY WAY RELATED TO THIS LEASE AND/OR EQUIPMENT SHALL BE FILED BY LESSEE SOLELY IN ANY STATE OR LOCAL COURT LOCATED IN SALT LAKE COUNTY, UTAH AND ANY CORRESPONDING FEDERAL AND BANKRUPTCY COURT. The foregoing forum selection provision shall not prohibit Lessor from pursuing legal recourse in any other court where jurisdiction may be proper. Lessor's assertion or reliance upon federal law or the law of any state[s] other than the state specified above shall not be a waiver of the foregoing choice of law provision.

6. SECURITY DEPOSIT. As security for the prompt and full payment of the amounts due hereunder, and Lessee's complete performance of all its obligations under this Lease, and any extension or renewal hereof, Lessee has deposited with Lessor the security amount set forth in the section shown as "Security Deposit". In the event any default shall be made in the performance of any of Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated; to apply such portion of the security deposit as may be necessary for curing such default. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of any unpaid rent in a prompt and timely manner as called for and has fully performed all other provisions of the Lease, Lessor will return to the Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be co-mingled with Lessor's other funds.



7. LOCATION. The Equipment shall be kept at the location specified above or, if none is specified, at Lessee's address as set forth above and shall not be removed without Lessor's prior written consent

8. INSURANCE AND LIENS. Lessee shall provide and maintain insurance against loss, theft, damage, or destruction of the Equipment in an amount of not less than the full replacement value of the Equipment, with Lessor name as the loss payee. Lessee also shall provide and maintain comprehensive general all-risk liability insurance including but not limited to product liability coverage, insuring Lessor and Lessee, with a severability of interest endorsement, or its equivalent, against any loss or liability for all damages, which might result from the condition, use, or operation of the Equipment, with such limits and with an insurer satisfactory to Lessor (minimum \$500,000). If this lease applies to any automobile then the Lessee shall provide and maintain automobile liability insurance acceptable to Lessor with limit of at least \$500,000 auto liability and Lessor added as an additional insured on Lessee's policy. As to each policy Lessee shall furnish to Lessor a certificate of insurance from the insurer, which certificate shall evidence the insurance coverage required by this paragraph. Lessor shall have no obligations to ascertain the existence of or provide any insurance coverage for the Equipment or for Lessee's benefit. If Lessee fails to provide such insurance Lessor will, at Lessor's option, (a) have such insurance protecting Lessor placed at Lessee's expense. Such placement will result in an increase in Lessee's periodic payments with such increase being attributed to Lessor's costs of obtaining such insurance and any customary charges or fees of Lessor's or its designee associated with such insurance or (b) Lessor will enroll Lessee in Lessor's property damage coverage program and bill Lessee a property damage surcharge as a result of Lessor's increased administrative costs and credit risk. NOTHING IN THIS PARAGRAPH WILL RELIEVE LESSEE OF RESPONSIBILITY FOR LIABILITY COVERAGE. Lessee shall keep the Equipment free and clear of all levies, liens, and encumbrances.

9. TAXES AND FEES. Lessee shall pay when due all taxes (including personal property tax, fines and penalties) and fees relating to this Lease or the Equipment. In the event Lessor pays any taxes or fees on Lessee's behalf, Lessee shall promptly repay to Lessor the amount, plus a processing fee. Lessee agrees to pay Lessor up to \$600.00 on the date the first lease payment is due to cover the expense of originating this Lease. Furthermore, Lessor acknowledges that the base rental payment shall be adjusted proportionately upward or downward to comply with the tax laws of the jurisdiction in which the Equipment is located. Lessee agrees to reimburse Lessor for any amounts incurred by Lessor in connection with the enforcement of this Lease, including court costs and reasonable attorney fees.

10. AUTOMATIC PAYMENTS. Lessee agrees that all payments and other amounts that may become due under the terms of this Lease will be paid by Automatic Bank Debit. Lessee authorizes Lessor to initiate debit entries for any amounts due, and if necessary to initiate credit entries or adjustments to the bank account designated for automatic payment or to any of Lessee's bank accounts filed with Lessor.

11. OWNERSHIP; PERSONALITY. The Equipment is, and shall remain, the property of Lessor, and Lessee shall not have any right, title, or interest in the Equipment except as expressly set forth in this Lease. The Equipment shall remain personal property even though installed in or attached to real property.

12. LIMITED PREARRANGED AMENDMENTS: SPECIFIC POWER OF ATTORNEY. In the event it is necessary to amend the terms of this Lease to reflect a change in one or more of the following conditions: (a) Lessor's actual cost of procuring the Equipment, or (b) Lessor's actual cost of providing the Equipment to Lessee, or (c) A change in rental payments as a result of (1) or (2), above, or (d) Description of the Equipment. Lessee agrees that any such amendment shall be described in a letter from Lessor to Lessee, and unless within 15 days after the date of such letter Lessee objects in writing to Lessor, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease as if originally set forth herein. Lessee grants to Lessor a specific power of attorney for Lessor to use as follows: (1) Lessor may sign and file on Lessee's behalf any document Lessor deems necessary to perfect or protect Lessor's interest in the Equipment or pursuant to the Uniform Commercial Code; and (2) Lessor may sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.

13. USE. Lessee shall use the Equipment in a careful manner, make all necessary repairs at Lessee's expense, shall comply with all laws relating to its possession and use, and shall not make any alterations, additions, or improvements to the Equipment without Lessor's prior written consent. All additions, repairs or improvements to the Equipment shall belong to Lessor. Said Equipment shall be used solely in the conduct of Lessee's business and Lessee warrants that the Equipment is leased for commercial or business purposes and not for consumer, personal, home or family purposes.

14. INDEMNITY. Lessor is not responsible for any loss or injuries caused by the installation or use of Equipment and / or Vehicle(s). Lessee agrees to hold Lessor harmless, defend Lessor, and reimburse Lessor against any claim for losses or injury caused by the equipment and / or vehicle(s).

15. SURRENDER. By this Lease, Lessee acquires no ownership rights in the Equipment, and has no option to purchase the same except as outlined herein. Upon the expiration, or earlier termination or cancellation of this Lease, or in the default as outlined herein, Lessee, at its expense, shall return the Equipment in good repair, ordinary wear and tear resulting from proper use thereof alone excepted, by delivering it, packed and ready for shipment, to such place or carrier as Lessor may specify.

16. SERVICE CHARGES; INTEREST. If Lessee shall fail to make any payment required by this Lease within 3 days of the due date thereof, Lessee shall pay to Lessor a service charge of 10% of the amount due; provided, however, that not more than one such service charge shall be made on any delinquent payment, regardless of the length of the delinquency. In addition, Lessee shall pay to Lessor any actual additional expenses incurred by Lessor in collection efforts, including but not limited to long-distance telephone charges, mailings, travel expenses and any and all labor costs associated with any and all collection or other lease default issues. Lessee shall pay to Lessor interest on any delinquent payment or amount due under this Lease from the due date thereof until paid, at the lesser of the maximum rate of interest allowed by law or 18% per annum. Lessee shall pay to Lessor a returned payment charge of the maximum charge allowed by Lessee's state for any check or ACH debit that is returned unpaid for any reason.

17. DEFAULT. Any of the following is a default under the Lease: (a) failure of Lessee to pay any amount due under or in connection with the Lease to Lessor within 3 days of the date due; (b) insolvency of Lessee (c) appointment of receiver for Lessee; (d) bankruptcy of Lessee; (e) dissolution of Lessee (f) cessation of Lessee's normal business operations; (g) Equipment being subject to levy, seizure, impounding or withholding of the Equipment by any other person or entity;; (h) bulk sale of Lessee's assets; (i) falsity of any representation or warranty made by Lessee; (j) change in Lessee's financial condition such that, in Lessor's opinion, the credit risk or other risks or Lessor are increased; (k) Lessee or common Guarantor defaults on any other agreement with Lessor; (l) Lessee shall abandon Equipment or transfer Equipment without prior written consent of the Lessor; (m) Lessee fails to perform or observe any other representation, warranty, covenant, condition, or agreement under or in relation to this Lease.

18. REMEDIES. Upon the occurrence of an event of default, Lessor shall have the right to exercise any one or more of the following remedies: (1) To declare the entire unpaid lease payments and other sums payable by Lessee hereunder to be immediately due and payable; (2) To cause Lessee, at Lessee's expense, promptly to return any or all of the Equipment to Lessor, all without demand or legal process, and to allow Lessor to enter into the premises where the Equipment may be found and take possession of or remove the same, whereupon all rights of the Lessee in the equipment shall terminate absolutely; and (i) Retain the Equipment and all lease payments made hereunder, or (3) To retain all prior lease payments and sell the Equipment at public or private sale, with or without notice to Lessee. The sale price, less Lessor's actual and reasonable internal costs, will be credited against the remaining unpaid lease payments, unpaid late charges, lease residual, charges for retaking, storage, repairing and reselling the Equipment, reasonable attorney's fees incurred by the Lessor and other amounts due hereunder in such order as the Lessor in its sole discretion shall determine. The Lessee shall remain liable for any deficiency and any surplus remaining after such application of proceeds of sale shall be paid to Lessee or to whosoever may be lawfully entitled to receive the same; or (4) To retain Equipment as full satisfaction of lease agreement. Lessor may pursue any other remedy at law or in equity and No remedy thereby conferred upon or reserved to Lessor is intended to be exclusive of any other remedy herein or by law provided, but shall be cumulative and in addition to every other remedy available to Lessor.

X \_\_\_\_\_  
[SIGNOR NAME], [TITLE]

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**Lease acceptance by Aztec Financial, LLC**

X \_\_\_\_\_  
[Aztec Signor], [TITLE]

**Acceptance of Delivery**

Lessee certifies that all the equipment on the Schedule A has been furnished, that delivery and installation has been fully completed and satisfactory. Further, all conditions and terms of this agreement have been reviewed and acknowledged. Upon your signing below, all promises herein will be irrevocable and unconditional in all respects. Lessee understands and agrees that Lessor shall purchase the equipment from the supplier, and Lessee may contact the above supplier for warranty rights, if any, which we transfer to you for the term of this agreement. Lessee approval as indicated below of Lessor purchase of the equipment from supplier is a condition precedent to effectiveness of this agreement.

X \_\_\_\_\_  
[SIGNOR NAME], [TITLE]

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**This Schedule A is attached to and forms a part of the agreement between the parties.**

Schedule A:

Equipment as listed on attached QUOTE/INVOICE #XXXXX from VENDOR NAME

X \_\_\_\_\_  
[SIGNOR NAME], [TITLE]

**Guaranty**

As additional inducement for Lessor to enter into the foregoing Lease, the undersigned (Guarantor), unconditionally guarantees that the Lessee will timely and fully make all payments and meet all of its obligations as required under the Lease. Guarantor agrees that Lessor may make other arrangements, including compromise or settlement with the Lessee and Guarantor waives all defenses and notices of those changes and will remain responsible for the payment of Lessee's obligations under the Lease as so changed. Lessor is not required to notify Guarantor of any of Lessee defaults. In the event Lessee defaults on the terms of the Lease, Guarantor will immediately pay all sums due in accordance with the default provisions of the Lease and perform all obligations of the Lease thereunder. In the event Lessor proceeds with legal action to enforce this Guaranty, Guarantor expressly consents to the jurisdiction of the courts identified in section 5 of the Lease, and agrees to pay all reasonable costs, including attorney's fees, incurred in connection with the enforcement by Lessor of this guaranty. By signing below, Guarantor authorizes Lessor to obtain credit bureau reports on Guarantor.

X \_\_\_\_\_  
[SIGNOR NAME], [TITLE]  
[ADDRESS]  
[CITY], [STATE] [ZIP]

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## Master Vehicle Lease Agreement (Open End)

This Master Vehicle Lease Agreement (Open End), referred to as the "Master Lease", is entered into between Selig Leasing Co., Inc. ("Lessor") and the undersigned ("Lessee") as of the date indicated in the signature provision listed below. If more than one Lessee executes this Master Lease, each will be jointly and severally liable under this Master Lease.

- 1. LEASE.** Lessor agrees to lease to Lessee certain motor vehicles pursuant to the terms of this Master Lease. Motor vehicles which will be eligible for lease are previously untitled or previously titled automobiles and trucks (collectively referred to as "Leased Vehicles"). The minimum lease term for any Vehicle lease ("Vehicle Lease") hereunder shall not be less than twelve (12) months. The terms and conditions of each Vehicle Lease will be evidenced by a vehicle endorsement in the form attached hereto as Exhibit A or such other form as acceptable to Lessor ("Vehicle Endorsement"). Each Vehicle Endorsement received by Lessee subsequent to the date hereof shall be deemed accepted by Lessee unless written objection is sent to Lessor on or before ten (10) business days after Lessee's receipt of the Vehicle Endorsement. The terms and conditions of this Master Lease apply to each Vehicle Lease, commencing as of the Vehicle Delivery Date of such Vehicle Lease.
- 2. AGREEMENT TERM.** This Master Lease shall commence as of the date indicated in the signature provision listed below, and shall continue until terminated by either party upon thirty (30) days written notice to the other. This Master Lease shall remain in effect with respect to each Leased Vehicle then leased and each Vehicle Endorsement until all terms and conditions of this Master Lease and each Vehicle Lease have been satisfied.
- 3. PAYMENTS.**

  - (a) Monthly Rentals.** Lessee agrees to pay Monthly Rentals for each Leased Vehicle in accordance with the payment and amortization schedule set forth in the applicable Vehicle Endorsement. However, at no time will the Monthly Rentals for each Leased Vehicle be less than \$25.00 per month.
  - (b) Due Dates.** All charges are due and payable on the first of each month. Late payments will be charged in the amount of 5% of the payment past due more than 15 days. If any payment method used is dishonored, a \$25 returned payment fee will be imposed. Lessee agrees to carefully review each invoice for any numerical error. Lessee will advise Lessor promptly of any such error and in such event, Lessor's sole liability and Lessee's exclusive remedy shall be adjustments in Lessee's account. All charges are based upon Lessor's standard operating routines, existing business policy and computer systems capabilities.
- 4. VEHICLE USE.** Lessee agrees that it will lease each Leased Vehicle primarily for business purposes. Lessee agrees to operate and garage the Leased Vehicle in the United States in accordance with all applicable federal, state and local laws governing the use, operation, maintenance of and alteration of motor vehicles. Lessee shall have exclusive possession, control and use of a Leased Vehicle during the term of the Vehicle Lease except that, Lessor may obtain possession of the Leased Vehicle following the termination of the Vehicle Lease, for maintenance or repairs, for any required government inspections, or because of violation of this Master Lease. Lessee agrees not to abandon the Leased Vehicle or subject the Leased Vehicle to forfeiture or seizure by governmental entities. Lessee may not remove the Leased Vehicle from the United States without the Lessor's prior written permission. Lessee agrees that it will not use the Leased Vehicle to transport persons for hire (except with the Lessor's prior written permission) or transport hazardous materials. Lessee agrees that the Leased Vehicle will not be driven by an unauthorized or unlicensed driver; or in any manner which would invalidate the insurance coverage thereon.
- 5. INSURANCE/LIABILITY CLAIM INDEMNIFICATION.** Lessee shall furnish Lessor with policies or certificates of public liability and property damage insurance, in companies acceptable to Lessor, insuring Lessor against liability for: (a) bodily injury to or death of any one person in an amount not less than \$100,000; (b) bodily injury or death in any one accident or occurrence in an amount not less than \$300,000; (c) injury to or destruction of property in an amount not less than \$50,000. Lessor shall be named as additional insured and loss payee on each such insurance policy. Lessee's agreement to indemnify Lessor extends to any and all claims for bodily injury, death, or damage to property in excess of the limits of public liability and property damage insurance furnished pursuant to this Paragraph 5, and said agreement shall not be considered nullified by virtue of Lessor's acquisition or retention of additional public liability and/or property damage insurance in compliance with applicable state laws and regulations. Lessee shall further furnish Lessor with policies or certificates of insurance, in companies acceptable to Lessor, insuring the Leased Vehicle against collision or upset subject to a deductible amount of not more than \$1,000.00 and comprehensive fire and theft insurance subject to a deductible amount of not more than \$1,000.00. Lessor shall be named as additional insured and loss payee on each such insurance policy. Lessee will give at least thirty (30) days advance notice of any cancellation, reduction or material change in coverage.
- 6. RISK OF LOSS.** Lessee agrees to bear all risk of damage, loss, theft or destruction of each Leased Vehicle from any cause. Lessee shall promptly notify Lessor of any loss, theft or accident involving the Leased Vehicle or damage thereto and of any claim, suit or demand arising out of the ownership, maintenance or use of the Leased Vehicle. In the event of partial damage to the Leased Vehicle, Lessee shall accomplish and pay for repairs in accordance with the provisions of this Master Lease. In the event of loss, theft or destruction of the Leased Vehicle beyond repair, there shall be no abatement of rental, unless the applicable Vehicle Lease is terminated in accordance with its provisions.
- 7. MAINTENANCE, REPAIRS AND OPERATING EXPENSES.** Lessee, at his own expense, shall keep and maintain each Leased Vehicle and each part thereof in good working order and condition and shall make all necessary repairs and replacements thereto. Lessee's maintenance and repair obligations shall include having the Leased Vehicle serviced and repaired whenever such services and repairs are required, but not less frequently than recommended in the owner's manual of the Leased Vehicle. All such servicing, repairs, replacements, and operating expenses shall be paid for by the Lessee at his own expense. Title to all replacements shall vest in the Lessor.
- 8. TERMINATION OF VEHICLE LEASES.** Each Vehicle Lease shall have a minimum twelve (12) month term, an initial term as shown on the appropriate Vehicle Endorsement, and successive automatic

monthly renewal terms. Each Vehicle Lease may be terminated after the twelfth month by either party upon thirty (30) days written notice of termination, the return of the Leased Vehicle to Lessor and the payment by Lessee of all amounts for which Lessee is responsible hereunder. Upon the termination of a Vehicle Lease and the return of the Leased Vehicle to Lessor, Lessor shall sell the Leased Vehicle in a commercially reasonable manner as determined by Lessor. Such sale of Leased Vehicle by Lessor may be at wholesale and nothing herein shall obligate Lessor to sell or attempt to sell a Leased Vehicle at retail.

If the net amount received from the sale of a Leased Vehicle exceeds the Current Residual Value or Residual Value at End of Initial Term as applicable, as stated in Section 1 on the applicable Vehicle Endorsement, Lessor shall pay excess to Lessee. If the net amount received from the sale of a Leased Vehicle is less than the Current Residual Value or Residual Value at End of Initial Term, as applicable, the total amount of such deficiency shall be paid promptly by the Lessee to Lessor upon demand. The "net amount" received from the sale of a Leased Vehicle as used in the Vehicle Lease is the sale price of the Leased Vehicle less all direct and sales expenses of Lessor incurred in selling, preparing and holding such Leased Vehicle for sale and less all debts incurred by Lessee which, if not paid, might constitute a lien on a Leased Vehicle or a liability to the Lessor.

- 9. EARLY TERMINATION.** Each Vehicle Lease is intended to have a minimum twelve (12) months term. However, should unforeseen developments arise, Lessee upon Lessor's permission may terminate a Vehicle Lease before the first 12 months provided Lessee is not in default with respect to any of the terms, conditions and covenants herein. In that event, Lessee shall be obligated to pay all payments remaining for the initial twelve months, in addition to other amounts noted herein. Acceptance of early lease termination by Lessor shall not relieve Lessee on any obligations herein except and until the return of a Leased Vehicle to Lessor and payment by Lessee of all amounts for which Lessee is responsible hereunder.

Upon return of a Leased Vehicle to Lessor, Lessor shall sell the Leased Vehicle as described in Paragraph 8 above. If the net amount received is less than the Current Residual Value at the end of Month 12 per the Vehicle Endorsement, the total amount of such deficiency shall be paid promptly.

- 10. WARRANTIES. With respect to all Leased Vehicles, the Lessor is not a party to, nor co-warrantor under any manufacturer's warranty and Lessor hereby expressly disclaims all warranties on Lessor's own behalf with respect to Leased Vehicles including any implied warranties of merchantability or fitness for a particular purpose.**

**11. DEFAULT.**

- (a) The occurrence of one or more of the following events shall constitute default of this Master Lease by Lessee:
1. Nonperformance. Lessee fails to pay when due any of the obligations, or to perform, or to rectify breach of any warranty or other undertaking by Lessee in this Master Lease or any Vehicle Lease or in any evidence of or document relating to the obligations;
  2. Inability to Perform. Lessee or a surety for any of the obligations dies, ceases to exist, becomes insolvent or becomes the subject of bankruptcy or insolvency proceedings;
  3. Misrepresentation. Any warranty or representation made to induce Lessor to enter into this Master Lease or any Vehicle Lease with Lessee is false in any material respect when made;
  4. Other Obligations. Lessee fails to pay when due any of its obligations, or to perform, or to rectify breach of any warranty or other undertaking by the Lessee in any other contract executed between Lessee and Lessor; or

5. Insecurity. Any other event which causes Lessor, in good faith, to deem itself insecure.

- (b) Upon the occurrence of default, this Master Lease shall terminate the option of the Lessee and without any notice or demand. Upon default, Lessor shall be entitled to any and all remedies allowed by law including, but not limited to the immediate right to possession of any Leased Vehicle and the right to take possession of any Leased Vehicle together with all attachments, equipment, accessories, or other personal property therein or attached thereto, wherever such Leased Vehicles may be found (including the premises of Lessee), using all reasonable means to do so and without liability to anyone for damages thereof.

- (c) Upon repossession, Lessor shall dispose of each Leased Vehicle in the same manner as provided in Paragraph 8 above. Lessee shall reimburse Lessor for any and all expenses incurred by Lessor in protecting or enforcing its rights under this Master Lease, including without limitation, reasonable attorneys' fees and legal expenses and all expenses of taking possession, holding, preparing for disposition of a Leased Vehicle. Such expenses shall be deducted from the proceeds from disposition of a Leased Vehicle as elected by Lessor for purposes of determining the amount of any deficiency owed by the Lessee. Nothing herein shall affect the right of Lessor to recover from Lessee any and all damages which Lessor shall have sustained by the reason of the breach of Lessee of any of the covenants, terms or conditions of this Master Lease. The remedies herein provided for the Lessor upon default of Lessee shall not be deemed to be exclusive, but shall be cumulative and in addition to all other remedies existing in law, equity or bankruptcy.

- 12. OPTION TO PURCHASE.** The Lessee may exercise an option to purchase the Leased Vehicle after the first 12 months of the applicable Vehicle Lease by providing 30 days written notice to the Lessor. Lessee may exercise such option by paying Lessor the applicable Current Residual Value as shown on the Vehicle Endorsements. In addition to this amount, Lessee agrees to pay Lessor any sales tax, registration and title fees and any and all other necessary expenses incurred by Lessor in transferring title of the Leased Vehicle to Lessee. Lessee agrees to pay the Lessor a \$150 purchase fee. Upon full payment and fulfillment of all obligations herein by Lessee, Lessor shall execute and complete all necessary requirements to transfer title of the Leased Vehicle to Lessee.

- 13. TAXES.** Lessee shall pay and bear all sales, use, excise, personal property, ad valorem or other taxes and government assessments, fees and charges payable or for which Lessor is made responsible for payment during the term hereof with respect to each Leased Vehicle or the ownership, possession, rental, transportation or delivery thereof except the Lessor shall pay and bear all net income taxes on or measured by rentals payable hereunder.

- 14. TITLE AND GOVERNMENT INSPECTIONS.** Each Leased Vehicle will be titled in the name of Lessor and registered in accordance with the direction of Lessor. Lessor shall accomplish and Lessee shall pay for the titling, registration and for all inspections required by any government authority during the term of this Master Lease.

- 15. INDEMNITY.** Lessee shall indemnify and hold harmless Lessor from and against any damage, loss, theft or destruction of each Leased Vehicle and of the cargo or contents thereof, during the term of any Vehicle Lease, and from and against any and all losses, damages, injuries (including bodily injuries and death), claims, demands, costs, and expense (including legal expenses) of every kind and nature, arising out of or connected with the use, condition or operation of a Leased Vehicle during such term in violation of any law or regulation. The obligations of Lessee under this paragraph shall survive the termination of this Master Lease.

- 16. VEHICLE RETURN AND DAMAGE RESPONSIBILITY.** Upon expiration of the term of each Vehicle Lease, Lessee shall return the

Leased Vehicle to Lessor's place of business or such other place as may be mutually agreed upon. Lessee assumes the entire risk of loss or damage to each Leased Vehicle from any cause whatsoever and the obligation of Lessee to pay the rentals herein provided shall not in any manner be affected and shall remain in full force and effect regardless of any damage, loss or destruction of such Leased Vehicle. Lessor shall in no way be liable for and Lessee shall hold Lessor harmless against any damage, loss, theft or destruction of any Leased Vehicle during the term of the Vehicle Lease.

**17. LIMIT OF LESSOR'S LIABILITY AND DISCLAIMER OF CONSEQUENTIAL DAMAGES.** Lessor shall not be liable for any failure to perform any provision hereof resulting from fire or other casualty, riot, terrorist act, strike or other labor difficulty, governmental regulation or restriction of any cause beyond Lessor's control. In no event shall Lessor be liable for any loss or profits or other consequential damages or any inconvenience resulting from any theft, damage to, loss of, defect in or failure of a Leased Vehicle or the time consumed in recovering, repairing, adjusting, servicing or replacing the same, and there shall be no abatement or apportionment of amounts due hereunder during such time.

**18. REIMBURSEMENT.** If either party shall fail, for any reason, to perform any provision of this Master Lease to be performed by such party, the other may, at its option, and upon performing the same shall be reimbursed upon demand for all sums paid or incurred therefore.

**19. SECURITY DEPOSIT.** Any security deposit paid by Lessee to Lessor pursuant hereto shall be retained by Lessor during the term of the Vehicle Lease as additional security for all of Lessee's obligations thereunder and such amount shall be returned by Lessor to Lessee upon termination of such Vehicle Lease except to the extent that all or a portion thereof is applied by Lessor to any obligation of Lessee hereunder, including, but not limited to, damages incurred by Lessor upon early termination of the Vehicle Lease or default.

**20. OWNERSHIP.** It is expressly agreed that Lessee by virtue of this agreement acquires no ownership, title, property, right, interest, or any option therefore in any Leased Vehicle except as herein provided.

**TRAC CERTIFICATION.** Lessee certifies that more than 50% of the use of any Leased Vehicle will be used for trade or business purposes. Lessee acknowledges that they have been advised that Lessee will not be treated as the owner of the Leased Vehicle for Federal income tax purposes.

Lessee has been advised that Lessee will not be treated as the owner of any Leased Vehicle for Federal income tax purposes.

**21. GENERAL.**

**(a) Entire Agreement; Severability.** This Master Lease along with each Vehicle Endorsement constitutes the entire agreement between the parties and may not be changed except by an instrument in writing signed by both Lessor and the Lessee. In the event any provision hereof shall be determined to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect the other or remaining provisions hereof.

**(b) Governing Law.** This Master Lease shall be governed by the laws of the State of Wisconsin.

**(c) Waiver.** No forbearance or failure to exercise any rights or privileges under this Master Lease or waiver of any breach of any of its terms shall be construed as a waiver of any such terms, rights or privileges, but the same shall continue and remain in full force and effect the same as if no such forbearance or waiver had occurred.

**(d) Assignment.** Neither this Master Lease nor any interest herein may be assigned by Lessee. This Master Lease or its interest or any rent due or to become due may, however, be assigned by Lessor without consent of Lessee, but subject to the rights of Lessee hereunder. In the event this Master Lease is assigned by the Lessor, Lessee will not assert against any subsequent holder as assignee of this Master Lease any claim or defense which Lessee may have against the Lessor.

**(e) Notice.** Any notice given by one party to other under this Master Lease shall be given in writing at the address of the other party set out herein, or at such other address as may have been furnished in writing for such purpose.

This MASTER LEASE is executed as of \_\_\_\_\_.

**LESSOR:** SELIG LEASING CO., INC.  
**BY:** \_\_\_\_\_  
**NAME:** \_\_\_\_\_  
(Please Print)  
**TITLE:** President

**LESSEE:** \_\_\_\_\_  
**BY:** \_\_\_\_\_  
**NAME:** \_\_\_\_\_  
(Please Print)  
**TITLE:** \_\_\_\_\_

**CO-LESSEE:** \_\_\_\_\_  
**BY:** \_\_\_\_\_  
**NAME:** \_\_\_\_\_  
(Please Print)  
**TITLE:** \_\_\_\_\_

# Mike Albert, Ltd

Automobile and Truck Leasing and Rental Nationwide

## COMMERCIAL MOTOR VEHICLE MASTER LEASE AGREEMENT (OPEN-END)

This MASTER VEHICLE LEASE AGREEMENT #201349 (as amended, modified or supplemented from time to time, this "Agreement") made as of January 1, 2020 (the "Effective Date"), between Mike Albert, Ltd, a Delaware statutory trust (the "Lessor"), with offices at 10340 Evendale Drive, Cincinnati, Ohio 45241, and the undersigned (the "Lessee"). If more than one party executes this Agreement as Lessee, each shall be jointly and severally liable hereunder.

### 1. LEASE TERMS

- A. Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor certain motor vehicles for use in its business (together with its equipment, parts, replacements, additions, accessories, repairs and accessions, each, a "Vehicle" and all such motor vehicles subject to this Agreement, the "Vehicles") in accordance with the terms and conditions of this Agreement. Lessor and Lessee expressly understand and agree that this Agreement is a lease only and that Lessee acquires no right, title or interest in or to any Vehicle except as a Lessee. Lessee agrees that it shall, at its expense, protect and defend the title of Lessor in the Vehicles against creditors of or claiming through Lessee. This Agreement is both a true lease and a statutory "finance lease" (as defined in Ohio Revised Code, Title XIII Commercial Transactions, Section 1310.01). If, despite the intention of the parties that this Agreement be a lease, a judicial determination is made that the transactions contemplated hereunder constitute a loan by Lessor to Lessee, then Lessee shall be deemed to have granted (and Lessee hereby grants) Lessor a security interest in the Vehicles and all proceeds, accessions, documents, instruments, accounts, chattel paper, equipment and general intangibles related thereto to secure all obligations of Lessee to Lessor under this Agreement. Lessee hereby authorizes Lessor to file, at the expense of the Lessee, any financing or continuation statements related to the foregoing. Lessee shall place such tags or registration on any Vehicle leased hereunder as Lessor may request which indicates the ownership interest of the Lessor in such Vehicle, and Lessee acknowledges and agrees that Lessor will be listed as owner and/or lienholder on the certificate of title for each Vehicle.
- B. From time to time, Lessee may request that Lessor provide a written proposal in the form attached as Exhibit 1 hereto (a "Vehicle Quotation" or "VQ") with respect to a proposed new Vehicle or group of Vehicles to be leased hereunder. Each VQ shall specify, to the extent applicable, the lease term, programs, financing and servicing procedures and characteristics, year, make and model, equipment, accessories and other details with respect to such Vehicle(s). Each VQ shall also specify a depreciation factor, an estimate of the capitalized cost and lease rate factor for the related lease(s), which will be adjusted to reflect any changes in the cost to Lessor to place the Vehicle in service and interest rates in effect at that time. As used in this Agreement, "Capitalized Cost", "Depreciation Factor" and "Lease Rate Factor" for any Vehicle shall have the meaning set forth on the related Schedule A. Lessee shall order Vehicles for lease by placing a Valid Order with respect to each Vehicle (as defined in Section 10.I. below) (each, a "Vehicle Lease Order" or "VLO") on a Vehicle lease order form in a form approved by Lessor; provided, that such VLO shall become noncancelable as of the date Lessor has placed a noncancelable order with a manufacturer or dealer with respect to such Vehicle; provided further, that if Lessee fails to use an approved lease order form, Lessee is responsible for any and all errors or omissions caused by the failure to use a form approved by Lessor. If Lessee

\_\_\_\_ Lessee Initials

\_\_\_\_ Lessor Initials

cancels a VLO after such VLO becomes noncancelable in accordance with the foregoing sentence, then Lessee shall reimburse Lessor for any loss incurred by Lessor as a result of such cancellation (including all costs and expenses) and shall pay Lessor's then current cancellation fee with respect to such cancellation. Each VLO will incorporate (explicitly or by reference) the information set forth in the related VQ and will also specify the order date, requested delivery date, color choice, driver information and location in which the applicable Vehicle will be garaged. Lessor may, in its sole discretion, elect to accept or reject any VLO or all VLOs. In the event that Lessor elects to reject any VLO delivered by Lessee, Lessor will use reasonable efforts to notify Lessee of such rejection.

- C. Notwithstanding anything in this Agreement to the contrary, Lessor shall not be required to deliver to Lessee any Vehicle related to a VLO accepted by Lessor (and Lessor shall not be in breach of this Agreement for not delivering such Vehicle) unless all of the following conditions shall be satisfied (as determined in the reasonable discretion of Lessor): (1) no material adverse change in the financial condition of Lessee shall have occurred; (2) no suits or proceedings shall have been filed or instituted (or, to the knowledge of Lessee, threatened) against or affecting Lessee which, if adversely determined, would have a material adverse effect on the business or financial condition of Lessee; (3) Lessee shall have provided Lessor with all writings or documentation that Lessor deems necessary or desirable to assist Lessor in evaluating Lessee's creditworthiness or to otherwise accomplish the purpose of this Agreement; (4) no party executing this Agreement as Lessee shall have denied or revoked its obligations hereunder; and (5) no event shall have occurred or be continuing which, with notice or lapse of time or both, would constitute an "event of default" by Lessee under this Agreement or under any other agreement between Lessee and Lessor or its affiliate.
- D. By placing a VLO, Lessee creates an obligation to accept delivery of the Vehicle(s) described therein at the location specified in such VLO, and Lessee hereby agrees to accept the related Vehicle(s) for lease. At the request of Lessee, delivery of a Vehicle may be to a location other than the location specified in the applicable VLO; provided, that Lessee shall pay the additional costs related to delivery to such alternate location. Upon delivery of each Vehicle, Lessor shall provide to Lessee a schedule in the form attached as Exhibit 3 hereto (each, a "Schedule A") identifying the Vehicle, setting forth the monthly rental payments with respect thereto, the in-service date, the Capitalized Cost, the Depreciation Factor, the Lease Rate Factor and other appropriate information related to the lease. Upon delivery of a Vehicle to or at the direction of the Lessee and upon the request of the Lessor, the Lessee (or its designee, including any designated driver) shall execute and deliver a "receipt of delivery" in a form provided by Lessor. (However, Lessor is not required to obtain an executed "receipt of delivery" indicating acceptance of such Vehicle in order to establish delivery and acceptance of a Vehicle). **By accepting delivery of a Vehicle, Lessee acknowledges that such Vehicle is in good repair and satisfactory condition, and that Lessee accepts such Vehicle in the condition received.**
- E. Each VLO and related Schedule A together shall be deemed to be a separate lease agreement with respect to the Vehicle described therein and each VLO and related Schedule A shall be deemed to incorporate by reference the terms of this Agreement and the related VQ. The invalidity, fulfillment, waiver, termination or other disposition of any rights or obligations of either Lessee or Lessor (or both) in connection with any VLO and related Schedule A shall not affect the rights or obligations of Lessee or Lessor arising under any other VLO and related Schedule A except to the extent set forth in Section 7. Any Schedule A delivered by Lessor to Lessee shall be binding upon Lessor and Lessee from the earlier of acceptance of the Vehicle by Lessee or the date the Schedule A was received by Lessee, subject to Lessee's and Lessor's rights to correct any errors therein.
- F. Except as set forth in the next sentence, Lessor is not responsible for any delay in the delivery of any Vehicle to Lessee and Lessee has no right to revoke a VLO or attempt to terminate this Agreement or any Schedule A because of any such delay. Notwithstanding the foregoing, if Lessor is grossly negligent and such negligence causes a material delay in the delivery of any Vehicle to Lessee, then Lessee may revoke the VLO related to such Vehicle (it being agreed that Lessee may not revoke the VLO related to any other Vehicle or terminate this Agreement or any Schedule A because of any such delay). By accepting delivery of a Vehicle, Lessee acknowledges that such Vehicle was delivered to Lessee in accordance with this Agreement. If Lessee has

delivered a VLO but refuses to accept the related Vehicle for delivery, then Lessee shall reimburse Lessor for any loss incurred by Lessor as a result of Lessee's failure to accept delivery of such Vehicle (including all costs and expenses) and shall pay Lessor's then current cancellation fee with respect to such failure to accept delivery.

- G. The lease term for each Vehicle will be specified in the applicable Schedule A. Lessee's minimum noncancelable lease term for each Vehicle (including any damaged Vehicle deemed a total loss or any lost or stolen Vehicle) shall be twelve months. The lease term for each Vehicle will begin on the date such Vehicle is delivered, as determined in accordance with Section 2.C. After the conclusion of the minimum noncancelable lease term and upon not less than 30 days' prior written notice to Lessor, Lessee may terminate the lease term for a Vehicle as of the first day of any month and return the Vehicle to Lessor or purchase the Vehicle from Lessor in accordance with Section 6.
- H. Lessee represents, warrants, and covenants to Lessor on the date hereof and as of the date of each Schedule A that (1) Lessee has full power and authority to execute, deliver and perform as Lessee the terms and provisions of this Agreement in compliance with all applicable laws, judgments and orders binding upon Lessee or its properties, (2) there are no pending or threatened investigations, actions or proceedings before any court or administrative agency which, if adversely determined, would materially affect the rights of the Lessor under this Agreement or with respect to the Vehicles and (3) each Vehicle is, and will be used by Lessee so as to remain, eligible to enable Lessor to take depreciation deductions under Section 167 of the Internal Revenue Code of 1986, as amended, determined in accordance with the provisions of Section 168 of the Internal Revenue Code of 1986, as amended, and Lessee is not taking, and will not take, depreciation deductions for any Vehicle during the lease term for such Vehicle.

## 2. RENTAL CHARGES; PAYMENT TERMS

- A. Lessee agrees to pay to Lessor at its office in Cincinnati, Ohio (or other designated location as provided in writing), the monthly rental for the use and operation of each Vehicle leased hereunder at the monthly rent calculated in accordance with Section 2.B. below, together with all additional charges provided for in this Agreement. **ALL RENT AND ADDITIONAL CHARGES SHALL BE PAID WHEN DUE WITHOUT ABATEMENT, OFFSET OR COUNTERCLAIM ARISING OUT OF ANY CIRCUMSTANCES WHATSOEVER.** Notwithstanding the foregoing, if any Vehicle has a negative or zero Book Value on Lessor's books, then Lessee shall not be required to pay monthly rent for such leased Vehicle and shall instead pay Lessor its then current monthly administrative fee. Payments shall be made in U.S. dollars by Lessor initiated Automated Clearing House ("ACH") direct debit, electronic transfer from a Lessee bank account to an account specified by Lessor or other means expressly permitted by Lessor. Payment credit is subject to final payment by the institution on which the item of payment was drawn. No restrictive endorsements shall be valid or binding. Lessee will provide to Lessor the necessary banking information and authorization needed to conduct such transactions.
- B. The monthly rental payment for a leased Vehicle for each month shall be equal to the *product* of (1) the Lease Rate Factor for such month *multiplied* by (2) the Capitalized Cost for such Vehicle. Lessee acknowledges that the monthly rental payment for a leased Vehicle will be established based on a presumed "after tax" return to Lessor with respect to the lease of such Vehicle. If any changes in federal or state laws or regulations cause Lessor's actual "after tax" return related to the lease of a Vehicle to be less than the expected return, Lessor may prospectively adjust the monthly rental payment for such Vehicle in such manner as Lessor reasonably believes fully compensates it for such change.
- C. If delivery of a Vehicle is deemed to have occurred on any day other than the first day of a month, monthly rental payments will begin on the first day of the next month. In addition to the monthly rental payments, Lessee agrees to pay Lessor a partial month rental charge for the number of days that the Delivery Date precedes the first monthly rental payment date. A portion of each monthly rental payment, that portion being the *product* of (i) the Capitalized Cost *multiplied* by (ii) Depreciation Factor, will be considered as a reserve for depreciation and

will be credited back against the Capitalized Cost of the Vehicle for the purposes of computing Book Value of the Vehicle. Lessee shall be required to pay monthly rent for the month in which such Vehicle was surrendered. For the avoidance of doubt, a Vehicle shall be deemed to be delivered for purposes of calculating rent and the commencement of the lease term hereunder on the earlier to occur of (a) the day on which such Vehicle is delivered to Lessee's driver, employee or agent at the location listed on the VLO (or at a location which may be otherwise mutually agreed upon) or (b) forty-eight (48) hours after the time Lessor or its delivering agent notifies Lessee, its agent or its designee (including the driver designated in the related VLO) that such Vehicle is available for delivery.

- D. Notwithstanding Sections 2.B. and 2.C. above, if any Vehicle shall be incomplete when delivered to Lessor by reason of special modifications to be made at Lessee's request and it shall be necessary for Lessor to advance funds for payment for such incomplete Vehicle prior to delivery to Lessee, Lessee agrees to pay to Lessor, at the time of delivery of the complete unit, the cost of financing such payment from the time of payment until delivery. The method for calculating the cost of such interim financing shall be specified by Lessor separately in writing; provided, that if the Lessor has not specified such method, then the cost of interim financing shall equal, for any calendar month or portion thereof, the *product* of (i) the Capitalized Cost of the Vehicle, (ii) the rate per annum identified as the "prime rate" in The Wall Street Journal as of the first business day of such calendar month plus 1.00% and (iii) the number of days in such calendar month or portion thereof divided by 360.
- E. Payments received more than ten (10) days late shall accrue interest at a rate equal to the lesser of one and one-half percent (1½%) per month and the maximum legally permissible amount on the outstanding balance. It is the intent of Lessor that it not receive any amount in excess of that amount which may be legally paid, and any excess charges will be credited or refunded to Lessee at the Lessee's option.
- F. Lessee agrees to carefully review each invoice or other statement provided by Lessor. If Lessee identifies a billing or other error, Lessee will advise Lessor promptly in writing and in such event, Lessor's sole liability and Lessee's exclusive remedy shall be appropriate adjustment to Lessee's account. No deductions are permitted from invoices without the approval of Lessor.
- G. In the event of a security deposit with respect to a Vehicle leased hereunder, the amount will be shown on the related Schedule A. Such deposit shall be per Vehicle as security for the Lessee's full performance of all the terms and conditions of this Agreement with respect to each Vehicle. Lessor shall have the right to apply the security deposit to Lessee's account if Lessee has not fully performed all of the terms and conditions of this Agreement or any other prior or then existing Agreement between Lessee and Lessor, but in no event in the case of a default shall this be construed as the measure of liquidated damages. Lessor shall not be subject to any restrictions or limitations with respect to its use of any security deposit nor shall Lessor be obligated to pay any interest on any security deposit other than to the extent required by law.
- H. Lessee's responsibility for payment of all charges due under the terms of this Agreement shall continue and there shall be no abatement of such charges during the time a Vehicle is stolen, converted, destroyed, damaged by accident or otherwise, or during the time required for any repair, adjustment or servicing of such Vehicle. Lessee agrees to immediately reimburse Lessor for any and all costs, losses or damages resulting from confiscation of any Vehicle or damages resulting from impoundment, attachment or confiscation of any Vehicle.
- I. The termination of this Agreement either by the expiration thereof or for any other reasons shall not relieve Lessee of its obligation to pay to Lessor any rental or other charges then due or to become due under the terms of this Agreement.
- J. If any Vehicle shall be lost, destroyed or stolen, then (subject to the provisions of Section 1.G. with respect to the minimum noncancelable lease term) Lessee may terminate the lease of such Vehicle prior to the expiration of the related lease term. Lessee shall promptly notify Lessor of such event and shall hold the Vehicle (or wreckage thereof) for disposal by Lessor, and such Vehicle shall be deemed to be surrendered by Lessee to Lessor thirty (30) days after the date of

Lessor's receipt of such notice. Lessor shall dispose of destroyed Vehicles (or the wreckage thereof, as applicable) in accordance with Section 6. In the case of a lost, stolen or destroyed Vehicle for which the Vehicle or wreckage is not surrendered by Lessee, upon notice by Lessee to Lessor the same shall be deemed to have been sold at a price of zero dollars thirty (30) days after the date of Lessor's receipt of such notice. For the avoidance of doubt, the parties agree that Lessee shall be required to make all payments under this Agreement (including, without limitation, monthly rental payments and the payments required pursuant to Section 6) with respect to a lost, destroyed or stolen Vehicle to the same extent that Lessee would be required to make payments under this Agreement with respect to a Vehicle surrendered prior to the end of the related lease term.

- K. Lessee may elect, at its option and with the prior approval of Lessor (which may be granted or withheld in the sole discretion of Lessor), to finance License Costs and/or Sales Tax (each, a "Specified Cost" and collectively, "Specified Costs") for any Vehicle leased under this Agreement. As used in this Agreement:
- i. "License Costs" means, with respect to any leased Vehicle, all fees and costs related to obtaining the initial license plate for such Vehicle, including without limitation all fees, expenses, assessments or charges imposed by any city, county, state or federal government other than sales, personal use or property taxes.
  - ii. "Sales Tax" means, with respect to any leased Vehicle, all sales, personal use or property taxes imposed by any city, county, state or federal government in connection with the acquisition and/or leasing of such Vehicle.
- L. If Lessee has elected to finance Specified Costs for any Vehicle, then Lessee shall identify in writing which Vehicle currently leased under this Agreement will be related to such Specified Costs (such Vehicle, the "Identified Vehicle") in the related VLO or any amendment thereto. Lessee shall pay such Specified Costs in equal monthly installments over the initial Lease Term for the Identified Vehicle and shall pay interest at the rate specified by Lessor on the outstanding amount of Specified Costs financed by Lessor. The foregoing monthly installments and interest on the outstanding Specified Costs shall be due and payable on each monthly rental payment date under this Agreement. Late payments of any installment of Specified Costs or interest thereon shall accrue interest at the rate set forth in Section 2.E.
- M. In the event that any lease under the Agreement is terminated prior to the anticipated lease end date, then Lessee shall immediately pay Lessor (1) all Specified Costs unpaid as of the date of such termination and (2) all accrued and unpaid interest thereon.

### 3. SERVICE

- A. This Agreement is a "net lease". Lessee covenants that it will pay all costs, expenses, fees, charges, fines, penalties and taxes (other than federal, state, or local taxes levied on the net income of Lessor) assessed or incurred at any time in connection with (but not limited to) each Vehicle's titling, registration, emissions testing, governmental inspections, delivery, purchase, sale, rental or modification, or arising from the operation or use of the Vehicle during its lease term (including, without limitation, any costs, expenses, fees, charges, fines, penalties and taxes arising from or related to any violations of any statute, law, ordinance, rule or regulation or arising from or relating to any change in the jurisdiction in which the Vehicle is garaged). If Lessee alleges that it is not liable for any tax, then at the request of Lessor, Lessee shall deliver to Lessor certificates of exemption acceptable to Lessor with respect to such tax issued by the appropriate taxing authority. Lessee agrees to perform and pay for, or cause to be paid for, all Vehicle service and maintenance (it being understood that such service and maintenance may be covered by a manufacturer's warranty). Furthermore, Lessee will comply with the conditions set forth in the manufacturer's written instructions in the owner's manual, warranty instructions, service instructions or maintenance provisions required and/or recommended. All repairs to the Vehicle shall be completed with parts and finishes at least comparable in quality

to the parts and finishes being repaired or replaced, and title to all replacement parts and finishes shall vest in Lessor. Lessee agrees to take at its own expense all actions required by law with respect to the operation, registration or maintenance of each Vehicle, including without limitation, installing any accessories or equipment and performing any emissions tests or other inspections with respect to any Vehicle leased hereunder. If Lessor pays any of the foregoing amounts under this paragraph (including any operating or maintenance expenses paid by Lessor in order to obtain the release of a Vehicle from any lien or claim), Lessee shall promptly reimburse Lessor and pay Lessor's then current administrative charge. It is understood that the Vehicles leased hereunder will be enrolled in Lessor's Auto Tag Program unless Lessee otherwise stipulates to be enrolled in the Lessor's Registration Compliance Program (enrollment into one is required). The Auto Tag Program entails the following: Lessor will (excluding Vehicles in Puerto Rico) (a) file all necessary documentation and forward all applicable fees, directly to the state/province, for the annual renewal of vehicle registrations, including city and county stickers where applicable; and (b) invoice Lessee monthly for all Fees and Costs accrued pursuant to Section 3 of this Agreement. Prior to renewal, in order to facilitate these processes, Lessor may request items necessary to complete the processes, which Lessee shall promptly supply. Any such items may include, but are not limited to, vehicle identification number, safety and emissions inspections, mileage readings, proof of insurance and tax receipts. Lessor will use normal business efforts to render the services called for hereunder in a manner reasonably satisfactory to Lessee and Lessor shall not be liable or held accountable for mistakes of fact or law or for any loss or damage to Lessee arising or resulting there from or otherwise from its acts or omissions, except for gross negligence or willful misconduct and Lessor shall not be responsible for incomplete licensing transactions that result from the lack of items which are not promptly supplied by Lessee. The Registration Compliance Program entails the following: Lessor will provide Lessee with a Power of Attorney (POA) for the Vehicles in order for Lessee to obtain registration and/or license plate renewal. Lessee will provide Lessor with a copy of current registration for the Vehicles to ensure Lessor has accurate renewal dates so Lessor can provide Lessee POA documents in a timely fashion for renewal processing. The monthly pricing for the Auto Tag and Registration Compliance Programs can be found on the Fee Schedule to be provided upon request. Said pricing amounts are subject to Lessor's change provided thirty (30) days' notice is given to Lessee. The distinction between the Auto Tag Program or the Registration Compliance Program will be evidenced on each Vehicle's VQ/VLO.

- B. Lessee agrees to keep or cause to be kept, and agrees to make available at Lessor's place of business upon three (3) business days' notice by Lessor any and all necessary records relating to the use of the Vehicle and/or pertaining to aforesaid fees, taxes, assessments and charges.
- C. Equipment not included on the VQ and/or VLO and all Lessee requested equipment shall be installed at Lessee's expense and with Lessor's and Lessee's prior approval (which, in the case of Lessor, shall not be unreasonably withheld).
- D. Federal law (and, in certain cases, State law) requires that Lessee as lessee disclose, and Lessee shall disclose, the mileage of each Vehicle to Lessor in connection with the transfer of ownership of each Vehicle. Failure to complete an odometer disclosure statement or making a false statement may result in fines and/or imprisonment. Lessee hereby agrees to sign such disclosure statements as may be required by Lessor to properly evidence the mileage on the odometer of each returned Vehicle, and Lessee hereby authorizes its drivers, agents and employees to sign said disclosure statement on Lessee's behalf. Lessee (including its drivers, agents and employees) shall not tamper with or permit the tampering, repair, replacement or adjustment of the odometer of any Vehicle to reflect an odometer reading different than the mileage the Vehicle has actually been driven, and Lessee agrees to indemnify and hold harmless Lessor from and against any and all actions, claims, suits, damages, costs and expenses, including reasonable attorneys' fees, caused by or arising from a violation by Lessee, its drivers, agents or employees, or any one directed by them, of the odometer tampering or disclosure laws of any city, county, state, country, jurisdiction, including without limitation the United States Federal Law, Title IV- Odometer Requirements of Public Law 92-513, as amended from time to time. Should any Vehicle's odometer require service (including replacement), Lessee shall notify Lessor in writing before having such service performed.

#### 4. USE OF VEHICLE

- A. Lessee represents and warrants that each Vehicle leased to it pursuant to the terms of this Agreement will be used by such Lessee primarily for commercial use in the United States, Canada and Puerto Rico. Notwithstanding the foregoing, a Vehicle (1) may not be used in Canada or Puerto Rico unless (i) this Agreement would be a contract enforceable in the United States with respect to the lease of any such Vehicle used in Canada or Puerto Rico, respectively, and (ii) such use is permitted by (and covered by) the insurance required to be maintained under Sections 5.A. and 5.B., and (2) may be used for incidental use in Mexico so long as (i) such use is permitted by (and covered by) the insurance required to be maintained under Sections 5.A. and 5.B., (ii) such Vehicle would not be garaged in Mexico and (iii) no titling or registration of such Vehicle under any Mexican law would be required as a result of such use. For the avoidance of doubt, it is understood that all amounts to be paid by Lessee under this Agreement shall be paid in U.S. dollars in the United States.
- B. Use of any Vehicle leased hereunder is restricted to Lessee's drivers, agents and employees and their designees in primary pursuit of Lessee's business. Minors are not permitted to operate any Vehicle leased hereunder. No driver of any Vehicle shall have authority to act for or on behalf of Lessor, or be deemed to be the agent or employee of Lessor, except to the extent (and only for the limited purposes) explicitly authorized in writing by Lessor. Lessee shall not allow any person to operate any Vehicle leased herein unless such person holds a valid driver's license permitting said person to legally operate such Vehicle.
- C. Each Vehicle shall be used only for lawful purposes and shall be operated in accordance with applicable federal, state and local law governing Vehicle use, operation, maintenance or alteration. Lessee shall not use any Vehicle negligently or in any way that is prohibited by any insurance policy covering such Vehicle and shall not permit any Vehicle to become subject to any lien, charge, encumbrance or forfeiture. Lessee shall immediately notify Lessor if any Vehicle becomes subject to any lien, charge, encumbrance or forfeiture in violation of the foregoing, or if any Vehicle becomes subject to or involved in any judicial process.
- D. Lessee shall not, without prior approval of Lessor (which shall not be unreasonably withheld) place advertising signs, lettering, insignia, or other devices in or upon any Vehicle, paint any Vehicle or change, modify or remove the equipment of any Vehicle.
- E. In the event of unauthorized use of any Vehicle, Lessee assumes sole responsibility and shall indemnify and hold Lessor harmless from any and all expenses, claims, liability and costs of every nature associated with such use (except for expenses, claims, liabilities or costs caused by the gross negligence or willful misconduct of the Lessor).
- F. Lessee shall immediately notify Lessor in writing of any change of place of permanent garaging of any Vehicle. Unless Lessee advises Lessor otherwise in writing, the place of initial permanent garaging of each Vehicle shall be the address of Lessee's driver noted on the VLO relating to such Vehicle.
- G. Vehicles leased hereunder may not be used for any illegal purpose. **No Vehicle leased hereunder may be used for transporting hazardous substances or for hire for transporting persons unless explicitly authorized in writing by Lessor.** Any damage of any nature arising from the use of a Vehicle shall be the sole expense of Lessee, regardless whether Lessor permitted such use. Lessor authorizes Vehicles leased hereunder to be used for towing so long as such Vehicles are equipped with appropriate towing equipment to safely and legally handle items to be towed and that installation and use of such towing equipment will not void the manufacturer's warranty.
- H. Lessee will install tracking technology in all vehicles leased hereunder and will provide Lessor full access and credentials to any and all selected technology vendors' on-line web-site. Lessee will take all reasonable measures to ensure Lessor's access to the technology and agrees that any interruption of access lasting for more than forty eight (48) hours will be deemed an event

of default hereunder.

**5. INSURANCE AND INDEMNIFICATION**

- A. During the term of this Agreement and in connection with the use and operation of any Vehicle leased hereunder, Lessee at its sole cost and expense shall provide and maintain standard automobile liability insurance, which complies with applicable law and which coverage shall be primary and which shall not include any self-insured retention or deductible in excess of \$3,000.00, protecting Lessor against any and all liability, with minimum limits equal to the greater of (1) the minimum limits required by law; and (2) \$500,000.00 per person per occurrence with respect to bodily injury, \$500,000.00 for all persons per occurrence with respect to bodily injury and \$100,000.00 for damage to property per occurrence. Additionally, if any Vehicle leased hereunder is used to carry passengers and seats ten (10) or more passengers then Lessee is required to have a \$1,000,000.00 auto liability and a \$4,000,000.00 excess liability/umbrella policy.
- B. During the term of this Agreement and in connection with the use and operation of any Vehicle leased hereunder, Lessee at its sole cost and expense shall provide full collision and comprehensive automobile physical damage insurance on each leased Vehicle which complies with applicable law with deductibles in amounts satisfactory to Lessor, covering loss from fire, theft, windstorm and other comprehensive hazards as well as collision protection. Notwithstanding Section 5.A. above, Lessor reserves the right to adjust coverage requirements prior to delivery of the Vehicle.
- C. Other Requirements.
  - i. For the avoidance of doubt, it is understood that the insurance described in Sections 5.A. and 5.B. shall cover a Vehicle from the time of delivery to Lessee as determined in accordance with Section 2.C. until title to such Vehicle transfers from Lessor to the purchaser of such Vehicle in accordance with Section 6. Lessee must provide Lessor with acceptable evidence of insurance for such coverages as referred to above concurrently with the placement of a VLO and prior to delivery of any Vehicle, which evidence of insurance shall name Lessor as an additional insured and loss payee. In support of the forgoing, Lessee hereby irrevocably grants to Lessor Lessee's limited power of attorney to make claims for, receive payments of and execute and endorse all documents, checks or drafts received in payment for loss or damage under any insurance policy required by Sections 5.A. and 5.B. Any notice of cancellation, expiration or material change in said insurance coverage to be provided hereunder shall be given to Lessor in writing at least thirty (30) days in advance of such event. All insurance policies must provide that no action, inaction or misrepresentation by Lessee or anyone other than Lessor shall affect Lessor's right to recovery thereunder. At the request of Lessor, Lessee shall deliver a full and complete copy of all insurance policies maintained in accordance with this Section 5. Lessor shall be under no duty to examine such policies or any other evidence of insurance nor to advise Lessee if the insurance coverage fails to comply with the requirements of Section 5 of this Agreement.
  - ii. Lessee shall cooperate fully with Lessor or any insurer providing insurance hereunder in the investigation, prosecution or defense of all accidents, claims, and suits arising out of or in connection with the use or operation of any Vehicle. Without limiting the foregoing, Lessee shall promptly notify Lessor of any such investigation, prosecution or defense and shall forward to Lessor a copy of every demand, notice, summons or other process or correspondence received in connection therewith.
  - iii. As between Lessee and Lessor, Lessee shall bear all risk of loss, damage or destruction to each Vehicle leased hereunder (which may exceed the actual cash

value of such Vehicle) and all liability, costs, claims or expenses (including any expenses of Lessor in connection with making claims under any insurance policy) arising in connection with such Vehicle, however caused, including without limitation, collision, fire, theft, flood, confiscation, destruction or conversion, abandonment or unauthorized sale or concealment by agents or employees of Lessee, or any other cause or combination of causes which may occur, from the time of delivery to Lessee as determined in accordance with Section 2.C. until title to such Vehicle transfers from Lessor to the purchaser of such Vehicle in accordance with Section 6. The existence of liability insurance or collision or comprehensive insurance obtained by Lessee as required by this Section 5 shall not limit Lessee's liability to Lessor hereunder (it being understood that Lessor shall not be entitled to receive any double recovery hereunder).

- iv. Lessee shall immediately notify Lessor by telephone of any accident or incident potentially giving rise to any damage or liability claim involving any Vehicle and confirm such notice in writing within three (3) business days of the accident or incident. Further, in connection with any accident or incident potentially giving rise to any damage or liability claim involving any Vehicle, Lessee (1) shall permit Lessor to inspect such Vehicle, (2) shall notify Lessor and the appropriate insurance carrier(s) of all claims and demands in connection therewith, (3) shall cause its drivers, agents and employees to cooperate fully with Lessor and any insurance carrier(s) in the investigation, defense and prosecution of any claims or suits arising from the operation or use of such Vehicle and (4) shall forward to Lessor a copy of every demand, notice, summons or other process or communication received in connection with such claim.

- D. If Lessee fails to provide and maintain insurance coverages as required by this Section 5, or fails to furnish Lessor with required evidence of such insurance coverage, Lessee shall be in default of this Agreement. Lessor may, at its option, immediately terminate Lessee's rights under this Agreement or obtain such required insurance on behalf of Lessee and Lessee agrees to reimburse Lessor for the premium for any such acquired insurance. It is understood that any insurance acquired by Lessor may not name Lessee as an insured or loss payee and may be more expensive than insurance that Lessee could obtain independently.

E. Indemnification

- i. Lessee agrees to indemnify, defend and hold harmless Lessor, its affiliates, agents, successors and assigns from all costs, losses, claims, expenses, damages, suits, or liabilities, including reasonable attorneys' fees and expenses relating to the enforcement of Lessor's rights under this Agreement, of whatever kind and nature, unless prohibited by applicable law, arising out of or in connection with the breach by Lessee of this Agreement, an event of default under this Agreement or the use (whether authorized or unauthorized), misuse, condition, repair, storage, return or operation (including, but not limited to, latent and other defects, whether or not discovered by Lessee) of any Vehicle (collectively, "Indemnified Losses"), except to the extent attributable to the gross negligence or willful misconduct of Lessor.
- ii. Lessor shall not be liable for the loss of or damage to any property or goods left in or upon any Vehicle. Lessee agrees to indemnify Lessor for any damages or liability resulting from Lessee's property or goods or any property or goods in Lessee's care or custody while said goods are in or upon such Vehicle, which property or goods are not included in the related VLO and/or Schedule A.
- iii. The indemnity set forth in this paragraph E is absolute and unconditional and includes Indemnified Losses arising from, without limitation, negligence, strict liability, breach of contract (including claims by Lessor against Lessee), vicarious liability, defects in manufacture or maintenance and breach of warranty, but does not extend to claims or liability arising from the gross negligence or willful misconduct of

Lessor, and shall continue in full force and effect regardless of where, how or by whom any Vehicle is operated, and notwithstanding any insurance coverage or other indemnity obtained by or in favor of Lessee or Lessor. **This indemnity shall survive the termination of this Agreement.**

- F. LESSOR SHALL NOT BE LIABLE TO LESSEE, ITS EMPLOYEES, AGENTS OR TO ANY PERSON, FIRM OR CORPORATION, FOR BUSINESS LOSS OR ANY LOSS OR INTERRUPTION OF OR DAMAGE TO BUSINESS OR PROFITS, OR FOR OTHER DAMAGES OF ANY KIND OR NATURE WHATSOEVER, INCLUDING (WITHOUT LIMITATION) ANY LOSS OR DAMAGE CAUSED BY REASON OF THE THEFT, CONVERSION, DESTRUCTION, LOSS, REPAIRS, ADJUSTMENTS, SERVICING, REPLACEMENT, OR ANY INTERRUPTION IN THE SERVICE OR AVAILABILITY FOR ANY REASON OF ANY VEHICLE, WHETHER ORIGINAL OR SUBSTITUTED, PROVIDED UNDER THIS AGREEMENT.

## 6. RETURN OF VEHICLE; DISPOSITION OF VEHICLES

- A. The Lessee agrees that upon expiration, cancellation or termination of the lease with respect to any Vehicle or upon the election of Lessee to return the Vehicle at any time after the end of the minimum noncancelable lease term calculated pursuant to Section 1.G., Lessee shall provide written notice to Lessor that Lessee desires to purchase such Vehicle or to surrender such Vehicle to or at the direction of Lessor. Lessor is not required to notify Lessee that the lease term for any Vehicle is about to expire. However, Lessor shall have the right to demand the return of the Vehicle so specified on the lease end date and at any time thereafter. Lessee agrees to comply with such demand. Notwithstanding anything in this Agreement to the contrary, Lessee shall be required to purchase or surrender any Vehicle that has a positive Book Value (as defined in Exhibit A) on Lessor's books at the end of the lease term set forth in the Schedule A for such Vehicle. The terms and conditions of this Agreement shall continue in full force and effect and shall be binding upon the Lessee until the fulfillment by Lessee of all of its obligations under this Agreement.
- B. Lessee's obligations under this Agreement will continue until such Vehicle is sold to Lessee or to a third party and all amounts due Lessor under this Agreement with respect to such Vehicle have been paid; provided, that upon surrender of such Vehicle to or at the direction of Lessor in accordance with Section 6.C., if the Book Value of the Vehicle at the time of surrender is positive, then Lessee shall pay the related holding fee in lieu of monthly rental for such Vehicle. The holding fee for any Vehicle will be an amount equal to the *product* of (i) the Book Value of the Vehicle at the end of the month in which such Vehicle is surrendered, (ii) the Holding Fee Factor and (iii) the applicable Day Count *divided by* 30. The "Holding Fee Factor" for a Vehicle will be an amount equal to the related Lease Rate Factor *minus* the related Depreciation Factor. The "Day Count" for a Vehicle will be (1) the lesser of thirty (30) days and the number of days from and including the date the Vehicle is surrendered to Lessor to but excluding the date the Vehicle is sold by Lessor *minus* (2) the number of days from and including the date the Vehicle is surrendered to Lessor to and including the last day of the calendar month in which such Vehicle is surrendered.
- C. Upon receipt of notice from Lessee that Lessee desires to surrender any Vehicle or demand by Lessor for the return of any Vehicle in accordance with the terms of this Agreement, Lessee shall cooperate with Lessor to arrange for a time and location of surrender. If Lessee and Lessor are unable to agree to a location for surrender, then Lessee shall surrender the Vehicle at the location where such Vehicle was initially delivered to Lessee. Lessee shall surrender each Vehicle to Lessor or its designee in safe operating condition together with a completed vehicle condition report in the form supplied by Lessor and all license plates, registration certificates, documents of title, odometer certifications in accordance with Section 3.D. and any other documentation necessary or useful to consummate the sale or other disposition of the Vehicle. Lessee shall be required to remove any personal property prior to surrender of the Vehicle, it being understood that any personal property remaining in any Vehicle after surrender shall be deemed abandoned and may be sold, retained, donated or discarded by Lessor without liability (including without any accounting of or credit to Lessee for the value of

such property). Lessee will pay any and all reasonable and necessary expenses incurred by Lessor as a result of a breach of this paragraph.

- D. If Lessee surrenders a Vehicle to Lessor prior to the end of a Step Period (as set forth on Schedule A for such Vehicle), then Lessee shall pay an interest adjustment to Lessor in an amount equal to the difference between the interest component of monthly rent accrued and the interest component of monthly rent paid by Lessee.
- E. So long as no event of default shall have occurred and be continuing, at the expiration of the lease with respect to any Vehicle and prior to surrendering such Vehicle to Lessor, Lessee shall have the right to purchase such Vehicle from Lessor for a price equal to the then fair market value of the Vehicle on an "as-is, where-is" basis, without recourse or warranty. To exercise such right with respect to any Vehicle, Lessee must give Lessor irrevocable written notice not less than thirty (30) days prior to the surrender date for such Vehicle. If Lessee elects to not purchase any Vehicle, then Lessee may solicit cash bids from prospective purchasers for such Vehicle on an "as-is, where-is" basis, without recourse or warranty. At the written direction of Lessee, Lessor shall sell such Vehicle to the prospective purchaser identified by Lessee; provided, that Lessor shall not be required to (but may at its option) sell such Vehicle to the purchaser identified by Lessee if the cash bid for such Vehicle is less than the lesser of (1) fair market value of such Vehicle (as reasonably determined by Lessor) and (2) the Book Value of such Vehicle. If Lessor does not sell Vehicles to a prospective purchaser identified by Lessee or to Lessee, then Lessor shall sell Vehicles surrendered by Lessee in a commercially reasonable manner on an "as-is, where is" basis, without recourse or warranty, for cash payable in full upon delivery. Without limiting the foregoing, Lessor shall have the right to sell Vehicles to any dealer, broker or other party (including affiliates of Lessor), through auction or otherwise. Lessor shall not be required to make any representation or warranty to Lessee or any third-party purchaser as to the condition of such sold Vehicle or as to any other matters in connection with such sale, except for the absence of liens attributable to Lessor.
- F. Promptly after the sale of any Vehicle by Lessor in accordance with this Section 6, Lessee shall (1) promptly pay Lessor the amount, if any, due to Lessor as calculated pursuant to Exhibit A and (2) otherwise comply with the provisions of Exhibit A; provided, that, if Lessee is in default of its Obligations under this Agreement, then Lessee shall pay Lessor the amount calculated in accordance with paragraph v of Section 7.C.

## 7. DEFAULT OF LESSEE

- A. The following shall constitute "events of default" under this Agreement: (1) Lessee shall be in default of the payments required to be made by Lessee hereunder and such default continues unremedied for a period of five (5) business days after written notice of such failure is delivered by Lessor to Lessee, or Lessee shall breach any other material representation, warranty, covenant, term or condition of this Agreement or any other agreement between Lessee and Lessor or any of its affiliates to be kept or performed by Lessee, (2) Lessee shall file a petition in bankruptcy or shall make an assignment for the benefit of creditors, (3) proceedings in bankruptcy shall be instituted against Lessee, (4) Lessee shall be adjudicated a bankrupt or if a receiver shall be appointed for Lessee's property or business, (5) Lessee shall permit or suffer any material distress, attachment, levy or execution against any or all of its property or on any Vehicle, (6) Lessee ceases doing business or transfers a major part in value of its assets, (7) any financial or credit-related information provided to Lessor or any of its affiliates by or on behalf of Lessee was materially incorrect or misleading when provided to Lessor or such affiliate, and (8) an event shall have occurred which, in the reasonable judgment of Lessor, is likely to result in a material adverse change in the business, assets, operations or financial condition of Lessee.
- B. If Lessee abandons, attempts to return or returns any Vehicle prior to the end of the minimum noncancelable lease term other than in connection with a damaged Vehicle deemed a total loss or a lost or stolen Vehicle, Lessor may declare Lessee in default with respect to any Vehicle so abandoned or returned in which event Lessee shall pay Lessor all amounts due with respect to

such Vehicle and the lease terms related thereto. The remedy set forth in this paragraph shall not limit Lessor from pursuing any further remedies it might have as more clearly defined in Section 7.C.

C. Remedies for Default by Lessee.

- i. In the event of a default by Lessee as to one or more Vehicles leased under this Agreement or under any other master lease agreement between Lessee and Lessor, Lessor has the option to retain possession, repossess or terminate this Agreement as to all leased Vehicles as collateral security for the payment of all amounts due and owing Lessor. Lessee authorizes Lessor to apply to the payment of any sums due Lessor hereunder as rent or otherwise, any sum of money belonging to Lessee, which may come into Lessor's possession.
- ii. Lessee agrees that Lessor shall have the right, at its option, to set-off and apply any amounts due Lessor against any of Lessee's funds held by Lessor and to charge any such amounts (including any net proceeds from the sale of any Vehicle) to other Vehicles leased pursuant to this Agreement. If an event of default by Lessee as to one or more Vehicles leased under this Agreement or under any other master lease agreement between Lessee and Lessor has occurred and if Lessor deems it necessary for its protection, Lessor may repossess all Vehicles wherever found or retain possession of Vehicles in possession of Lessor (and Lessee hereby authorizes Lessor and its agents to conduct such repossession, including by entering any premises where any Vehicle may be and removing such Vehicle therefrom). Repossession shall not terminate Lessee's obligations under the terms of this Agreement and shall be without prejudice to all other remedies available to Lessor for collection of all sums due from Lessee. Lessee shall pay all costs associated with repossession.
- iii. Upon an event of default by Lessee, Lessor may (a) declare all sums owing hereunder and/or all monthly rental payments immediately due and payable as liquidated damages and not as penalty, (b) terminate this Agreement by notice in writing to Lessee, and (c) proceed by any appropriate legal or equitable action to enforce performance by Lessee of this Agreement, and to make collection of all of said rentals and amounts of money due, and to recover damages, together with costs of such proceedings (including reasonable attorneys' fees and expenses). Upon termination of this Agreement, all rights (but not all obligations) of Lessee to Vehicles and under this Agreement shall cease.
- iv. Following an event of default, Lessor may, but shall not be obligated to, sell the Vehicle at public or private sale for cash or credit.
- v. Following an event of default, Lessee shall pay Lessor an amount with respect to each Vehicle equal to the *excess* of (a) the total unpaid monthly rental which would have accrued for the balance of the minimum noncancelable lease term, if any, for such Vehicle *plus* the related Book Value of such Vehicle, *over* (b) the net proceeds of any sale of such Vehicle in accordance with paragraph iv of this Section 7.C. (it being understood that Lessee shall not acquire ownership of such Vehicle by payment of such amount). If the net proceeds from the sale of any Vehicle exceed the amount calculated pursuant to clause (a) of the preceding sentence, then Lessor may apply such excess to any amount owing by Lessee with respect to any Vehicle or otherwise under this Agreement. For the avoidance of doubt, Lessee shall not be relieved of any liability for rental, loss on disposition of any Vehicle or other payments due hereunder, and Lessor is entitled to retain as liquidated damages and not as a penalty any gain on the disposition of any Vehicle.
- vi. The remedies provided to Lessor under this Section 7.C. and the other provisions of this Agreement shall not be deemed to be exclusive, but shall be cumulative and shall be in addition to all other remedies in Lessor's favor existing in law, in equity or in bankruptcy. No failure on the part of Lessor to exercise, and no delay on the part of

Lessor in exercising, any right or remedy hereunder shall operate as a waiver thereof.

## 8. DISCLAIMER OF WARRANTY

- A. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED BY THIS AGREEMENT, LESSOR MAKES NO EXPRESS OR IMPLIED WARRANTY AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE CONDITION OF EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, AND LESSEE SPECIFICALLY WAIVES ALL RIGHTS TO MAKE CLAIMS AGAINST LESSOR WITH RESPECT TO ANY OF THE FOREGOING. NO DEFECT OR UNFITNESS OF THE EQUIPMENT SHALL RELIEVE LESSEE OF ITS OBLIGATION FOR PAYMENT AND OTHER CHARGES TO LESSOR PROVIDED FOR HEREIN OR OF ANY OTHER OBLIGATION UNDER THIS AGREEMENT. ANY WARRANTY COVERAGE PROVIDED TO LESSOR FROM THE MANUFACTURER(S) OF THE VEHICLE LEASED UNDER THIS AGREEMENT SHALL BE PASSED THROUGH TO THE LESSEE FOR THE TERM OF THE LEASE TO THE EXTENT PERMITTED BY MANUFACTURER. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, LESSOR SHALL NOT BE LIABLE TO LESSEE, ITS CUSTOMERS OR THIRD PARTIES FOR ANY DEFECTS, EITHER LATENT OR PATENT, IN ANY VEHICLE, OR FOR ANY DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY KIND OR NATURE DIRECTLY OR INDIRECTLY ARISING OUT OF THIS LEASE OR ANY VEHICLE, OR FOR ANY DAMAGES BASED ON STRICT OR ABSOLUTE LIABILITY IN TORT OR NEGLIGENCE, OR FOR LOSS OF ANY VEHICLE, OR FOR ANY INTERRUPTION IN LESSEE'S BUSINESS BY ITS INABILITY TO USE ANY VEHICLE FOR ANY REASON WHATSOEVER. LESSOR MAKES NO REPRESENTATION AS TO THE TREATMENT BY LESSEE OF THIS LEASE FOR FINANCIAL STATEMENT OR TAX PURPOSES. LESSEE IS LEASING ALL VEHICLES FROM LESSOR ON AN "AS IS" BASIS. IN NO EVENT SHALL LESSOR BE LIABLE FOR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHATSOEVER OR HOWSOEVER CAUSED.
- B. It is understood and agreed by the parties hereto that no automobile dealer, employee or agent of any dealer or employee or agent of Lessor has authority to make any representation or warranty to Lessee on Lessor's behalf regarding the performance, merchantability or serviceability of any Vehicle, or to make any estimates regarding the salvage value of any Vehicle, or any modification or amendment to any term of this Agreement other than in accordance with Section 10.B.

## 9. ASSIGNMENT

- A. Lessee shall not assign, transfer, encumber or convey any interest in this Agreement or any interest in any Vehicle leased hereunder without the prior written consent of Lessor (which consent will not be unreasonably withheld). Any such consent shall not relieve the Lessee of its obligations and liabilities hereunder without the express written consent of the Lessor (which consent shall be in the sole discretion of the Lessor). In no event may Lessee sublet any interest in this Agreement or any interest in any Vehicle leased hereunder. Any purported assignment, transfer, encumbrance or conveyance without Lessor's prior written consent shall be void. Any person (i) into which Lessee may be merged or consolidated, (ii) resulting from any merger or consolidation to which Lessee shall be a party, (iii) that acquires by conveyance, transfer or lease substantially all of the assets of Lessee or (iv) succeeding to the business of Lessee, must (x) execute an agreement of assumption to perform every obligation of Lessee under this Agreement and (y) provide financial information reasonably requested by Lessor, in each case within ten (10) business days of such event.
- B. Subject to Section 9.C. below, Lessor may assign, and Lessee hereby consents to such assignment of, all or any portion of the Vehicle(s) and/or any rights of the Lessor under this Agreement, including (without limitation) all or any rentals due or to become due hereunder. Lessor may also grant a security interest in any Vehicle leased hereunder or any of Lessor's rights under this Agreement. No assignment or execution of a security interest by Lessor shall alter Lessee's primary responsibilities with respect to the Lease or relieve Lessee from any liability hereunder. Lessee agrees that any such security interest and the lien thereof

heretofore and hereafter placed by Lessor shall be superior to this Agreement and that Lessee will not assert against any assignee or secured party any claim, defense or set-off it may have against Lessor. Lessor also shall have the right to transfer ownership of Vehicles now or hereafter covered by this Agreement. Lessee shall recognize any such assignment. Lessor may designate other entities (each, a "Lessor Designee") to lease Vehicles to Lessee on the terms set forth in this Agreement and the Addenda. Each Lessor Designee will have the same rights as Lessor under this Agreement, and either Lessor or the Lessor Designee may directly enforce such rights against Lessee. For any rights with respect to any Vehicle leased to Lessee by a Lessor Designee, references in this Agreement to Lessor will be deemed to be references to the Lessor Designee. Lessee agrees that Lessor or any Lessor Designee may appoint one or more agents to act on its behalf and that such agents have the power and right to administer and enforce this Agreement. If Lessor causes the certificate of title or other evidence of ownership of any Vehicle to be issued in the name of any other entity as owner, Lessor shall be deemed to have designated the titled owner as the Lessor Designee with respect to such Vehicle. Lessee agrees to cooperate with Lessor to comply with the requirements of any applicable law in connection with the titling, registration and plating of any Vehicle following any assignment of this Agreement by Lessor or any transfer of ownership by Lessor in any Vehicle to a third party.

- C. This Agreement shall be binding on the respective parties, their successors, legal representatives and assigns. So long as Lessee is in compliance with the terms of the lease, Lessee will be entitled to continue quiet enjoyment of Vehicles leased under this Agreement in the event that a third party assumes title to the Vehicles or any other rights of Lessor hereunder.

## 10. GENERAL

- A. This Agreement (including all related amendments, modifications and supplements) constitutes the entire Agreement between the parties with respect to any Vehicle subject to a VLO with respect to an open-end lease placed by Lessee on or after the Effective Date. For the avoidance of doubt, no Vehicle ordered by Lessee for lease or leased by Lessee from Lessor prior to the Effective Date shall be subject to the terms and conditions of this Agreement unless Lessee and Lessor explicitly agree in writing that this Agreement shall apply to such Vehicles, and in no event will a Vehicle ordered by Lessee for lease or leased by Lessee with respect to a closed-end lease be subject to the terms and conditions of this Agreement.
- B. Any amendment, modification or supplement to this Agreement (other than any Schedule A) must be in writing signed by Lessor and Lessee. Delivery of an executed counterpart of a signature page to any amendment, modification or supplement to this Agreement (including without limitation, any VLO or VQ) by facsimile or electronic delivery shall be as effective as delivery of a manually executed counterpart of such amendment, modification or supplement. Each Schedule A shall be effective as a supplement to this Agreement upon delivery of such Schedule A to the Lessee in accordance with Section 1.D. above. Notwithstanding the foregoing, any amendment, modification or supplement to this Agreement generated by Lessor that revises specific terms and conditions applicable only to an identified Vehicle and related lease (or an identified group of Vehicles and related leases) shall be effective as a modification to this Agreement with respect to such identified Vehicle(s) and related lease(s) upon delivery to Lessor of such amendment, modification or supplement executed by Lessee.
- C. The titles of the various paragraphs in this Agreement are intended to facilitate reference to the Agreement only and shall not be employed in construction of any provision of this Agreement. The terms contained in this Agreement are applicable to the singular and plural forms of such terms and to the masculine, feminine and neuter genders of such terms.
- D. Neither the failure of Lessor to insist upon the performance of any term or condition of this Agreement or to exercise any right or privilege conferred by this Agreement nor the waiver by Lessor of any such term or condition shall be construed as thereafter waiving any such term, condition, right or privilege. No waiver of any provision of this Agreement shall be valid unless

the same is in writing and signed by Lessor. No waiver of any provision of this Agreement at such time will be deemed a waiver of such provision at any other time.

- E. **This Agreement shall be interpreted and applied in accordance with the substantive law of the State of Ohio without giving effect to its conflicts of laws rules. Lessee and Lessor agree that this Agreement is an agreement deemed made in Ohio. Lessee and Lessor hereby submit to the non-exclusive jurisdiction of the district court of the United States for the Southern District of Ohio and of any other court of applicable jurisdiction located in Cincinnati, Ohio. To the extent permitted by law, both parties to this Agreement hereby waive any and all right to any trial by jury in any action or proceedings directly or indirectly hereunder, and whether arising in law or equity.**
- F. Any default notice to be given by either party herein to the other shall be in writing and shall be deemed given when deposited in the United States mail, postage prepaid and sent by either Certified or Registered Mail, to the other party at its address as the same appears herein or at an address of which such other party may have notified the first party in writing. Notices not relating to the default by a party to this Agreement may be given by either party herein to the other via facsimile, electronic mail or any other mutually agreeable form of communication, provided that such notice shall be deemed to not have been delivered until the sending party receives verbal or written confirmation from the other party that such notice has been received.
- G. The creditworthiness of Lessee and any guarantor is a material condition to this Agreement. Lessee shall provide Lessor with financial information reasonably requested by and satisfactory to Lessor during the term of this Agreement. Nothing herein shall be construed to require Lessor to accept any VLO.
- H. Should any part, term or provision of the contract be by the courts decided illegal or in conflict with any applicable law, the validity of the remaining portions or provisions shall not be affected thereby.
- I. A "Valid Order", as used in this Agreement, will mean each of the following:
  - i. An order in writing for a Vehicle signed by a Permitted Signer in the form attached as Exhibit 2 hereto (or in any other form acceptable to Lessor in its sole discretion).
  - ii. An order submitted electronically through Lessor's "Customer Access System" or similar internet application.
  - iii. An order sent by a Permitted Signer to Lessor via electronic mail which includes the information specified in Exhibit 2 hereto.
- J. A "Permitted Signer", as used in this Agreement, will mean each of the following:
  - i. Any officer or director of Lessee or an Authorized Affiliate.
  - ii. Any person identified on a list provided by Lessee or an Authorized Affiliate to Lessor, as such list may be revised from time to time.
  - iii. If Lessor has not received a list of persons authorized to be "Permitted Signers" from the Lessee or an Authorized Affiliate, then any person whom the Lessor reasonably believes is authorized to act on behalf of Lessee or an Authorized Affiliate.
- K. An "Authorized Affiliate", as used in this Agreement, will mean any corporation, limited liability company, partnership, trust or other person designated by Lessee in writing to Lessor

as an "Authorized Affiliate" of Lessee or otherwise designated as a person to whom Lessee has granted authority to submit a VLO in connection with this Agreement, as reasonably determined by Lessor.

IN WITNESS WHEREOF, the parties hereto have caused this Commercial Motor Vehicle Lease Agreement to be executed as of the dates indicated on the following signatory page.

[Remainder of Page Intentionally Left Blank]

**Lessee:**     **Sample 2020, Inc.**

**Lessor:**     **Mike Albert, Ltd**

**By:**            -----

**By:**            -----

**Name:**        -----

**Name:**        -----

**Title:**         -----

**Title:**         -----

**Date:**         -----

**Date:**         -----

**Address of Lessee:**     1234 Main St., Anywhere, OH 45241

EXHIBIT A

COMMERCIAL MOTOR VEHICLE MASTER LEASE AGREEMENT (OPEN-END)  
ADJUSTMENT FOR TRAC AMOUNT

- A. If the Adjusted Net Proceeds for any Vehicle or group of Vehicles, as applicable, sold in accordance with Section 6 is less than the related TRAC Amount, Lessee will promptly pay the Rental Adjustment Amount to Lessor. If the Adjusted Net Proceeds for any Vehicle or group of Vehicles, as applicable, sold in accordance with Section 6 is greater than the related TRAC Amount and if Lessee is not in default of its obligations under the Agreement, then, Lessor shall promptly credit or remit, at its option, to Lessee the Excess Net Proceeds. Any such payment by either Lessee or Lessor shall be deemed to be a "Terminal Rental Adjustment" with respect to such Vehicle as contemplated by Section 7701(h) of the Internal Revenue Code of 1986, as amended from time to time, or any successor law (the "Code").
- B. As required by Section 7701(h) of the Code, Lessee shall deliver to Lessor a certification, substantially in the form set forth below, made by an officer of Lessee:

FORM OF TRAC

CERTIFICATION BY THE LESSEE

This Certification is provided by the undersigned (the "Lessee") in connection with that certain Commercial Motor Vehicle Master Lease Agreement (Open-End) 107728, dated as of June 15, 2016 (as amended, modified or supplemented from time to time, the "Master Lease") with Mike Albert, Ltd. (the "Lessor"). The Lessee and the Lessor intend and agree that the Master Lease constitutes a "Qualified Motor Vehicle Operating Agreement" within the meaning of Section 7701(h) of the Internal Revenue Code of 1986, as amended from time to time, or any successor law (the "Code"), and this Certification is required to be provided pursuant to that Section of the Code.

The Lessee hereby certifies, under penalty of perjury, that it intends that more than fifty (50) percent of the use of the Vehicles (as such term is defined in the Master Lease) are to be in the trade or business of the Lessee. The Lessee acknowledges that it has been advised that it will not be treated as the owner of the Vehicles for Federal income tax purposes.

- C. The terms Adjusted Net Proceeds, Book Value, Excess Net Proceeds, Guaranteed Residual Amount, Rental Adjustment Amount, TRAC Amount, TRAC Deficiency and Total Depreciation Reserve will have the following meanings, respectively:

"Adjusted Net Proceeds" means, with respect to any Vehicle or group of Vehicles, the *excess of* (a) the proceeds received by Lessor from the sale of such Vehicle(s) pursuant to Section 6 of the Master Lease over (b) fees, costs, expenses, transfer taxes and other charges incurred or assessed by Lessor in connection with the sale of such Vehicle(s).

"Book Value" means, for each Vehicle, an amount equal to the excess of (1) the Capitalized Cost of such Vehicle over (2) the Total Depreciation Reserve for such Vehicle.

"Excess Net Proceeds" means, with respect to any Vehicle or group of Vehicles, the *excess of* (a) the Adjusted Net Proceeds of such Vehicle or group of Vehicles over (b) the TRAC Amount with respect to such Vehicles or group of Vehicles.

"Guaranteed Residual Amount" means, for any Vehicle or group of Vehicles, 20% of the aggregate Capitalized Cost of such Vehicle or group of Vehicles at the end of the minimum noncancelable lease term and thereafter, 20% of the Book Value of such Vehicle or group of Vehicles, as calculated by Lessor in accordance with its customary practices.

\_\_\_\_ Lessee Initials

\_\_\_\_ Lessor Initials



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00107729



2016-06-15



TRACLG-III

"Rental Adjustment Amount" means, with respect to any Vehicle or group of Vehicles, an amount equal to the related TRAC Deficiency; provided, however, that if the Adjusted Net Proceeds of such Vehicle or group of Vehicles is less than the related Guaranteed Residual Amount, then the Rental Adjustment Amount will equal the lesser of (a) the TRAC Deficiency and (b) the sum of (i) the excess of the TRAC Amount over the Guaranteed Residual Amount and (ii) the loss in value of such Vehicle or group of Vehicles caused by damage, extraordinary wear and tear or excessive or unauthorized use by Lessee.

"TRAC Amount" means, with respect to any Vehicle or group of Vehicles, the aggregate Book Value for such Vehicle(s), as calculated by Lessor in accordance with its customary practices.

"TRAC Deficiency" means, with respect to any Vehicle or group of Vehicles, the *excess of* (a) the TRAC Amount with respect to such Vehicle or group of Vehicles over (b) the Adjusted Net Proceeds of such Vehicle or group of Vehicles.

"Total Depreciation Reserve" means, for each Vehicle, an amount equal to the product of (1) the number of months such Vehicle has been in service (including the month in which such Vehicle is surrendered), (2) the Capitalized Cost of such Vehicle and (3) the Depreciation Factor for such Vehicle.

FORM OF TRAC  
CERTIFICATION BY THE LESSEE

This Certification is provided by the undersigned (the "Lessee") in connection with that certain Commercial Motor Vehicle Master Lease Agreement (Open-End) 107728, dated as of June 15, 2016 (as amended, modified or supplemented from time to time, the "Master Lease") with Mike Albert, Ltd. (the "Lessor"). The Lessee and the Lessor intend and agree that the Master Lease constitutes a "Qualified Motor Vehicle Operating Agreement" within the meaning of Section 7701(h) of the Internal Revenue Code of 1986, as amended from time to time, or any successor law (the "Code"), and this Certification is required to be provided pursuant to that Section of the Code.

The Lessee hereby certifies, under penalty of perjury, that it intends that more than fifty (50) percent of the use of the Vehicles (as such term is defined in the Master Lease) are to be in the trade or business of the Lessee. The Lessee acknowledges that it has been advised that it will not be treated as the owner of the Vehicles for Federal income tax purposes.

Lessee: Sample Company, Inc.  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT O**

**RELEASE OF CLAIM/RENEWAL ADDENDUM**

**THESE FORMS ARE SUBJECT TO CHANGE OVER TIME**

For and in consideration of the agreements and covenants described below, PuroSystems, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) enter into this Release of Claims (“Agreement”).

**RECITALS**

A. Franchisor and Franchisee entered into a PuroSystems, LLC Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_.

B. [NOTE: Describe the circumstances relating to the release.]

C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, Franchisor and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

**AGREEMENTS**

1. **Consideration.** [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. **Release of Claims by Franchisor.** In consideration of, and only upon full payment of \$ \_\_\_\_\_ to Franchisor, and the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisor, for itself and for each of its affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of its past and present directors, officers, employees, attorneys, agents, assigns and representatives does hereby release and forever discharge Franchisee and each of his heirs, executors, successors, and assigns of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney’s fees), complaints, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, related to the Franchise Agreement. This release does not release Franchisee from any obligations he may have under this Agreement.

5. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for himself and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns, does hereby release and forever discharge Franchisor and each of its respective affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of their past and present directors, officers, employees, attorneys, agents, assigns and representatives in their capacities as such, of

and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, related to the Franchise Agreement.

6. **Reservation of Claims Against Non-Settling Parties.** Franchisor and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

7. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

8. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

9. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the laws of the state of \_\_\_\_\_.

10. **Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

Dated: \_\_\_\_\_, 201\_\_

PUROSYSTEMS, LLC

By \_\_\_\_\_

Its \_\_\_\_\_

Dated: \_\_\_\_\_, 201\_\_

FRANCHISEE: \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

## RENEWAL ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (this “Addendum”) is entered into on this \_\_\_ day of \_\_\_\_\_, 20\_\_ between PuroSystems, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”).

### BACKGROUND:

A. Franchisor and Franchisee are party to a Franchise Agreement dated [\_\_\_\_\_] (the “Prior Franchise Agreement”) pursuant to which Franchisee agreed, among other things, to operate a PUROCLEAN Franchise under Franchisor’s brand (“Franchised Business”).

B. Franchisor and Franchisee entered into a Franchise Agreement of even date herewith (the “Franchise Agreement”), pursuant to which, among other things, the Prior Franchise Agreement is hereby terminated and replaced with the terms and conditions of the Franchise Agreement. Capitalized terms used in this Addendum but not defined in this Addendum shall have the meanings given to such terms in the Franchise Agreement.

C. Because of Franchisee’s preexisting relationship with Franchisor, Franchisor has agreed to make certain modifications to the Franchise Agreement as set forth below.

### AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree as follows:

1. No Initial Franchise Fee. Rather than pay an Initial Franchise Fee, Franchisee will pay the renewal fee due under the Franchise Agreement.

2. Termination of Prior Franchise Agreement; Release.

(a) The parties hereby agree that the Prior Franchise Agreement is hereby terminated with no further force and effect, except that Franchisee agrees to comply with the indemnification obligations set forth in the Prior Franchise Agreement, which shall expressly survive as well as Franchisee agrees to remain responsible for any unpaid amounts still due under the Prior Franchise Agreement.

(b) Except as noted in this Section 2(b), Franchisee, for itself, its heirs, successors, assigns, affiliates, directors, officers, shareholders, and employees and any other party claiming an interest through them (collectively and individually referred to as the “Franchisee Parties”), hereby release and forever discharge Franchisor, its successors and assigns, affiliates, directors, officers and shareholders, (collectively and individually referred to as the “Franchisor Parties”) from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which you may now or in the future own or hold, that in any way relate to the Prior Franchise Agreement (collectively, “Claims”), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or

other laws, statutes, rules or regulations, and any alleged violations of the Prior Franchise Agreement or any other related agreement between the Franchisee Parties and the Franchisor Parties up through the date of this Addendum. Notwithstanding the above, this release of Claims is not a release of any claims related to the Franchise Agreement signed of even date herewith and the renewal franchise that is subject to said Franchise Agreement.

(c) The release of Claims set forth in Section 3(b) is intended by the to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the one of the Franchisee Parties This release of Claims is and shall be and remain a full, complete and unconditional general release.

(d) Franchisee, for itself and its Franchisee Parties, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties' relationship. Franchisee acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

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

4. No Other Modifications. Except as expressly modified by this Addendum, the Franchise Agreement remains in full force and effect and is enforceable according to its terms and conditions.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the dates written below.

PUROSYSTEMS, LLC

FRANCHISEE:

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

\_\_\_\_\_

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

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

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

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

**EXHIBIT P**  
**STATE EFFECTIVE DATES**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<u>STATE</u>	<u>EFFECTIVE DATE</u>
CALIFORNIA	[PENDING]
HAWAII	[PENDING]
ILLINOIS	[PENDING]
INDIANA	[PENDING]
MARYLAND	[PENDING]
MICHIGAN	[PENDING]
MINNESOTA	[PENDING]
NEW YORK	[PENDING]
NORTH DAKOTA	[PENDING]
RHODE ISLAND	[PENDING]
SOUTH DAKOTA	[PENDING]
VIRGINIA	[PENDING]
WASHINGTON	[PENDING]
WISCONSIN	[PENDING]

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

**EXHIBIT Q**  
**RECEIPT**

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If PuroSystems, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship.

Iowa and Michigan require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If PuroSystems, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit B.

The franchisor is PuroSystems, LLC, located at 6001 Hiatus Road, Suite 13, Tamarac, FL 33321. Its telephone number is (800) 775-7876.

Issuance Date: April 20, 2023

The name, principal business address and telephone number of each franchise seller offering the franchise: \_\_\_\_\_

\_\_\_\_\_

PuroSystems, LLC authorizes the respective state agencies identified on Exhibit B to receive service of process for it in the particular state.

I received a Disclosure Document dated April 20, 2023, that included the following Exhibits: (A) List of Franchisees; (B) List of State Agencies and Administrators; (C) Audited Financial Statements; (D) Table of Contents for Manuals; (E) Franchise Agreement; (F) State Addenda; (G) Franchisee Compliance Certification; (H) Affirmation; (I) Telephone Number Release Agreement; (J) Telephone Service Agreement; (K) DASH User Agreement; (L) XactAnalysis License Agreement; (M) Xactware Solutions, Inc. License Agreement; (N) Sample Vehicle and Equipment and Supplies Lease Agreements; (O) Sample Release; (P) State Effective Dates; and (Q) Receipts.

Date: \_\_\_\_\_  
Signed: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_  
Phone ( ) \_\_\_\_\_

Date: \_\_\_\_\_  
Signed: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_  
Phone ( ) \_\_\_\_\_

Copy for Franchisee

**EXHIBIT Q**  
**RECEIPT**

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If PuroSystems, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship.

Iowa and Michigan require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If PuroSystems, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit B.

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\_\_\_\_\_

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Date: \_\_\_\_\_  
Signed: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_  
Phone ( ) \_\_\_\_\_

Date: \_\_\_\_\_  
Signed: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_  
Phone ( ) \_\_\_\_\_

Copy for PuroSystems, LLC