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FRANCHISE DISCLOSURE DOCUMENT

Restoration Specialties Franchise Group, LLC
(A Michigan Limited Liability Company)
12001 Levan Road
Livonia, Michigan 48150
1-888-355-0001
info@artrecoverytech com, www art-us com

Art Recovery Technologies

The franchise offered is for the operation of an ART® business (the "Business") The Business offers for sale services and related products for the recovery, repair and restoration of artwork and collectables, including paintings, frames, works on paper, photographs, sculptures, murals, mosaics, decorative arts, and other similar collectables for both residential and commercial consumers using state-of-the-art fire and disaster recovery technologies ("Restoration Services")

The total investment necessary to begin operation of an ART Franchised Business is from $121,000-$215,500 This includes a range of $61,500-$93,500 that must be paid to the Franchisor or an affiliate The total investment necessary to begin operation of an ART Franchised Business through an ERS Conversion is from $57,600-$97,000 This includes a range of $31,300-$44,500 that must be paid to the Franchisor or an affiliate

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

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

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 Michelle Justavino at the above telephone number or Michelle Justavino@rsfg-us com

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

Issuance Date April 1, 2018

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed in Exhibit A for information about the franchisor, about other franchisors, or about franchising in your state

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE THE BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN THE CITY OF OUR NATIONAL HEADQUARTERS (CURRENTLY, LIVONIA, MICHIGAN) OUT-OF-STATE LITIGATION MAY FORCE YOU ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN MICHIGAN THAN IN YOUR HOME STATE

2 THE FRANCHISE AGREEMENT REQUIRES THAT MICHIGAN LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 YOU MUST ATTAIN OR EXCEED THE MINIMUM PERFORMANCE STANDARDS FOR THE BUSINESS FAILURE TO MEET THE MINIMUM PERFORMANCE STANDARDS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AGREEMENT

4 YOU, AS AN OWNER OF THE FRANCHISE, MAY BE REQUIRED TO EXECUTE A PERSONAL GUARANTY, PLACING THE PERSONAL ASSETS AND MARITAL ASSETS OF THE FRANCHISEE(S) AT RISK

5 THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU

6 BEGINNING AFTER YOUR FIRST YEAR IN OPERATION, YOU MUST MAKE MINIMUM MONTHLY ROYALTY PAYMENTS, REGARDLESS OF YOUR SALES LEVELS YOUR INABILITY TO MAKE THESE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT

7 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective Date See the next page for state effective dates

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration California, 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

California	PENDING
Florida	PENDING
Illinois	PENDING
Indiana	PENDING
Maryland	PENDING
Michigan	PENDING
Minnesota	PENDING
New York	PENDING
North Dakota	PENDING
Rhode Island	PENDING
South Dakota	PENDING
Utah	PENDING
Virginia	PENDING
Washington	PENDING
Wisconsin	PENDING

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

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Exhibits

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "we," "us" or "RSFG" means Restoration Specialties Franchise Group, LLC, the franchisor "You" means the person or entity that invests in the franchise If the franchisee is a corporation, partnership or other entity, "you" also may mean its owners Certain provisions of the Franchise Agreement will apply to the owners of the entity and will be noted in this Disclosure Document

The Franchise

Art Recovery Technology Businesses (referred to as "ART" or "ART Business") use state-of-the-art fire and disaster recovery technologies for the cleaning, repair and restoration of artwork and collectables, including paintings, frames, works on paper, photographs, sculptures, murals, mosaics, decorative arts, and other similar collectables ("Artwork and Collectables") for both residential and commercial consumers (this process is referred to as "ART Restoration") After you complete our application and qualification process, if we, in our sole business judgment, accept you as a franchisee, you will develop and operate an ART Business using the Trademarks (as defined in Item 13) and following the System, including distinctive and proprietary services and products, suppliers, sales and business techniques, operational guidelines, initial and ongoing training programs, and procedures in accordance with our specified standards and procedures You will enter into a Franchise Agreement (attached as Exhibit C) for your ART Business

The skillset of your restoration specialist employee(s) will determine what services you are approved to provide, which may include cleaning, repair, restoration, and/or conservation (collectively referred to as "Service Level(s)") Should you encounter Artwork and Collectables that require services beyond your approved service level, or that carry an art insurance rider, you must contact us for approval prior to performing services on those items We may approve you to service the Artwork and Collectables with or without assistance, or we may require you to refer the items to a location that has the appropriate service level approval for servicing that item Considerations for approval include items such as training, education, certifications, years of experience, and other similar criteria We also may require that you complete additional training for more complex items Considerations for approval to additional service levels will be available in our Manuals and may be periodically updated

The Franchisor and any Parents, Predecessor and Affiliates

We are a Michigan limited liability company formed in March 2012, which since January 2015 has been owned by the LEO GUSFA IRREVOCABLE TRUST F/B/O LIVIANA CAPATINA dated March 28, 2014, LEO GUSFA IRREVOCABLE TRUST F/B/O CHRISTIAN CAPATINA dated March 28, 2014 and LEO GUSFA IRREVOCABLE TRUST F/B/O ALEXANDREA CAPATINA dated March 28, 2014

We do business under our corporate name and the names "ART" or "Art Recovery Technologies" Our principal business address is 12001 Levan Road, Livonia, Michigan 48150, 1-800-227-0796, www art-us com

Our agents for service of process are listed in Exhibit A to this Disclosure Document

In July 2016 we began granting franchises to qualified persons for the right to open and operate an ART Business As of December 31, 2017, we have 48 Franchisees We are in the business of administering franchise systems

Since April 2012 we also have offered franchises for the Electronic Restoration Services businesses (referred to as "ERS") ERS is a franchise system dedicated to performing recovery, and restoration of electronic equipment and data for both residential and commercial consumers As of December 31, 2017, ERS has 68 Franchisees During 2016 and 2017, four of these franchisees also participated in a test program for Art Restoration business described above in this Item 1, all four of these franchisees have discontinued the test program and opened an ART Franchised Business Under the test program, the franchisees offered art restoration and recovery services as part of their ERS Business

We offer qualifying ERS franchisees the opportunity to acquire an ART Franchise ("ERS Conversion") in which case they will sign an ART Franchise Agreement and an ERS Conversion Addendum (which is included as part of Exhibit C) As part of the ERS Conversion, the ERS franchisee continues to operate its ERS franchise under its ERS franchise agreement Where applicable in this Disclosure Document, we have included specific disclosures that apply to an ERS Conversion Otherwise, the information in this Disclosure Document applies to any qualifying ERS franchisee that is offered an ERS Conversion opportunity

We have no parent company or predecessors As of the date of this Disclosure Document, we do not operate any businesses of the type being franchised nor do we operate businesses in any other line of business or offer franchises in any other line of business other than the ERS and ART franchises (although we reserve the right to do so in the future), We have three (3) Affiliated Companies Each of these three (3) Affiliates may provide certain goods or services to ART Franchisees A description of the business operations of these three (3) Affiliates is outlined below Our affiliates do not conduct business in any other line of business As of the date of this Disclosure Document none of our affiliates offer franchises in any line of business, but may do so in the future

- Art Recovery Technology, Inc ("ART Inc ") ART Inc is a Michigan corporation formed and began operating a business similar to the one offered by this Disclosure Document in May 2001, located at 11847 Levan Road, Livonia, Michigan 48150 ART Inc also has operated other affiliate locations as noted in Item 20 In addition, ART, Inc , will provide a variety of goods and services to our franchisees, including higher service levels, until the franchisee is qualified to perform such services It formerly had satellite offices in Columbus, Ohio, Cleveland, Ohio Grand Rapids, MI, and Indianapolis, Indiana

- Electronic Restoration Services, Inc ("ERSI"), a Michigan corporation, was formed on November 17, 1993 ERSI's principal place of business is 12001 Levan Road, Livonia MI 48150 ERSI performs recovery, and restoration of electronic equipment and data for both residential and commercial consumers As explained in Item 13, ERSI owns the Trademarks and has licensed them to us for use

  ERSI also operates a second division, which does business as Document Restoration Services ("DFD") DFD commenced operations in September 2009 DFD's principal place of business is 11847 Levan Road, Livonia, Michigan 48150 DFD provides restoration and recovery services of documents damaged by flood, fire, and other perils including the restoration and recovery of medical records, x-ray film, electronic media, books, files and other types of documents ("Document Restoration") As of the date of this Disclosure Document, DFD does not offer franchises in any line of business, although it reserves the right to do so in the future

- ERS Depot, LLC, a Michigan Limited Liability Company was formed on April 9, 2012 ERS Depot's principal place of business is the same as ours ERS Depot will provide a variety of goods and services to our franchisees including chemicals, print materials and vehicle logos

The Market and Competition

You will compete with other businesses offering Art Restoration services, including independent businesses, art restoration and recovery franchises, and other similar businesses You may also encounter competition from other ART franchises, and other businesses that we or our affiliates own or control

You will primarily market to insurance restoration contractors, restoration dry cleaners, insurance claims offices, insurance adjusters, and independent adjusters The market competition may vary from one geographic area to another but generally is considered well-developed as insurance companies increasingly focus on restoration options

The sales are not seasonal

Regulations, Licenses and Permits

The Business will be subject to various federal, state and local government regulations regulating business as generally You must comply with all laws that apply to businesses, including laws regulating the disposal of waste, chemicals, and professional cleaning products, as well as minimum wage laws There may be other laws that apply to the Business and you should investigate these laws It is your sole responsibility to obtain, and keep in force all necessary licenses and permits required by public authorities

ITEM 2

BUSINESS EXPERIENCE

Chris Ring President

Mr Ring has served as our President since January 2018 Since March 2016 he has been a Franchise Owner of Square Home Services dba 360 Painting, LLC , located in Ann Arbor Michigan From June 2015 to March 2016 he was Executive Vice President of Mr Handyman International, LLC , located in Ann Arbor, Michigan Prior to this he was the President of ProTect Painters International, LLC , also located in Ann Arbor, Michigan from December 2012 to March 2016

Leo Gusfa Chief Executive Officer and Chief Electrical Engineer, Manager and Trustee

Mr Gusfa has been Chief Executive Officer and Chief Electrical Engineer (CEO & CEE) since February 2018 Prior to this, he was Vice President and Electrical Engineer from March 2012 to February 2018 He is also a Manager of RSFG and trustee of the LEO GUSFA IRREVOCABLE TRUST F/B/O LIVIANA CAPATINA dated March 28, 2014, LEO GUSFA IRREVOCABLE

TRUST F/B/O CHRISTIAN CAPATINA dated March 28, 2014 and LEO GUSFA IRREVOCABLE TRUST F/B/O ALEXANDREA CAPATINA dated March 28, 2014

Mr Gusfa is also CEO & CEE for ERS Depot, Inc , (Livonia, MI) from February 2018 to the present, after formerly serving as their President from April 2012 to February 2018 Mr Gusfa is also CEO & CEE for ERSI in Livonia, Michigan and Art Recovery Technologies, Inc , both in Livonia, Michigan, from February 2018 to present He also and formerly served both companies as Vice President and Electrical Engineer from March 2006 to February 2018 Mr Gusfa formerly was Vice President of ERS/GR in Grand Rapids, Michigan (May 2000 to May 2013), and ERS/Cleveland in Brunswick, Ohio (March 2006 to January 2015)

Mary Fisher-Smith – Director of Conservation and Restoration

Ms Fisher-Smith has served as Director of Conservation and Restoration since April 2016 She also serves as the General Manager for ART, Inc in Livonia, Michigan, from October 2006 through the present

Mark Shippe Vice President of Sales

Mr Shippe joined us in February 2015 as Vice President of Sales Prior to this he was Associate Vice President of Sales at CRDN (Certified Restoration Dry Cleaning Network), located in Berkley, MI from February 2014-February 2015 Before that, he was Vice President of Operations at 1-800-DryClean / bizzie in Berkley, MI from July 2012-April 2014

Steve Lajiness Vice President of Franchise Development

Mr Lajiness has served as our Vice President of Franchise Development since February 2016, he also served in that same position from March 2012 to November 2014 Steve was Vice President of Franchise Development with Service Brands International, located in Ann Arbor, Michigan from December 2014 through July 2015 From August 2015 until January 2016, Steve was Director of Franchise Development with Martinizing Dry Cleaning, located in Berkley, Michigan Steve and his wife are former franchisees of Del Taco in Toledo, Ohio, which they operated from February 2010 until December of 2016

Michelle Justavino Director of Franchise Administration

Ms Justavino has served as Director of Franchise Administration since March 2012

Marc Liljegren Director of Training and Integration

Mr Liljegren has served as Director of Training and Integration since December 2013, prior to this, and from March 2012 to September 2013, he served in the position of Applications Engineer From September 2013 to December 2013 Mr Liljegren served as Business Systems Analyst – Senior Consultant, for Ciber Inc , contracted to Ford Motor Company in Dearborn/Livonia, Michigan

Neil Lamoureux Operations Specialist

Mr Lamoureux joined us in May 2014 as Operations Specialist He assists in Franchise sales, and also conducts our JumpStart program Prior to this he was Front Desk Manager for Boyne USA in Petoskey Michigan from July 2012 to March 2014

ITEM 3

LITIGATION

Franchisor initiated action for non-payment of fees due to Franchisor Restoration Specialties Franchise Group, LLC, v Electronic Restoration Contractors, Inc , and Marsha Ann Ring and Michael J Ring, Case No 2 16-cv-14424, filed on January 30, 2017 in the U S District Court in the Eastern District of Michigan Southern Divisions

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item

ITEM 5

INITIAL FEES

Initial Franchise Fee

Except as noted below, you must pay to us an Initial Franchise Fee when you sign the Franchise Agreement of $0 016 per population in the Territory The range is from $16,000 - $48,000 (or 1,000,000 in population to 3,000,000 in population)

In addition, and except as noted below, when you sign a Franchise Agreement you also must pay $45,500 for the Turn-Key Business Package, which is fulfilled by ERS Depot The Turn-Key Business Package contains various products and equipment necessary for you to commence business operations, including (i) equipment necessary to perform Restoration Services, (ii) computer equipment and software, (iii) initial inventory, (iv) office equipment and supplies, (v) vehicle decals, (vi) tools and equipment, (v) marketing supplies, and (vi) uniforms The fee for the Turn-Key Business Package is non-refundable We may allow substitutions if you are an existing business, already have the required products and/or equipment, and those items meet our then current quality and standards

We are currently offering a discount for any existing ERS Franchisees to purchase an ART Franchise for $0 0048 per population (referred to in this document as an "ERS Conversion") They will also purchase a reduced Turn-Key Business Package which ranges from $19,300 and $32,500, which has been lowered in consideration of equipment that they would have previously purchased for the ERS Franchise, which can be utilized for both Franchises Certain equipment is more cost effective when purchased used Should you find and purchase a glass cutter and/or heat press that meets our specifications, the price would be $19,300 If you elect to purchase new, then the price would be $32,500

We participate in the Veterans Transition Franchise Initiative (commonly referred to as "VetFran") which seeks to provide opportunities for veterans who want to be in business If you are a veteran of the U S Armed Forces who has been honorably discharged, you may be eligible to receive a $2,000 discount off the Initial Franchise Fee for the first Franchise awarded to you

You may apply for an additional Franchise, and if we approve your request, you may be awarded an additional franchise Currently the Initial Franchise Fee for additional Franchises awarded to you is $0 012 per population The requirement that you purchase a second Turn-Key Business Package is waived if you operate the second franchise under the same name, and from the same facility, as the first Franchise Agreement We reserve the right to reduce the Initial Franchise Fee for rural, secondary markets, or for conversions of existing businesses that offer similar services

In our most recent fiscal year, Franchisees paid Initial Franchise Fees ranging from $ $10,025 59 to $53,482 71 The low end was for an existing ERS Franchisee who purchased an ART Franchised Business, and the high-end was for a new Franchisee who purchased an oversized territory

In our most recent fiscal year, Franchisees paid Turn-Key Business Package Fees ranging from $15,733 to $45,500 The low end was for an existing ERS Franchisee who purchased an ART Franchised Business and already had computer equipment, and the high-end was for a new Franchisee

As described further in Item 10, we may finance the Initial Franchise Fee and Turn-Key Business Package Fee Under our financing arrangement, the Initial Franchise Fee and Turn-Key Business Package Fee are paid in two installments The first installment of $10,000 is due and payable when you sign the Franchise Agreement If you choose to pay the Initial Franchise Fee and Turn-Key Business Package Fee in two installments, you will sign a Promissory Note (in the form attached as Appendix D to the Franchise Agreement) for the remaining balance which will be due at the earlier of (i) four months following the date of the Promissory Note or (ii) one week prior to your attending our Initial Training Program No interest will be assessed provided the balance is paid within 30 days of the date of the Promissory Note If the balance is not paid within this timeframe, interest will be accessed at an annual percentage rate of 9 9% We will not order or ship the Turn-Key Business Package until payment has been made in full

Except for any amounts financed as noted above and in Item 10, all fees disclosed in this Item 5 are earned by us upon receipt and are non-refundable

ITEM 6

OTHER FEES

Type of Fee (Note 1)	Amount	Due Date (Note 2)	Remarks
Royalty Fee	7% of Gross Sales (Note 3) After year 1, the minimum amount is 7% of Gross Sales or the monthly minimum amount (note 4)	Except as noted below, remitted weekly on Wednesday for the preceding week of collected revenue	Via EFT Transfer In certain circumstances we may collect a Minimum Monthly Royalty from you See Note 4
National Marketing Fund Fee	2% of Gross Sales (Note 3)	Weekly, remitted on Wednesday for the preceding week of collected revenue	Via EFT Transfer See Note 5
National Account	1% of Gross Sales or our costs to administer (Note 3)	Weekly, remitted on Wednesday for the preceding week of collected revenue	Due only if the job is part of a National Account that we manage Via EFT Transfer
Cooperative Advertising	The greater of 1% of Gross Sales or $5,000 per year (Note 3)	Monthly, as negotiated with third party suppliers	If we designate a local advertising cooperative, you must participate in the cooperative See Note 6
Insurance	Cost of Insurance	As required by insurer	If you fail to obtain insurance coverage we may, but are under no obligation to obtain coverage on your behalf and you must reimburse us for all costs and expenses we incur in doing so
Technology Fee	Then current fee, currently $141 per week (It is anticipated that this will increase to $165 on September 1, 2018) Additional licenses may be requested, depending on type, the current fee ranges from $1-$10 per week (Note 7)	Weekly	Payable at the same time as the Royalty Fee Additional licenses are at your request
Transfer Fee	Then current transfer fee, currently $10,000 $2,000 if selling to an existing ART Franchisee	As incurred	No Transfer fee due if the Transfer is to an entity controlled by you or to a spouse, parent, or child
Renewal Fee	You must pay us a renewal fee equal to 20% of our then current Initial Franchise Fee	At time of renewal	Due if you elect to renew the franchise and sign the then current Franchise Agreement Each term is for a period of ten (10 years)

Type of Fee (Note 1)	Amount	Due Date (Note 2)	Remarks
Conference Fee and Refresher Training Fees	Then current price, currently $250 per person per day If you fail to attend at least one meeting per year, we may assess you a fee of $1,000	Annually	To cover the cost of the conference Non-attendance fee only applies if you fail to attend as required Does not include hotel, transportation or all meals
Training	The initial training for up to 3 people is included in the Initial Franchise Fee, cost of additional training is up to $200 per person per day in Livonia MI, and will vary under the circumstances Does not include hotel, transportation or most meals	As incurred	You must pay all travel and living expenses while attending any training programs, as well as any applicable wages or fringe benefits to employees You will pay those charges directly to third parties See Note 8 for more information on training
Requested Assistance, or Temporary Management Assistance	Currently estimated between $500 and $1,500 per day	Upon demand See the Operations Manual	Payable if you request our assistance, if an audit shows a significant operational deficiency, if you breach the Franchise, and/or following the death or incapacity of the franchisee, and we deem it necessary to operate the Business on your behalf
Interest/Late Fees/NSF Fees	Interest 18% per annum or the highest rate allowed by law Late Fee minimum of $25 per occurrence, per day NSF Fee currently $37 per payment returned by the bank for non-sufficient funds	Upon demand	Applies to all overdue fees/payments and reports you owe to us, or for a NSF Also applies to any understatement in amounts revealed by an audit or otherwise See Note 9
Audits	100% of understated royalty, plus interest at the maximum rate allowable by law (not to exceed 18% per year), as well as the cost of the audit	Upon demand	See Note 10
Non-compliance Fees	If you are not compliant with Franchise Agreement, in an addition to any other remedies, there is a non-compliance fee of up to $1,000 per occurrence	As incurred	See Note 11
Costs and Attorneys' Fees	Will vary under the circumstances	As incurred	See Note 12
Indemnification	Will vary under circumstances See Note 13	As incurred	Only due if we are held liable for claims from your Franchised Business's operation

Notes

(1) You pay all fees to us unless otherwise noted All fees are uniformly imposed and non-refundable except as noted above

(2) We may change any due date with 30 days written notice to you

(3) "Gross Sales" means the aggregate of all sales and other income from the Business and any sales or other income resulting from your conduct of any business outside the Business involving the System or the Trademarks Gross Sales includes all proceeds from any business interruption insurance, but excludes any and all sales and other taxes that you collect from customers and pay to any governmental authority In addition, you will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on us as a result of our receipt or accrual of any fees or payments due from you to us (or our affiliates) under the Franchise Agreement, whether assessed against you through withholding or other means or whether paid by us directly In either case, you will pay to us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required

(4) Following your first full year of operation, each month during the term of this Agreement, you must pay us a minimum monthly royalty fee The minimum monthly royalty is based on years of operation and the Monthly Royalty Factor, which is then multiplied by the population in your PAR The Monthly Royalty Factor is $0 00019 per population in year 2, $0 00021 per population in year 3, $0 00023 per population in year 4, and $0 00026 per population in years 5 or more (see Item 12 for further information)

If during the period of April 1, 2018 and March 30, 2019 you purchase both a start-up ART Franchise and a start-up ERS Franchise at the same time, with the same PAR, we will waive the weekly Royalty Fee due to us for the first six months that you are open

(5) The National Marketing Fund Fee is paid to us for deposit in the National Marketing Fund

(6) Unless we form an advertising cooperative, you are not required to engage in any local advertising, but we recommend that you invest 3-5% of your Gross Sales into local advertising As further described in Item 11, we may designate a local advertising market and require you to contribute to, and participate in, an advertising cooperative Each ART Business will be a member of the advertising cooperative Each ART Business will have one vote per Business The contribution amount designated by the cooperative is a minimum of the greater of 1% of Gross Sales or $5,000 per business per year Currently there are no Cooperatives in effect

(7) If you elect to purchase additional licenses, additional fees may apply Currently the cost for an additional email ranges from $1-$5 per week, and additional Luxor licenses range from $1-$10 per week, based on the services you elect Currently, and subject to change, the technology fee includes an email license for you, one employee, licenses to our workflow software, customer relationship management (CRM) software, and our production software, along with mobile apps for the three software systems Additionally,

part of the fee also goes towards the maintenance of the ART website, as well as towards customer satisfaction surveys

(8) You (or your required attendees) may be required to repeat, at your sole expense, all or any portion of the Initial Training Program if, in our sole judgment, we determine that you (or any of your required attendees) failed to acquire or understand any of the critical skills, knowledge and/or abilities needed to operate the Business If you or a member of your staff is required to repeat any or the entire initial training program, you will pay our then-current fee which we estimate may be up to $1000 per person per week The training fee will apply for any new Designated Manager (as defined in Item 16) for the ART Business you operate

(9) The NSF fee currently is $37 per returned payment This cost may increase, but may be no higher than our actual costs incurred due to the returned payment, plus $5 per returned payment as an administrative processing fee

(10) Audits and evaluations generally will be at our expense However, if any audit or evaluation reveals that you have understated or underreported Gross Sales by any amount, collected revenue or serviced in another ART Franchisee or ART Affiliate's territory without written permission from RSFG, in addition to the understated royalty, and applicable interest, you must reimburse us for the cost and out-of-pocket expenses of the inspection or audit

(11) Should you be in default of the Franchise Agreement, in lieu of termination, and in addition to any other remedies under the Franchise Agreement, we may elect to assess a non-compliance fee of $1,000 per occurrence

(12) The prevailing party in any action or proceeding under the Franchise Agreement, or otherwise relating to the Business, will be entitled to recover its reasonable attorneys' fees and costs You (or your assignee) must also pay the attorneys' fees and costs we incur in any bankruptcy or insolvency proceeding pertaining to you Further, in the event of a breach or threatened breach of the Franchise Agreement by either party, the aggrieved party will be entitled to an injunction or specific performance, as appropriate, plus reasonable attorneys' fees and costs

(13) As stated in Item 9, you also have certain indemnification obligations under the Franchise Agreement In connection with those obligations, we have the right to select our own legal counsel to represent our interests, and you must reimburse us for our costs and attorneys' fees immediately upon on request as they are incurred

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

START-UP

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (Note 1)	$16,000	$48,000	Lump sum	Upon signing of Franchise Agreement	Us
Real Estate/Rent (Note 2)	$4,000	$8,000	As arranged	Before commencing operations	Landlord
Leasehold Improvements	$10,000	$20,000	As arranged	Before commencing operations	Third Party Supplier
Security Deposits, Professional Fees and Business Licenses and Permits (Note 3)	$1,000	$3,000	As incurred	As incurred	Attorneys, other Professionals, Local and State Agencies, Landlord & Utility Companies
Insurance (Note 4)	$3,000	$5,000	As arranged	Before commencing operations	Third Party Supplier
Training (Note 5)	$3,500	$6,000	As incurred	As incurred	Transportation, Hotels, Restaurants
Vehicle (Note 6)	$2,500	$4,000	As arranged	Before commencing operations	Third Party Supplier
Turn-Key Business Package (Note 7)	$45,500	$45,500	Lump sum	Before commencing operations	ERS Depot
Telephone System (Note 8)	$500	$1,000	As arranged	Before commencing operations	Third Party Supplier
Additional Funds (Note 9) (3 month period)	$35,000	$75,000	As incurred	As incurred	Various
TOTAL (Note 10)	$121,000	$215,500			

Notes All amounts that you pay to us or our affiliates are non-refundable Third party suppliers will decide if payments to them are refundable

(1) Initial Franchise Fee The Initial Franchise Fee is $0 016 per population The low range is for a territory with a population of 1,000,000 The high range is for a territory of 3,000,000 As outlined further in Items 5 and 10 we may finance the Initial Franchisee Fee A down payment of $10,000 is required, and we may finance up to $75,500 The interest is 0% is paid within the first thirty (30) days, if not paid within that time period, the interest rate is 9 9% APR It is due in one lump sum, at the earlier of four months from the date of signature of the Promissory Note, or one week prior to attending Initial Training If we were to finance the full $75,500, and you paid four months later, the estimate lump payment due would be $77,957 37 See Items 5 and 10 for further details

(2) Rent You will need to acquire a physical location for the Business of approximately 2,500 to 4,000 square feet that meets our site specific and architectural requirements, as noted in the Operations Manual Among other requirements noted in the Operations Manual, the physical location of the Business must be located outside of your home and in your "Primary Area of Responsibility" or "PAR" (as defined in Item 12) Provided your proposed location for the Business satisfies our site selection criteria, we will not unreasonably withhold our acceptance of the site The low rental estimate assumes rent for 3 months for a 2,500 square foot location and the high estimate assumes rent for 3 months for a 4,000 square foot location Some markets may experience higher or lower lease rates Rental charges and terms will vary You should consult a local real estate expert

(3) Security Deposits, Professional Fees, Business Licenses and Permits A security deposit may be required by the lessee Utility companies may require that you pay a deposit prior to installing telephone, broadband, gas, electricity and related utility services A typical utility security deposit is one month's expense These deposits may be refundable in accordance with the agreements made with the utility companies and landlord You may also be required to acquire certain businesses licenses and / or permits as required by local and state laws and regulations

(4) Insurance You must procure and maintain throughout the term of the Franchise Agreement insurance in such amounts that, at a minimum, meet the requirements outlined by us in writing, including commercial business and vehicle insurance The actual cost of insurance and your payment schedule will vary based on various factors, including, without limitation, your insurer, policy limits, type of policies procured, commercial lease requirements (if any), nature and value of physical assets of the Business, number of employees, square footage, contents of the Business, geographical location, make and year of vehicle, credit score, your local market conditions and other factors bearing on risk exposure Our estimate is for 3 months of commercial business, general liability and pollution liability insurance coverage, Bailee's insurance, motor truck cargo, and employee dishonesty Our estimate does not include vehicle insurance coverage, property or workers' compensation coverage We are unable to estimate amounts for vehicle coverage, property and workers' compensation insurance coverage because the requirements and rates vary widely based on geography

(5) Training You must make arrangements to attend our Initial Training Program and pay for all related expenses, including transportation, lodging, and meals If applicable, your Designated Manager and Principal Operator (if a different person) must also attend the Initial Training Program The amount expended will depend, in part, on the distance you must travel and the type of accommodations you choose The estimate provided contemplates initial training of two people for approximately two weeks Additional employees may attend training, however, you must pay our then-current daily training fee as well as all other related costs and expenses (e g , travel, meals, etc) These figures do not include wages

(6) Vehicle In connection with the Business operations, you must have access to a vehicle with the minimum specifications noted in the Operations Manual Currently, these specifications require that the vehicle be a new, Ford Transit-350, High Roof Super-Length Cargo Van (or comparable with pre-approval), be painted according to our color and design specifications, and have the Trademarks professionally applied before the vehicle is put into service The range noted in the table above includes the first 3 months of estimated lease payment (based upon a 5 year lease) The amount you will pay will depend on the amount of your down payment (if any) Your expenses may be higher than the estimate depending on whether you choose to purchase or lease a new vehicle

(7) Turn-Key Business Package The Turn-Key Business Package consists of various products and goods specified in the Operations Manual, including (i) equipment necessary to perform Restoration Services, (ii) computer equipment and software, (iii) initial inventory, (iv) office equipment and supplies, (v) vehicle decals, (vi) tools and equipment, (vii) marketing supplies, and (vi) uniforms As outlined in Items 5 and 10 we may finance the Turn-Key Business Package

(8) Telephone System You must acquire and maintain a dedicated business telephone number, you may be required to acquire this from our approved vendor You also must maintain the ability to send and receive faxes We reserve the right to require you to use a call center we designate to answer your incoming sales calls We will provide you with 30 days advance notice if we require you to use a call center These estimates include one landline with two receivers

(9) Additional Funds This amount of working capital is projected as sufficient to cover initial operating expenses, including local marketing, payroll costs for one technician, gasoline and general auto maintenance, mobile phones & data plans, internet, and any other general business expenses for a period of 3 months The cost assumes your cell phone has GPS and a high resolution camera, so you don't need to purchase those items separately The estimate of additional funds does not include an owner's salary or draw The amount of working capital you need will depend on a number of factors, including how closely you follow our recommended methods and procedures, your management skill, experience and business acumen, local economic conditions, the local market for our services, the prevailing wage rate, competition, and the sales level reached during the initial period These figures are estimates only

This estimate is based on ART, Inc's 15 years of operating businesses similar to the Business being franchised, as well as our estimate of average costs and market conditions prevailing as of the date of this Disclosure Document

(10) Total This total is an estimate of your initial investment and is based on ART, Inc 's 15 years of operating businesses similar to the Business being franchised, as well as our estimate of average costs and market conditions prevailing as of the date of this Disclosure Document You should review these figures carefully with a business advisor before making any decision to purchase the franchise

You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs You must bear any deviation or escalation in costs from the estimates in this Item 7 or estimates that we give during any phase of the development process

YOUR ESTIMATED INITIAL INVESTMENT - ERS CONVERSION

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (Note 1)	$12,000	$12,000	Lump sum	Upon signing of Franchise Agreement	Us
Real Estate/Rent (Note 2)	$0	$4,000	As arranged	Before commencing operations	Landlord
Leasehold Improvements	$0	$10,000	As arranged	Before commencing operations	Third Party Supplier
Security Deposits, Professional Fees and Business Licenses and Permits (Note 3)	$0	$1,000	As incurred	As incurred	Attorneys, other Professionals, Local and State Agencies, Landlord & Utility Companies
Insurance (Note 4)	$2,000	$5,000	As arranged	Before commencing operations	Third Party Supplier
Training (Note 5)	$2,000	$3,000	As incurred	As incurred	Transportation, Hotels, Restaurants
Vehicle (Note 6)	$0	$4,000	As arranged	Before commencing operations	Third Party Supplier
Turn-Key Business Package (Note 7)	$19,300	$32,500	Lump sum	Before commencing operations	ERS Depot
Telephone System (Note 8)	$0	$500	As arranged	Before commencing operations	Third Party Supplier

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
Additional Funds (Note 9) (3 month period)	$22,300	$25,000	As incurred	As incurred	Various
TOTAL (Note 10)	$57,600	$97,000			

Notes All amounts that you pay to us or our affiliates are non-refundable Third party suppliers will decide if payments to them are refundable

(1) Initial Franchise Fee The Initial Franchise Fee for an ERS Franchisee purchasing an ART Franchise is $0 0048 per Franchise Agreement, or $12,000 for a population of 2,500,000 As outlined further in Items 5 and 10 we may finance the Initial Franchisee Fee A down payment of $2,500 is required, and we may finance up to $9,500 The interest is 4% APR, and is due in six equal monthly installments, which must be paid within six months of signing the Promissory Note We may extend the repayment period to twelve months for a second Franchise Agreement and to twenty-four months for a Third Franchise Agreement The estimate monthly installment is six payments of $1,601 86 for a First Franchise Agreement, six payments of $1,634 16 for a Second Franchise Agreement, and twelve payments of $841 88 for a Third Franchise Agreement See Items 5 and 10 for further details

(2) Rent You will need to acquire a physical location for the Business of approximately 2,500 to 4,000 square feet that meets our site specific and architectural requirements, as noted in the Operations Manual Among other requirements noted in the Operations Manual, the physical location of the Business must be located outside of your home and in your "Primary Area of Responsibility" or "PAR" (as defined in Item 12) Provided your proposed location for the Business satisfies our site selection criteria, we will not unreasonably withhold our acceptance of the site The low rental estimate assumes you have adequate space in your current ERS Franchise location and need no additional space, and the high estimate assumes rent for 3 months for a 4,000 square foot location Some markets may experience higher or lower lease rates Rental charges and terms will vary You should consult a local real estate expert

(3) Security Deposits, Business Licenses and Permits A security deposit may be required by the lessee Utility companies may require that you pay a deposit prior to installing telephone, broadband, gas, electricity and related utility services A typical utility security deposit is one month's expense These deposits may be refundable in accordance with the agreements made with the utility companies and landlord You may also be required to acquire certain businesses licenses and / or permits as required by local and state laws and regulations

(4) Insurance You must procure and maintain throughout the term of the Franchise Agreement insurance in such amounts that, at a minimum, meet the requirements outlined by us in writing, including commercial business and vehicle insurance The actual cost of insurance and your payment schedule will vary based on various factors, including, without

limitation, your insurer, policy limits, type of policies procured, commercial lease requirements (if any), nature and value of physical assets of the Business, number of employees, square footage, contents of the Business, geographical location, make and year of vehicle, credit score, your local market conditions and other factors bearing on risk exposure Our estimate is for 3 months of commercial business, general liability, pollution liability insurance coverage, Bailee's insurance, motor truck cargo, and employee dishonesty Our estimate does not include vehicle insurance coverage, property insurance, or workers' compensation coverage We are unable to estimate amounts for vehicle coverage, property insurance and workers' compensation insurance coverage because the requirements and rates vary widely based on geography

(5) Training You must make arrangements to attend our Initial Training Program and pay for all related expenses, including transportation, lodging, and meals If applicable, your Designated Manager and Principal Operator (if a different person) must also attend the Initial Training Program The amount expended will depend, in part, on the distance you must travel and the type of accommodations you choose The estimate provided contemplates initial training of two people for approximately one week Additional employees may attend training, however, you must pay our then-current daily training fee as well as all other related costs and expenses (e g , travel, meals, etc) These figures do not include wages

(6) Vehicle In connection with the Business operations, you must have access to a vehicle with the minimum specifications noted in the Operations Manual Currently, these specifications require that the vehicle be a new, Ford Transit-350, High Roof Super-Length Cargo Van (or comparable with pre-approval), be painted according to our color and design specifications, and have the Trademarks professionally applied before the vehicle is put into service The range noted in the table above includes the first 3 months of estimated lease payment (based upon a 5 year lease) The amount you will pay will depend on the amount of your down payment (if any) Your expenses may be higher than the estimate depending on whether you choose to purchase or lease a new vehicle The low range is if you use your current ERS vehicle and have it co-branded

(7) Turn-Key Business Package The Turn-Key Business Package consists of various products and goods specified in the Operations Manual, including (i) equipment necessary to perform Restoration Services, (ii) computer equipment and software, (iii) initial inventory, (iv) office equipment and supplies, (v) vehicle decals, (vi) tools and equipment, (vii) marketing supplies, and (vi) uniforms As outlined in Items 5 and 10 we may finance the Turn-Key Business Package The low end is if you purchase an used glass cutter and/or heat press, which must meet our specifications

(8) Telephone System You must acquire and maintain a dedicated business telephone number, you may be required to acquire this from our approved vendor You also must maintain the ability to send and receive faxes We reserve the right to require you to use a call center we designate to answer your incoming sales calls We will provide you with 30 days advance notice if we require you to use a call center These estimates include one landline with two receivers The low end is if you are able to use your existing equipment

(9) Additional Funds This amount of working capital is projected as sufficient to cover initial operating expenses, including local marketing, payroll costs for one technician, gasoline

and general auto maintenance, mobile phones & data plans, internet, additional equipment, and any other general business expenses for a period of 3 months The cost assumes your cell phone has GPS and a high resolution camera, so you don't need to purchase those items separately The estimate of additional funds does not include an owner's salary or draw The amount of working capital you need will depend on a number of factors, including how closely you follow our recommended methods and procedures, your management skill, experience and business acumen, local economic conditions, the local market for our services, the prevailing wage rate, competition, and the sales level reached during the initial period These figures are estimates only

This estimate is based on ART's 15 years of operating businesses similar to the Business being franchised, as well as our estimate of average costs and market conditions prevailing as of the date of this Disclosure Document

(10) Total This total is an estimate of your initial investment and is based on ART, Inc 's 15 years of operating businesses similar to the Business being franchised, as well as our estimate of average costs and market conditions prevailing as of the date of this Disclosure Document You should review these figures carefully with a business advisor before making any decision to purchase the franchise

You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs You must bear any deviation or escalation in costs from the estimates in this Item 7 or estimates that we give during any phase of the development process

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help ensure a uniform image and uniform quality of products and services throughout the ART System, you must maintain and comply with our quality standards Although you are not required to purchase or lease real estate from us or our Affiliates we must approve the location of your Business It is your responsibility to ensure that your building plans comply with all applicable federal, state and local laws Any required standards exist to protect our interest in the System and the Trademarks and not for the purpose of establishing any control, or the duty to take control, over those matters that clearly are reserved to you, including specifically the day-to-day operations of the Business and franchise rights that we grant you the right and obligation to use

We derived revenue of $20,655 from ART Franchisees for required purchases or leases, which was 0 006% of our total revenue of $3,450,303, according to our 2017 audited financial statements, included as Exhibit B In 2018, we expect to derive 1% of our revenues from required purchases or leases, although as further noted below we may derive revenue from required purchase or leases in the future

You can expect items and services purchased or leased in accordance with our specifications will represent approximately 80% to 90% of total purchases or leases you will make to begin operations of the Business, and that they will be 60% to 80% of the total purchases or leases required in the ongoing operation of the Business

Approved Supplies and Vendors

The ART Operations Manual contains a list of approved manufacturers, vendors, suppliers and distributors ("Approved Vendors List"), as well as approved products, equipment, computer hardware and software, technology, trademarked items, supplies and other items or services necessary to operate the Business ("Approved Supplies List") The Approved Vendors List may specify the specific manufacturer of a specific product, service or piece of equipment and, unless we specify in writing to the contrary, you may purchase the specific product from any approved source that carries the specific approved products From time to time we, an affiliate or a third party vendor or supplier may be the only approved vendor for certain products or services

Currently, you must purchase the following products and/or services only from our affiliate, ERS Depot the Turn-Key Business Package, ERS Depot branded chemicals, most additional chemicals, all print materials and certain apparel and other items that bear the ART trademarks and vehicle logos, Hydroxyl machine, Fine Particle Vacuum, Chemical Sponges, and Software Licenses We reserve the right to modify this list with 30 days' notice to you, and such updates will be listed in our Manuals The items included in the Turn-Key Business Package may be shipped F O B from ERS Depot or approved suppliers, but you will pay ERS Depot directly for the Turn-Key Business Package You will pay the then-current price in effect for all products and services you receive from us or an affiliate

The owners of RSFG also wholly own ERS Depot, which sells ERS Depot branded chemicals, the Turn-Key Business Package, additional chemicals, general job supplies, print materials, vehicle decals and the other items noted in the prior paragraph No other officer of the Franchisor owns an interest in any approved supplier In 2017 ERS Depot's total revenues from the sale of required purchases or leases to ART Franchisees was $539,077

You must use products approved by us We establish and modify specifications and standards for approved supplies based on our ongoing review of using quality products through our affiliates' operation of their respective businesses and our communications with manufacturers and vendors The lists also may include other specific supplies, products, services or equipment without reference to a particular manufacturer, or they may set forth the specifications and standards for other approved supplies For example, you must obtain a telephone system from an approved supplier, and purchase or lease a vehicle that meets our specifications and requirements as outlined in the Operations Manual We may revise the Approved Vendors List and Approved Supplies List from time to time which will be maintained in the Operations Manual We will give you at least 10 days written notice before any change is required

Except for instances where we designate a single source vendor (for example, the items you must purchase from ERS Depot), if you want to offer for sale at the Business any brand of product or services, or to use in the operation of the Business any material, item, service or supply that is not then approved by us, or to purchase any product or service from a vendor that is not then designated by us as an approved vendor, you must notify us in writing and obtain our written approval prior to use If requested by us, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material, service or supply, or the proposed vendor meets our specifications and quality standards We generally will notify you of vendor approval or disapproval within 60 days of our receipt of all the information and samples we request We currently do not charge a fee in connection with our review and/or testing of alternate supplies and suppliers, but we reserve the right to charge you a fee (which will not exceed our actual costs in conducting the review and testing) in the future We may re-inspect the facilities and products of any vendor or item or supply and revoke our approval of any vendor or item or supply that fails to continue to meet any of our criteria We will send written notice of any revocation of an approved vendor or item

We apply the following general criteria in approving a proposed vendor (1) ability to deliver product or offer service in conformity with our specifications, (2) willingness to protect the secrets behind the uniqueness of a product and service without dissemination to others, (3) production, supply considerations and delivery capability, (4) reputation and integrity of vendor, and (5) financial condition and insurance coverage of the vendor

We may form strategic alliances with certain vendors We and our affiliates reserve the right to receive rebates or other consideration from vendors in connection with your purchase of goods, products, supplies and services as described in this Item 8 Most of these rebates will be calculated based on quantity sold We will retain and use such payments as we deem appropriate or as required by the vendor We or our affiliates also may derive revenue from items or services that we sell directly to you by charging you more than cost For example, you will pay the then-current price in effect for restoration services, ERS Depot branded chemicals and other products and services for which we or our affiliates are the sole supplier In some cases, the cost for these items to you may be higher than the cost of comparable products and services on the market In 2017, neither we nor any of our affiliates received revenue for any of these services

There currently are no purchasing or distribution cooperatives We may negotiate prices for products or services for the benefit of the System but not on behalf of individual franchisees This does not guarantee that the price for these products or services will be lower than other similar products on the market We are not aware of any purchasing or distribution cooperatives in the system We do not provide material benefits to you (for example, renewal or granting additional franchises) based upon your purchase of particular products or services or use of particular suppliers You may use only marketing and promotional materials that meet the standards described in Item 11

<u>Insurance</u>

You must procure and maintain during the term of the Franchise Agreement insurance policies protecting you, your employees, and us, our officers, employees and other persons that we designate by name, against all loss, liability, fire, personal injury, death, property damages, or theft arising from, or occurring in connection with, the operation and promotion of the Business The insurance coverages noted below reflect the minimum amounts of coverage we require, it is not meant to reflect the actual needs you may have or other state mandated coverage, and it is your sole responsibility to carefully evaluate whether such minimums will adequately meet your needs and state requirements (i e , flood insurance, employment practices liability, pollution or major medical, etc) We may require you to purchase insurance from a specific provider or providers

The insurance requirements are as follows

(1) <u>Commercial General Liability, Contractor's Pollution Liability Insurance, and Professional Liability Insurance</u> Coverage for "bodily injury," "property damage," and "personal and advertising injury" with no exclusion or limitation applying to the products / completed operations liability coverage Limits must be at least $2,000,000 general aggregate,

$2,000,000 products and completed operations aggregate, $1,000,000 personal and advertising injury limit and $1,000,000 per occurrence

Limits must specifically confirm coverage for pollution, including mold and lead, with minimum limits of $1,000,000 each incident, with $1,000,000 aggregate The limited liability pollution endorsement does not meet the pollution insurance requirement Contractual liability coverage including the assumed personal and advertising injury endorsement must be included to cover the indemnity provisions of this Franchise Agreement The exclusion for employer's liability shall not apply to claims for covered contractually assumed liability claims

Such policy shall contain a waiver of subrogation endorsement as to claims against Restoration Specialties Franchise Group, LLC

Restoration Specialties Franchise Group, LLC shall be named as an additional insured on this policy on a primary and noncontributory basis, and with both a CG-2037 Products/Completed Operations Form, and a Grantor of Franchise Form CG2029 or an insurer's comparable form

(2) Automobile Liability Insurance You are required to maintain insurance with a combined single limit ("CSL") of $1,000,000 for bodily injury and property damage for all owned or leased vehicles and include hired and non-owned vehicles Additionally, uninsured motorist and under-insured motorist coverage will be equal to the CSL

(3) Workers' Compensation and Employers' Liability Statutorily required workers' compensation insurance and employer's liability insurance is required to be maintained with limits of at least $500,000 by accident, $500,000 by disease and $500,000 policy limit In "Monopolistic States" including Ohio, North Dakota, Washington, Wyoming and West Virginia "Stop Gap" coverage must be purchased separately or added to the commercial general liability policy and/or worker's compensation and employers' liability policy "Stop Gap" in Ohio must not contain exclusion with the "substantially certain to occur" language

(4) Employee Dishonesty Insurance You are required to maintain employee dishonesty insurance with minimum limits of $50,000 per loss and such coverage is to also cover acts of stealing against third parties This coverage must increase by $50,000 for each $4,000,000 in annual Gross Sales achieved up to $250,000 per loss (for example, at $4,000,000 in Gross Sales, your bond would need to increase to $100,000 at $8,000,000 to $150,000, etc)

(5) Umbrella or Excess Liability Insurance You are required to maintain a commercial umbrella liability insurance policy with minimum limits of $1,000,000 per occurrence and aggregate and shall list the commercial general liability, pollution liability and automobile liability as scheduled underlying policies This policy will need to increase by $1,000,000 per occurrence and aggregate for each $4,000,000 in Gross Sales achieved up to $10,000,000 per occurrence and aggregate (for example, at $4,000,000 in Gross Sales, you would need to increase this to $2,000,000, at $8,000,000 to $3,000,000, etc)

(6) Property Coverage You are required to maintain insurance on your business personal property, at amounts equivalent to replacement value

You must also carry insurance coverage for property of others in your care, custody and control (including work in progress), with minimum limits equal to the value of goods in your possession at any one time, or $250,000, whichever amount is higher

You must carry business income and expense coverage for twelve months

(7) Bailees Legal Liability You are required to maintain Bailees Legal Liability Insurance, covering the liability for damage to Customer's goods, which must have minimum limits equal to the value of goods in your possession at any one time, or $250,000, whichever amount is higher

(8) Motor Truck Cargo You are required to maintain motor truck cargo insurance to cover goods in transit, at a minimum of $100,000 per incident

You are required to comply with any state, county, local, or other municipal insurance requirements

You should carefully review your policy to make sure that they do not exclude items of rarity, antiquity, fine arts, documents, paper, electronics and/or data

No deductible or self-insured retention can exceed $5,000 for any required insurance policy, except that you may have retention of up to $10,000 on the Umbrella Liability Insurance policy

You may not reduce the policy limits, restrict coverage, cancel, or otherwise alter or amend any insurance policy without our written consent

Commercial General Liability, Contractor's Pollution Liability Insurance, and Professional Liability Insurance, Automobile Liability Insurance, and Umbrella or Excess Liability Insurance policies will name Restoration Specialties Franchise Group, LLC as an additional insured and any other entities that we designate (the "Indemnified Parties"), will contain no provision which in any way limits or reduces coverage for you in the event of a claim by any one or more of the Indemnified Parties, will extend to and provide indemnity for all obligations assumed by you and all items for which you are required to indemnify us, will be primary to and without right of contribution from any other insurance purchased by the Indemnified Parties, and will provide, by endorsement, that we receive at least 10 days prior notice of any intent to cancel or materially alter any policy Whenever a change is made to your policy, and before expiration of any insurance coverage, you must submit to us a copy or certificate or other acceptable proof of such insurance with a copy of the Additional Insured Endorsement on your policy On occasion, we may request complete copies of all insurance policies to insure compliance with the insurance provisions of this contract

Periodically we may modify the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant circumstances You will receive at least 90 days advance written notice of any change

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

	Obligation	Article in Franchise Agreement	Disclosure Document Item
a	Site selection and acquisition/lease	Article 5	Items 7 and 11
b	Pre-opening purchases/leases	Article 6	Items 5, 6, 7 and 8
c	Site development and other pre-opening requirements	Articles 5, 6 and 7	Items 7, 8 and 11
d	Initial and ongoing training	Article 7	Items 5, 6 and 11
e	Opening	Article 5	Items 5 and 11
f	Fees	Articles 4, 8 and 9	Items 5, 6 and 7
g	Compliance with standards and policies/Operations Manual	Articles 2, 3, 5, 6 and 7	Items 6, 7, 8, 11, 14 and 16
h	Trademarks and proprietary information	Articles 3 and 6	Items 13 and 14
i	Restrictions on products/services offered	Articles 2 and 6	Items 6, 7, 8, 11, and 16
j	Warranty and customer services requirements	Articles 2 and 6	Items 6 and 11
k	Territorial development and sales quotas	Article 2	Item 12
l	Ongoing product/service purchases	Article 6	Items 6, 7 and 8
m	Maintenance, appearance and remodeling requirements	Article 5	Items 8 and 11
n	Insurance	Article 10	Items 6, 7 and 8
o	Advertising	Article 9	Items 6, 7 and 11

	Obligation	Article in Franchise Agreement	Disclosure Document Item
p	Indemnification	Article 10	None
q	Owner's participation/ management/staffing	Article 7	Items 11 and 15
r	Records/reports	Article 8	None
s	Inspections/audits	Articles 6 and 8	Items 6 and 11
t	Transfer	Articles 14 and 15	Items 6 and 17
u	Renewal	Article 4	Items 6 and 17
v	Post-termination obligations	Article 12	Item 17
w	Non-competition covenants	Article 10	Item 17
x	Dispute resolution	Article 13	Item 17
y	Other	Not Applicable	Not Applicable

ITEM 10

FINANCING

Other then as disclosed in this Item, we do not offer any direct or indirect financing We may finance the Initial Franchise Fee and Turn-Key Business Package Fee if you meet our qualifications and credit standards You must sign a Promissory Note if we offer any financing to you The following tables summarizes the terms of the financing we may offer

STANDARD FRANCHISEE

Description	Obligation
Source of Financing	Us
Amount Financed	Up to $75,500
Down Payment	$10,000
Term (number of years)	The earlier of 4 months from the date of the Promissory Note, or 1 week prior to attending Initial Training
Rate of Interest plus Finance Charge	0% for the first 30 days, then 9 9% APR
Monthly Payment	None Paid in one lump sum at the term end

Description	Obligation
Prepayment Penalty	None
Security Required	None
Guarantee	If you are a legal entity your owners must sign a personal guarantee
Liability upon Default	Termination of Franchise Agreement, you must pay entire amount due and our attorney's fees and court costs in collecting debt
Loss of Legal Rights Upon Default	Termination of Franchise Agreement In addition, the Promissory Note requires you to waive presentment, demand, notice and protest but does not require you to waive other defenses or other legal rights or bar you from asserting another defense against us

ERS CONVERSION

Description	Obligation
Source of Financing	Us
Amount Financed	Up to $9,500 per franchise purchased
Down Payment	$2,500 per franchise purchased
Term (number of years)	Six months if purchasing one Franchise Agreement Twelve if purchasing two Franchise Agreements An additional six months for each additional Franchise Agreement over two
Rate of Interest plus Finance Charge	4% APR
Monthly Payment	Monthly equal installments due on the first business day of the month
Prepayment Penalty	None
Security Required	None
Guarantee	If you are a legal entity your owners must sign a personal guarantee
Liability upon Default	Termination of Franchise Agreement, you must pay entire amount due and our attorney's fees and court costs in collecting debt
Loss of Legal Rights Upon Default	Termination of Franchise Agreement In addition, the Promissory Note requires you to waive presentment, demand, notice and protest but does not require you to waive other defenses or other legal rights or bar you from asserting another defense against us

We have no past practice or future intent of selling, assigning or discounting franchisees' financing arrangements to a third party, although we reserve the right to do so in the future

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, RSFG is not required to provide you with any assistance

Pre-Opening Assistance Before you commence operations of the Business, we will

1 Provide you with site selection criteria and consent for the location of the Business (Franchise Agreement, Article 5 A) We will accept your proposed site if it complies with our site selection criteria as outlined in the Operations Manual We do not provide you with any other site selection assistance or lease negotiation assistance

2 Provide you with the Turn-Key Business Package, Approved Vendors and Approved Supplies lists (Franchise Agreement, Articles 6 A, 6 B and 8 C)

3 Provide you with access to a copy of the Operations Manual containing mandatory and suggested specifications, standards and operating procedures for the Business (Franchise Agreement, Article 6 C)

4 Provide the training programs described below (Franchise Agreement, Article 7 B) We provide these training programs to up to 3 people without charge, however, you must pay all expenses for you and your employees, including training materials, travel and living expenses

Ongoing Assistance During the operation of the Business, we will

1 Maintain and administer the National Marketing Fund (Franchise Agreement, Article 9 A)

2 Provide updates to the Approved Services, Approved Vendors and Approved Supplies lists (Franchise Agreement, Article 6 B)

3 Provide refresher training courses, as we determine necessary, and require you to attend and pay for them You must also pay all expenses for you and your employees, including training materials, travel, wages and living expenses (Franchise Agreement, Article 7 C)

4 Furnish you from time to time with updated and revised material for the Operations Manual (Franchise Agreement, Article 6 C)

5 Assist you in the development of a plan to address various operational aspects and goals for the Business (Franchise Agreement, Article 7 C)

6 Make suggestions to you with regard to your pricing policies We may establish both maximum and minimum pricing in accordance with applicable legal requirements However, unless the price list is a part of a National Account or an imposed maximum or minimum price, any such price list is a recommendation only (Franchise Agreement, Article 6 M)

Site Selection

You are responsible for purchasing or leasing a site for the Business ("Franchised Location") that meets our site selection criteria You must select your Franchised Location within your PAR You may not locate your Franchised Location outside of your PAR without our express written approval We will accept your proposed site if it is located within your PAR and complies with our site selection criteria as outlined in the Operations Manual

We will notify you of our approval or disapproval of the site location within 10 days of our receipt of your request We make no guarantees concerning the success of the Business located on any site that we accept You are solely responsible for obtaining all necessary permits or licenses, and in all other respects complying with applicable legal requirements relating to the Business We have no responsibility for the lease, it is your sole responsibility to evaluate, negotiate and enter into the lease for the Franchised Location It is not required that we own the premises which you lease, although we may do so, if you and we agree

If you fail to have your "site under control" (execute the lease or the purchase agreement within 60 days of execution of the Franchise Agreement), we will have the right to terminate the Franchise Agreement without opportunity to cure pursuant to Article 11 A

<u>National Marketing Fund</u>

You must pay us a National Marketing Fund ("Marketing Fund") Fee of 2% of your Gross Sales The 2% Marketing Fund Fee will be part of a Marketing Fund that we administer All franchisee owned outlets are required to contribute on the same basis Franchisor and affiliate owned outlets will not contribute to the Marketing Fund We may use the Marketing Fund to formulate, develop, research and conduct marketing, promotional, public relations, customer satisfaction and/or lead generation programs to promote the ART System and services in a form and media we determine in our sole judgment to be appropriate, including coverage that is local, regional or national in scope We may use national and regional agencies from time to time to create and place advertising and marketing communications, public relations campaigns and/or develop and administer lead generation studies or programs We reserve the right to use the Marketing Fund to reimburse us for all costs that we incur related to such programs, campaigns and studies, including the proportionate compensation of employees who devote time and render service in the conduct, formulation, development and production of the programs, campaigns and studies or the administration of the Marketing Fund

We have no obligations to spend any amount on marketing in the area or PAR (as defined in Item 12) where you are located Excess Marketing Fund contributions not spent in any fiscal year will be carried over for future use The Marketing Fund is not a trust or escrow account and creates no fiduciary duties or obligations You have no property rights of any kind with respect to the monies in the Marketing Fund The Marketing Fund is not audited, however, upon request from a franchisee, we will provide you with an unaudited financial report showing disbursements of the Marketing Fund from the previous fiscal year The Marketing Fund will not be used for advertising principally directed at the sale of franchises, however, we may state on any advertisements that franchises are available, and to contact ART for information regarding this opportunity During our last fiscal year of the National Marketing Fund (January 1-December 31, 2017), the National Marketing Fund spent as follows 62% Industry Conventions, 8% on Advertising and Promo, 4% Miscellaneous, and 26% was carried over to 2018

<u>Advertising Council</u>

As of the date of this Disclosure Document we have not established an advertising council composed of franchisees, although we reserve the right to do so in the future

Local Advertising Cooperatives

We have the right to establish and maintain local advertising cooperatives based on designated marketing areas If a local or regional advertising cooperative is formed or organized in your market, you will be required to participate and contribute The contribution amount designated by the cooperative must be on a percentage of Gross Sales basis and per ART Business, and will be the greater of 1% of Gross Sales or $5,000 per year Any Franchisor or Affiliate-owned businesses located within the local cooperative area will contribute to the fund on the same basis Each ART business within an advertising cooperative, including contributing Affiliated Businesses, will be a member of the cooperative and have one vote per business Each advertising cooperative will be required to adopt governing bylaws that meet our approval and that we may require the cooperative to amend from time to time We may provide each advertising cooperative with a sample form of bylaws that the cooperative must use and we must approve, containing certain terms and conditions that we require, although the bylaws cannot modify the voting structure outlined in this paragraph without our prior written permission The advertising cooperatives must submit to us its meeting minutes upon our request All advertising cooperatives must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation The members of each cooperative and their elected officers will be responsible for the administration of the advertising cooperative We reserve the right to administer the cooperatives' funds and require payment from its members via electronic funds transfer If we determine the need exists, we may require each advertising cooperative to engage the services of a professional media buyer or advertising agency that meets with our approval and has expertise in the industry and in the particular market We may require each cooperative to have an independent certified public accountant prepare annual financial statements, which will be available to us and to all franchisee members of the cooperative We have the right to require advertising cooperatives to be formed, changed, dissolved or merged We may also implement a franchisee advisory council that will provide advisory input on marketing and related matters

Local Marketing

We require that you join and participate in the claims and insurance associations pertinent to your market, we may designate in which ones join and participate You must also claim, and pay for, the online listings that we designate You also must list your Business in the Yellow Pages and White Pages of the primary telephone director servicing your PAR Unless we form an advertising cooperative, you are not required to engage in any additional local advertising, however, we highly recommend that you spend an additional 3-5% of Gross Sales on local marketing

Additionally, you must hire an employee whose full-time effort is focused on marketing the Business With our prior written permission, you may serve in this capacity If you serve in this capacity, you must hire a Designated Manager to manage the operation aspects of the Business

You must submit your local marketing materials to us for approval (including print, electronic or other forms of media) We will not unreasonably withhold approval of your marketing materials if they are factually accurate and current, dignified and in good condition and accurately reflect the Trademarks Any local advertising materials you submit to us will be deemed approved if we do not disapprove or comment on the materials within 10 business days of our receipt of the materials We reserve the right to revoke the approval of any advertising material previously approved with 30 days written notice to you

Customer Satisfaction Ratings

We require you to use and pay for the customer service rating system that we approve, as well as to meet certain customer satisfaction ratings as outlined in the Manuals (the "Customer Satisfaction Ratings") The current Customer Satisfaction Ratings will measure, on a scale of "1" to "10" (where "10" is the best score), the level of service provided to customers of the Business you operate through specific metrics noted in the Operations Manual You must achieve a passing aggregate average customer satisfaction rating for each rolling 90-day period, as outlined in the Manuals If you fail to meet this aggregate average customer satisfaction rating, you will be deemed in default of the Franchise Agreement Currently the Fee for this service is paid via ACH on a weekly basis as part of the Technology Fee

Computer System

You must provide access to all financial and business records and information to us according to reporting formats, methodologies and time schedules that we establish from time to time, including through any intranet or extranet system we develop or implement or other online communications You must use a computer in connection with your operation of the Business and must have high speed Internet access We may access your Computer System (as defined below), including through any intranet/extranet system we develop or implement, and retrieve, analyze, download and use all data and files stored or used on the Computer System We may have independent access to all of this information for the Business with no contractual limitation on our right to the information You understand that the data storage, phone line, modem, communication software, Internet access, Internet email account and all additional hardware and software needed to implement and maintain these services is at your cost

We will provide you the standards and specifications for the computer hardware and software (the "Computer System") Currently, our Computer System includes 1 laptop computer, 1 desktop computer, 2 iPads, 1 bar code printer, 1 color printer, accompany accessories, QuickBooks and the proprietary software program we designate The specifications for the Computer System are outlined more fully in the Operations Manual The estimated cost to acquire the Computer System is $6,000-$8,000 and is included in the cost of your Turn-Key Business Package You also must use and install an anti-virus software on all computers used in connection with your Business at your cost

We have no obligation to maintain, update, upgrade or otherwise modify any computer software or hardware You, however, are required to make periodic upgrades and updates to the Computer System as we direct and there are no contractual limitations on the frequency and cost of this requirement These costs may include user fees, software licensing fees or technical support fees The current estimated weekly cost of theses upgrade requirements or services are $141 per week Although it is anticipated that this will increase to $165 on September 1, 2018 We have the right to charge more for additional services

You may be required to upgrade your Computer System to meet changing software requirements Any Computer System upgrade will not be required more than once every three years The cost to upgrade is set by third party suppliers Any Computer System update will be specified to you in writing

You must use the electronic mail account that we give you to receive and send electronic mail and transfer computer files with us, as well as for operation of the Franchised Business You may not use another email account for Business operations Any employee who interacts with customers by email must have an email account from us, which you must pay for The current fee is $1 or $5 per week, depending on the type of email license that you select

You must also use an approved internet connection type, our preferred type is Cable, but when it is not available, from time to time we will also approve DSL or Satellite high speed Internet providers

You may not implement a web site or social media page yourself or through a third party provider without our prior written approval You must claim, update and pay for all online listings as instructed by ART

Typical Length of Time Before You Commence Operations of the Business

The typical length of time between the signing of the Franchise Agreement and commencement of operations of the Business is approximately 90 days, however, you must attend our Initial Training Program within four months of signing the Franchise Agreement and commence operation of the Business within six months of signing the Franchise Agreement This deadline may be extended only by prior written agreement with us

Factors that may impact this length of time may include your ability to locate acceptable lease space, ability to secure permits, zoning and local ordinances, weather conditions, unforeseen delays in delivery or installation of equipment and fixtures, our training schedule, your ability to attend training and similar factors If you fail to begin operations within the time agreed upon between you and us, we may terminate the Franchise Agreement (Franchise Agreement, Section 2 A)

Operations Manual

We will provide you with access to or a copy of our Operations Manual We may provide you with a copy of our Operations Manual through an internal website we establish Our Operations Manual contains proprietary information and you must keep such information confidential We may revise the Operations Manual at any time The current Operations Manual table of contents, as of the date of this Disclosure Document, is attached to this Disclosure Document as Exhibit D The Operations Manual contains 634 pages and the pages devoted to each topic are noted in the chart below

Topic	Apx Number of Pages
OPERATIONS MANUAL	
1 JumpStart (Pre-Opening Procedures)	65
2 Personnel	122
3 Safety Procedures	45
4 Sales and Marketing	68
5 General Operations and Procedures	163
6 Technology	171
Total Number of Pages	634

Training

As soon as you sign the Franchise Agreement, you will enter our "JumpStart" program, which is a six to eight-week program that includes numerous required activities that must be completed prior to attending Initial Training It includes activities such as reading the Operations Manual, securing leased space, developing a comprehensive business and marketing plan, securing all required permits, licenses, approved vehicles, and hiring your first technician Most JumpStart activities will be completed within your PAR, with phone assistance from our staff

At least one week before beginning operations of the ART Business, you and your employee, must attend and successfully complete to our satisfaction, our initial training program Initial Training is eight to nine days in length for a new Franchise location and three to five days in length for an ERS Conversion Your failure to successfully complete training may result in termination of the Franchise Agreement Training generally occurs at our training facilities in Livonia, Michigan, but we may schedule your training at another site that we designate, some training may take place online We offer the training program as we determine necessary You must pay for the salaries, fringe benefits, travel costs and expenses, and related costs for the individuals associated with you who attend the training program, but there is no separate fee for you and up to two additional people to attend the initial training program The cost of additional training is disclosed in Item 6 under "Training" The cost does not include hotel, transportation or most meals

Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved services to customers in a manner that reflects the customer and client service standards of the ERS system You are, and will remain the sole employer of your employees during all training programs, and you are solely responsible for all employment decisions and actions related to your employees You must ensure that your employees receive adequate training

As of the date of this Disclosure Document, the initial training program is as follows

TRAINING PROGRAM – START-UP FRANCHISE LOCATION

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Sales & Marketing	11-12	0	Our headquarters in Livonia, Michigan or an affiliate-owned location
The ART System (Operations)	24-26	0	Our headquarters in Livonia, Michigan or an affiliate-owned location
General Session	9-10	0	Our headquarters in Livonia, Michigan or an affiliate-owned location
Software	7-8	0	Our headquarters in Livonia, Michigan or an affiliate-owned location
Safety	3-4	0	Our headquarters in Livonia, Michigan or an affiliate-owned location
TOTAL	**54-60**	**0**	

We also offer a second Initial Training for ART Restoration Technicians As of the date of this Disclosure Document, the Initial Training program for Technicians is as follows

TECHNICIAN TRAINING PROGRAM – START-UP FRANCHISE LOCATION

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
General Session	5-6	0	Our headquarters in Livonia, Michigan or an affiliate-owned location

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Software	2-3	0	Our headquarters in Livonia, Michigan or an affiliate-owned location
The ART System (Operations)	44-47	0	Our headquarters in Livonia, Michigan, online or an affiliate-owned location
Safety	3-4	0	Our headquarters in Livonia, Michigan or an affiliate-owned
TOTAL	**54-60**	**0**	

We also offer a third Initial Training for ERS Conversions As of the date of this Disclosure Document, the Initial Training program for ERS Conversions is as follows

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Sales & Marketing	2-3	0	Our headquarters in Livonia, Michigan or an affiliate-owned location
The ART System (Operations)	17-18	0	Our headquarters in Livonia, Michigan or an affiliate-owned location
General Session	2-3	0	Our headquarters in Livonia, Michigan or an affiliate-owned location
Software	2-3	0	Our headquarters in Livonia, Michigan or an affiliate-owned location
TOTAL	**23-27**	**0**	

We also offer a fourth Initial Training for ART Restoration Technicians of ERS Conversions We also offer a second Initial Training for ART Restoration Technicians As of the date of this Disclosure Document, the Initial Training program for Technicians is as follows

As of the date of this Disclosure Document, the Initial Training program for Technicians is as follows

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
General Session	2-3	0	Our headquarters in Livonia, Michigan or an affiliate-owned location
Software	2-3	0	Our headquarters in Livonia, Michigan or an affiliate-owned location
The ART System (Operations)	27-28	0	Our headquarters in Livonia, Michigan, online or an affiliate-owned location
TOTAL	**31-34**	**0**	

(1) Marc Liljegren, Director of Training, currently oversees our training Marc has over eight years of training experience, and over seven years of experience in restoration Additional employees and others who have at least 6 months' experience (for example, opening, operations or systems management) will assist in training

(2) The instruction materials for the training consist of our Operations Manual and various presentations and demonstrations

(3) We reserve the right to modify the training class schedule and length

We may provide and require that you (if the franchisee is a sole proprietor) or your Principal Operator (if franchisee is an entity), your Designated Manager (if applicable) and other employees we designate to attend ongoing training If you designate a new Designated Manager after the initial training program, the Designated Manager must complete the initial training program to our satisfaction within 60 days of hire or as we can reasonably accommodate in our regularly scheduled training course In the event you are given a notice of default and the default relates, in whole or in part, to your failure to meet any operational standards, we may require as a condition of curing the default that you, your Designated Manager and any other employees that we deem appropriate again attend and successfully complete our initial training program or other training program that we designate This training will be at your expense

After completion of Initial Training, we may send an ART representative to your location to assist you with your initial efforts Typically, this ranges from 1-3 days

In addition, we may hold and require that you, your Principal Operator, Designated Manager or other designated employees attend, at your expense, any conference, meeting, convention or seminar The cost of additional training is disclosed in Item 6 "Conference Fee and Refresher Training Fees", and does not include hotel, transportation or most meals At a minimum you are required to attend (a) a refresher training course every two years, and (b) the ART Convention each year Failure to attend such conferences, meetings or seminars may result in an administrative fee of $1,000 to compensate us for the employee time and expenses related to educating you and your employees with regards to the contents of such conference, meetings or seminars

ITEM 12

TERRITORY

You will be assigned a Primary Area of Responsibility ("PAR") where you must establish and operate an office for your Business You will operate the Business from a specific location inside your PAR to which we must first consent Except as described further below, you may only market and service customers located inside your PAR

You will not receive an exclusive territory You will face competition from other franchisees, from outlets that we own, or from other channels of distribution or other competition brands that we control Specifically, if you have not been approved to perform ART Restoration at the Service Level the Artwork and Collectables warrants, or in the event of catastrophic loss, failure to accept or handle a job, or inability to handle a job, we, our affiliates or another franchisee may service customers as outlined below

Each PAR will contain a minimum population of 1,000,000 and a maximum population of 3,000,000 We currently use population data from GbBis in determining the population of your PAR Your PAR will be specified by zip codes within which you may market and operate your Business The number of zip codes included in your PAR will be determined by the population included in each zip code You may not advertise to, or service in any way, customers located outside your PAR without our prior written consent Additionally, you do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, (together referred to as "Alternative Distribution Channels") to make sales inside or outside your PAR without our prior written approval

Except as noted below, during the term of your Franchise Agreement, we will not (i) establish or operate, or license any other party the right to establish or operate an ART Business from an office or business address located inside your PAR, or (ii) authorize another ART franchisee or any of our affiliates to directly market to a person located inside your PAR Other ART franchisees and/or any of our affiliates may indirectly advertise inside your PAR by advertising in national or regional print or such other media not directed primarily at persons inside your PAR, but which may reach or be received by persons in the PAR You may advertise either as a single franchisee or, if the telephone directory encompassing your PAR includes another franchisee's PAR, we may require that you advertise as a prorated participant in a common group advertisement You may not directly advertise outside your PAR, even if the area has not been awarded to another ART franchisee and is not serviced by one of our affiliates (an "Open PAR"), without our prior written consent You may not, without our prior written consent, conduct any business outside your PAR

If a customer located inside your PAR is in need of service outside your PAR, you may provide service to this customer provided (i) the service will be performed in an Open PAR, and (ii) you receive prior written permission from us If at any time the Open PAR is awarded to another ART franchisee or to one of our affiliates, you must transfer all business you conducted inside the Open PAR to the new ART franchisee or our affiliate

In the event that you fail to properly perform a service or fail to provide a customer with a warranty in the form we prescribe, you will be given 30 business days to cure this default If you fail to cure this default during the 30-day period we may refer the business to another ART franchisee or one of our affiliates to perform the work with no further obligation to you, financial or otherwise, and you agree to fully indemnify us for any non-compliant work you performed

Except as noted in this item, we will not alter the PAR or your territorial rights during the term of the Franchise Agreement without your prior written consent You do not receive the right to acquire additional franchises within or outside of your PAR unless you meet our then-current expansion requirements, pay us a fee and sign another franchise agreement with us, and are approved by us to do so You may not relocate your office without our prior written approval We will approve the relocation of your office provided the new location meets our then current site criteria standards and the new location is located inside your PAR

ART Inc , or another ART Franchisee may perform a job in your PAR if the job is at a Service Level that you have not yet been qualified to perform, provided that the location performing the work has been qualified to perform jobs of that Service Level (for example, if you haven't been qualified to do a conservation job, but another ART Franchise is qualified, then they could complete the job, but if you were also qualified to perform conservation jobs, then the job would be assigned to you) ART Inc , or another ART Franchisee may perform a job in your PAR if you decline a job

Additionally, if a customer contacts you to perform art restoration services at a Service Level for which you are not approved, and/or a customer requests electronic restoration, data recovery or document restoration, or any other service offered by one of our Affiliates (which will be updated in the Manuals) you must refer this work to us or our Affiliates, or their designees (for example, ERSI may wish you to refer the work to an ERS Franchisee)

In the event that a customer directly contacts us, another ART franchise or one of our affiliates, and requests services different than those being offered under the Franchise Agreement (such as electronic restoration, data recovery or document restoration), and such job is located in your PAR, we or our affiliates may perform the work inside your PAR

In the event that you should refer a job to an ERS Franchise, they may elect to pay you a referral fee, and vice versa Alternatively, you and the ERS Franchisee may elect not to pay each other referral fees Should you elect to pay each other a referral fee, the referral fee should be agreed upon the parties in writing

We have not yet begun to franchise document restoration, although we anticipate doing so in the future In the event that DFD is franchised, then the referral fees between franchises from each system ART and DFD) may vary from what is described above, but will be on the same basis

In the event of catastrophic loss, which is defined as an area deemed by the government as a state or federal disaster area, or if you so request, then we may send a Commercial Loss Team ("CLT"), which may consist of ART, its affiliates and other ART franchisees (Although ART does not currently operate any franchises similar to the type being franchised, ART does reserve the right to do so, additionally, they may supply management or administrative support in the event of a catastrophic loss)

National Accounts

We and our affiliates have the right to create and implement local, regional and national relationships with customers (a "National Account") We reserve the right to contract these services to any other entity at any time or to complete them ourselves We or our affiliates may designate a customer as a National Account based upon (i) the size of the customer (if it encompasses the territories of two or more franchisees), (ii) size and/or scope of the work to be performed, and/or (iii) number of employees needed to complete the work We or one of our affiliates will serve as the central contact within the ART System for all National Accounts to refer business, and we will assign the National Account business relationship for a specific project or portion of a project to an ART franchisee or one of our affiliates who is able to perform the services within the timeframe required regardless of whether the National Account work will be performed inside or outside your PAR Accordingly, we, one of our affiliates or a third party we designate (which may be another ART franchisee) may perform National Account work inside your PAR

If the National Account work will be performed inside your PAR, we will assign the National Account work to you provided you meet all standards and requirements necessary to complete the work To receive National Account work, you may be required to meet certain standards and requirements including entering into a separate agreement with the National Account vendor, paying a referral fee, being available for emergency response 24/7, agreeing to give a percentage discount, completing additional training, increasing your insurance, agreeing to the National Account's procedures, and/or meeting standards for response time or customer service We reserve the right to charge a fee, not to exceed 1% of Gross Sales, or our actual costs in administering that program, whichever amount is more

If we assign work for a National Account to you and you perform the work, you will retain all Gross Sales for the work performed and pay us our standard Royalty and National Marketing Fee as outlined in Article 8 B

We may assign National Account work to ART Inc , or another ART Franchisee may in your PAR if the job is at a Service Level that you have not yet been qualified to perform, provided that the location performing the work has been qualified to perform jobs of that Service Level (for example, if you haven't been qualified to do a conservation job, but another ART Franchise is qualified, then they could complete the job, but if you were also qualified to perform conservation jobs, then the job would be assigned to you) We may also assign the work to ART Inc , or another ART Franchisee if you decline the work

Co-venturing

Co-venturing is defined as any job or project that would require two or more ART franchisees to complete You may not service a customer if doing so is beyond your current equipment and/or personnel capabilities, or if it would disrupt the normal servicing of your customers without our prior written approval Co-venturing with other franchisees must be managed through us, and you may not negotiate directly with other ART franchisees for co-venturing at any time We will determine whether to approve a co-venture or require that you refer the job to us or one of our affiliates

Rights We Reserve

We retain all rights that are not expressly granted to you under the Franchise Agreement Further, we or our affiliates may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights

(i) establish and operate a franchised or affiliate-owned ART business whose office or business address is located outside your PAR,

(ii) establish and operate, and/or license others to establish and operate, within and outside of your PAR, any business providing art recovery and restoration services under marks other than the ART Trademarks, which business or businesses may solicit and provide services to any customer located inside and outside your PAR,

(iii) establish and operate, and/or license others to establish and operate, within and outside of your PAR, any business providing services other than art recovery and restoration (for example Electronic Restoration or Document Restoration services) under the ART Trademarks or any other marks, which business or businesses may solicit and provide services to any customer located inside and outside your PAR,

(iv) offer, sell or distribute, within and outside your PAR, any products associated with the ART System (now or in the future) or identified by the ART Trademarks, or any other marks, through any distribution channels or methods, including, without limitation, to other recovery, repair and restoration of electronic equipment and data 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),

(v) 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 ART Trademarks 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 Business, and which may be located anywhere within or outside your PAR, and

(vi) we reserve the exclusive right to market to all national and regional offices for insurance adjusters, general contractors or re-construction services, contents cleaning companies, third-party administrators, or similar restoration industry business concepts even if such office is located in your PAR However, we agree to refer to you all residential, and those commercial jobs for which you qualify, that are located in your PAR, and which are attained from these solicitations

We are not required to pay you any compensation if we exercise any of the rights specified above inside or outside your PAR except as described in this Item

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

The skillset of your restoration specialist employee(s) will determine what services you are approved to provide, which may include cleaning, repair, restoration, and/or conservation (collectively referred to as "service levels") Should you encounter Artwork and Collectables that require services beyond your approved service level, or that carry an art insurance rider, you must contact us for approval prior to performing services on those items We may approve you to service the Artwork and Collectables with or without assistance, or we may require you to refer the items to a location that has the appropriate service level approval for servicing that item Considerations for approval include items such as training, education, certifications, years of experience, and other similar criteria We also may require that you complete additional training for more complex items Considerations for approval to additional service levels will be available in our Manuals and may be periodically updated

Except for as described in this Item 12, we do not restrict you from soliciting or accepting orders from any customer or potential customer located within your PAR

ART Inc , and/or its Affiliates also locate, sell and manage art restoration projects throughout the United States Nothing in this Item 12 limits our or our affiliates' right to investigate, estimate, manage, and conduct such work within your PAR for National Prospects and/or Accounts

Minimum Royalty Requirement

Following your first full year of operation, each month during the term of this Agreement, you must pay us a minimum monthly royalty fee The minimum monthly royalty is based on years of operation and the Monthly Royalty Factor (as outlined in the table below), which is then multiplied by the population in your PAR

Minimum Royalty Factor per Population	
Years in Operation	**Monthly Royalty Factor**
Year 1	No Minimum
Year 2	$0 00019 per population
Year 3	$0 00021 per population
Year 4	$0 00023 per population
Years 5 or more	$0 00026 per population

For example, for a Franchisee with a PAR which contains a population of 2,500,000, the minimum royalty fee per month would be $475 in Year 2 ($0 00019 x $2,500,000), $525 in Year 3 ($0 00021 x 2,500,000), $575 in Year 4 ($0 00023 x 2,500,000), and $650 in years 5 or more ($0 00026 x 2,500,000)

Should you not meet the minimum royalty requirement, then we may charge you the minimum royalty fee for the difference (the "Shortfall") For example, if the minimum royalty requirement is $550 in a month, and you paid royalty of $450, then the minimum royalty fee would be $100 ($550 - $450)

In addition, should we assess a Shortfall for three or more months in a twelve-month period, then we may also elect to establish another franchisee or affiliate in your PAR and/or allow another franchisee or an affiliate to advertise and service customers located inside your PAR

The population number is fixed on the date when the territory is purchased, but may be modified should any of the following transactions occur transfer of the Franchise Agreement, renewal of the Franchise Agreement, or if you should purchase additional territory In the event that there is a decline in the cumulative population in your PAR of 20% or more, you may request, and we may consider, making an adjustment in the Minimum Monthly Royalty

The Minimum Monthly Royalty applicable to the Business you operate may vary from the performance standards applicable to other ART businesses due to geographic area and other variables

Failure to pay the minimum monthly royalty constitutes a default under the Franchise Agreement We will not modify your PAR if you fail to pay the minimum monthly royalty or based upon any other contingency If you fail to cure any minimum monthly royalty default by paying the minimum monthly royalty within 30 days, we may terminate the Franchise Agreement

ITEM 13

TRADEMARKS

The Franchise Agreement licenses you to use the service mark ART, as well as other trademarks, service marks, trade names and commercial symbols (collectively, the "Trademarks") We and our affiliate claim common law trademark rights for all of the Trademarks Our affiliate, ART, Inc , has filed or intends to file all required affidavits and renewals for the Trademarks listed below The following trademarks, service marks, trade names, logotypes, or other commercial symbols are registered with the United States Patent and Trademark Office and the registrations are on the principal register

Principal Trademarks	Registration Date	Registration Number	Register
(word plus design logo)	December 11, 2012	4257047	Principal

ART, Inc , has licensed us to use the Trademarks in connection with the provision of cleaning, repair and restoration of artwork and collectables, including paintings, frames, works on paper, photographs, sculptures, murals, mosaics, decorative arts, and other similar collectables, and to sublicense the use of the Trademarks for the operation of a Business under a license agreement dated April 6, 2012 and amended July 11, 2016 (the "Trademark License Agreement") The Trademark License Agreement extends for an unlimited term, subject to earlier termination in accordance with its contractual provisions ART, Inc , may terminate the Trademark License Agreement as follows (i) if we materially breach the terms of the Trademark License Agreement or (ii) upon mutual written agreement of the parties The Trademark License Agreement has no other material limitations If the Trademark License Agreement and our right to sublicense the use of the

Trademarks is terminated, your rights to use the Trademarks also are terminated, unless we notify you of a change to the Trademarks as further described below in this Item 13 and the Franchise Agreement

Your use of the Trademarks and any goodwill is for the exclusive benefit of RSFG and our affiliate and you retain no rights in the Trademarks 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 Trademarks unless we direct in writing The Manuals identify the Trademarks that you are licensed to use We have the right to change this list from time to time You must comply within a reasonable time, at your sole expense, if we notify you to discontinue or modify your use of any Trademark We will have no liability or obligation as to your modification or discontinuance of any Trademark

There are currently no effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Trademarks Other than the license agreement with our affiliate, there are no currently effective agreements that significantly limit our rights to use or license the use of any Trademarks in any manner material to the franchise There are no infringing uses actually known to us that could materially affect your use of the Trademarks

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Trademarks, or to participate in your defense or indemnify you We reserve the right to control any litigation related to the Trademarks and we have the sole right to decide to pursue or settle any infringement actions related to the Trademarks You must notify us promptly of any infringement or unauthorized use of the Trademarks of which you become aware If we determine that a Trademark requires changes or substitutions (whether as a result of a trademark infringement action or otherwise), you must make the changes or substitutions at your own expense We will not be responsible for any other expenses or other amounts you may claim you are owed with respect to the changed Trademarks

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered or pending that are material to the franchise, although we do claim copyright ownership and protection for our ART Franchise Agreement, the Operations Manual training manuals, Web site and for various sales, promotional and other materials published from time to time

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you become aware

You must keep confidential during and after the term of the Franchise Agreement all proprietary information, including the Operations Manual Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to the Operations Manual and all other copyright material You must notify us immediately if you learn about an unauthorized use of proprietary information We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information You must comply with all changes to the manuals at your cost

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

During the term of the Franchise Agreement, you (if franchisee is a sole proprietor) or the Principal Operator (if franchisee is an entity) must devote full time and best efforts to the management of the Business You must provide direct supervision to the Business If we grant you express, written permission, you can hire a Designated Manager to perform your management obligations, including supervising your restoration technicians You, your Designated Manager, and any other individuals we designate must complete our training course The Designated Manager need not have any equity interest in the franchise and/or franchisee entity (if applicable) The use of a Designated Manager in no way relieves you of your obligations to comply with the Franchise Agreement and to ensure that the Business is properly operated If you fail to adhere to the above obligations, such failure will be deemed a default under the Franchise Agreement and, to ensure the continued integrity of our Trademarks and system, we may service all customer accounts of the Business on a temporary basis until you cure the default

All shareholders, officers, directors, partners, members and all managers and other employees having access to our proprietary information must execute non-disclosure, non-solicitation and non-competition agreements in a form we accept

Any person or entity that is an owner of 5% or more of the franchisee, or any time becomes an owner of a minority interest of the franchisee, must execute the form of personal guaranty attached to the Franchise Agreement, whereby each guarantor personally guarantees the obligations of the franchisee there under

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Item 8 of this Disclosure Document describes our requirements for approved supplies and vendors You must offer for sale at the Business all of the services and products that we periodically require and you may not offer at the Business any unapproved services or products or use the office location (if applicable) for any purpose other than the operation of the Business nor may any products be sold to consumers or contractors without our prior written approval You may not offer for services above the service level that you have been approved to offer The skill set of your restoration specialist employee(s) will determine what services you are approved to provide, which may include cleaning, repair, restoration, and/or conservation (collectively referred to as "service levels") You will be approved to at a minimum offer cleaning services Should you encounter Artwork and Collectables that require services beyond your approved service level, or that carry an art insurance rider, you must contact us for approval prior to performing services on those items We may approve you to service the Artwork and Collectables with or without assistance, or we may require you to refer the items to a location that has the appropriate service level approval for servicing that item Considerations for approval include items such as training, education, certifications, years of experience, and other similar criteria We also may require that you complete additional training for more complex items Considerations for approval to additional service levels will be available in our Manuals and may be periodically updated

You must refer all Electronic Restoration, Data Restoration and Document Restoration jobs to our Affiliate or their designee You must refer all Art Restoration at a service level above your approved level to ART Inc , or other ART Franchise location that they designate Any other services not covered by this Franchise Agreement must be referred to a third party unless indicated otherwise in writing by us

You may not resell, give, lease, rent or otherwise distribute any products that you purchase from us or our affiliates to any third-party

You may not market to any national and regional offices for insurance adjusters, general contractors or re-construction services, contents cleaning companies, third-party administrators, even if such office is located in your PAR without our prior written permission However, we agree to refer to you all claims that you are qualified to service, that are located in your PAR, and which are attained from these solicitations, in accordance with the provisions of this section

Except as noted above, you are not otherwise restricted to the customers located in your PAR to whom you may sell products or services except as otherwise expressly provided in writing by us The success of the Business is largely dependent on your ability to attract and retain customers

You are an independent contractor with control and direction of the Business and operations, subject to the conditions and specified in the Franchise Agreement and Operations Manual The Business you operate is separate and apart from any that we may operate Neither you nor we may bind each other or make any representations tending to create apparent agency, employment or partnership

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Article in Franchise Agreement	Summary
a	Length of the franchise term	Article 4 A	Term is 10 years
b	Renewal or extension of the term	Article 4 B	Two renewal terms equal to 10 years each
c	Requirements for franchisee to renew or extend	Article 4 B	You give us written notice of your decision to renew at least 9 months before the end of the expiring term, you sign our then-current form of Franchise Agreement, which terms may be materially different than the original Franchise Agreement, you are not in default and have satisfied your obligations on a timely basis, including the Minimum Royalty Requirements, you make any updates to the Business facilities, equipment and supplies as we require, you comply with our training requirements, you sign a release, and you pay us a renewal fee equal to 20% of the then current Initial Franchise Fee If you seek to renew your franchise at the expiration of the initial term or any 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	Article 11 B	Provided that you have been in full compliance with all terms and conditions of the Franchise Agreement, you may terminate the Franchise Agreement for material breach, provided that you have given us 30-days written notice of breach and allowed us 30 days to cure, during which time we did not cure the breach
e	Termination by franchisor without cause	Not Applicable	None
f	Termination by franchisor with cause	Article 11 A	We can terminate the Franchise Agreement only if you default or fail to comply with your obligations
g	"Cause" defined – curable defaults	Article 11 A	You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing, 10 days to cure a default of failure to carry the insurance that we require provided that you refrain from serving customers during that time period, 60 days to cure a default of the Minimum Performance Standards and/or Customer

	Provision	Article in Franchise Agreement	Summary
			Satisfaction Ratings, 24 hours to cure any default that materially impairs the goodwill associated with the Marks, violates any health or safety law or regulation, or if the operation of the Business presents a health or safety hazard to the public, your employees or customers, 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of the Business, or failure to meet any requirements or specifications established by us, and any other default not listed in "h" below
h	"Cause" defined – non-curable defaults	Article 11 A	Non-curable defaults include (i) willful and material falsification of any report, statement or other written data furnished to us, (ii) conviction of you, your Principal Operator or any Personal Guarantor of (or pleading no contest to) any felony or offense that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair the goodwill of any of the Trademarks (e g , offense involving crime of moral turpitude), (iii) your insolvency or any Personal Guarantor's insolvency, (iv) making an assignment or entering into any similar arrangement for the disposition of assets for the benefit of creditors, any unauthorized assignment or transfer of the Business, the Franchise Agreement or the stock of franchisee, (v) any instance where you willfully deceive customers relative to the source, nature or quality of services sold, (vi) any default that results from a subsequent audit of the Business conducted within two years of a previous audit and both audits reveal a variance of 2% or more for failure to timely record payments received for Restoration Services in the Software, (vii) voluntary abandonment of the Business, (viii) servicing customers at a time when you are not carrying the insurance we require, (ix) violation of any covenant of confidentiality, non-disclosure or noncompetition, or (xi) any default by you that is the third similar default within any 12 month consecutive period Furthermore, we may declare the Franchise Agreement null and void if you make any material misrepresentation on the franchise application or otherwise relating to the acquisition of the franchise

	Provision	Article in Franchise Agreement	Summary
i	Franchisee's obligations on termination/non-renewal	Article 12	Obligations include complete de-identification and payment of amounts due, assignment of lease upon our demand, assignment of any and all telephone numbers used in connection with the Business (e g , employee cell phones), domain names and all e-mail addresses used for Business-related matters (including personal accounts as applicable), and return of Operations Manual and related writings (also see o and r below)
j	Assignment of contract by franchisor	Article 15	No restrictions on our right to assign
k	"Transfer" by franchisee - defined	Article 14 A	Includes any transfer of your interest in the Franchise Agreement or in the Business or any ownership change listed in Section 14 A of the Franchise Agreement
l	Franchisor approval of transfer by franchisee	Article 14 B	We have the right to approve all transfers but will not unreasonably withhold approval
m	Conditions for franchisor approval of transfer	Article 14 C	Transferee meets all of our then-current requirements for a franchisee, transfer fee paid, all amounts owed by prior franchisee paid, required modernization is completed, training completed, required guarantees signed, necessary financial reports and other data on franchise business is prepared, release signed by you, non-compete signed by you (also see r below), we also have the right to temporarily assume management and control of customer accounts of the Business during any transition period to ensure the continued integrity of the Trademarks and system
n	Franchisor's right of first refusal to acquire franchisee's business	Article 14 E	We can match any offer for the Business assets and, in the case of a proposed stock sale, we can purchase the Business assets at a price determined by an appraiser, unless you and we agree otherwise
o	Franchisor's option to purchase franchisee's business	Not Applicable	None

	Provision	Article in Franchise Agreement	Summary
p	Death or disability of franchisee	Article 14 D	You can transfer your franchise rights to your heir or successor in interest like any other transfer, provided the person is approved by us, satisfies our training requirements and other transfer conditions, but if assignee is your spouse or child, no transfer fee is required During any transition period, we have the right to assume management and control of the Business
q	Non-competition covenants during the term of the franchise	Articles 10 D 1 and 10 D 2	No direct or indirect involvement in any business that sells or offers services that are the same as or similar to ART Businesses or any other restoration business, other than one authorized in the Franchise Agreement
r	Non-competition covenants after the franchise is terminated or expires	Articles 10 D 1 & 10 D 3	No direct or indirect involvement in a competing business for 2 years (i) in the PAR, (ii) within 40 miles of the former PAR, (iii) within the PAR of another ART franchisee, or (iv) within the PAR of an ART Affiliate who operates under the ART Trademarks
s	Modification of the agreement	Articles 3, 6 & 16 B	No modifications generally, but we have the right to change the Operations Manual, list of authorized trademarks and list of Authorized Products and Vendors
t	Integration/merger clause	Article 16 B	Only the terms of the Franchise Agreement and other related written agreements (including System Standards in the Operations Manual) are binding (subject to state law) Any statements or promises not in the Franchise Agreement or this Disclosure Document should not be relied upon and may not be enforceable
u	Dispute resolution by arbitration or mediation	Not Applicable	None
v	Choice of forum	Article 16 I	Litigation must be in the applicable state or federal district court where our national headquarters is located (currently Livonia, Michigan), subject to state law
w	Choice of law	Article 16 I	Except for claims under federal trademark law, the law of the state of Michigan will govern any dispute, subject to state law and except that any Michigan laws relating to franchises will not apply unless the jurisdictional requirements of such laws are satisfied independent of Article 16 I

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following tables show Gross Sales, Number of Jobs, Job Size and Number of Unique Referrals for ART Franchisees he results include only revenue generated for ART services and do not include revenue from any other line of business All numbers are as reported to us by the locations in the Software

We have not included the results of our affiliate Art Recovery Technology, Inc , because a substantial amount of their revenue is from ERS Franchisees who have referred work to them, which is different from the scope of work that will be performed by the ART Businesses described in this Disclosure Document

"Gross Sales" is the total revenue derived from the sale of restoration services, less tax, discounts, allowances, returns or refunds Gross Sales are as reported to us in the ERS software It does not include any referral fees paid to them or revenue for other sources

"Average" is the sum of all jobs that make up the Gross Sales above, divided by the number of jobs in that set

"Median" is found by taking the total number of jobs that make up the Gross Sales above, and finding the middle number in that set

TABLE 1 AVERAGE GROSS SALES

Table 1 below identifies average Gross Sales information for the period of January 1, 2017 to December 31, 2017 by the six ART locations that have been open one year or more as of December 31, 2017

Table 1

AVERAGE AND MEDIAN GROSS SALES

Description	Average Gross Sales	Median Gross Sales
Revenue	$310,721	$275,451
High	$513,754	$513,754
Low	$130,874	$130,874
Number of Locations	6	6
Number At or Above Average/Median	2	3
Number Below Average/Median	4	3
% At or Above Average/Median	33%	50%
% Below Average/Median	37%	50%

TABLE 2 JOB DETAIL

The tables below identify information relating to the job detail for the period of January 1, 2017 to December 31, 2017 for the six ART locations, who had been opened one or more years as of December 31, 2017

Number of Jobs refers to the total number of jobs received in 2017 Job Size is the average and median of all gross sales of art restoration jobs performed The number of unique referrals is the number of unique primary referral sources, as reported in the software

JOB DETAIL - AVERAGES

Description	Average	High	Low	Number of Locations	Number At or Above Average	Number Below Average	% Above Average	% Below Average
Number of Jobs	81	108	63	6	3	3	50%	50%
Job Size	$4,701	$7,245	$2,748	6	3	3	50%	50%
Number of Unique Referrals	62	81	41	6	3	3	50%	50%

JOB DETAIL – MEDIAN

Description	Median	High	Low	Number of Locations	Number At or Above Median	Number Below Median	% Above Median	% Below Median
Number of Jobs	80	108	63	6	3	3	50%	50%
Job Size	$4,786	$7,245	$2,748	6	3	3	50%	50%
Number of Unique Referrals	65	81	41	6	3	3	50%	50%

The results include only revenue generated for ART services and do not include revenue from any other line of business

Some outlets have earned this amount Your individual results may differ There is no assurance that you will earn as much

Written substantiation for the financial performance representation will be made available to the prospective franchisee 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 Michelle Justavino at 12001 Levan Road, Livonia, Michigan 48150 or 1-888-355-0001, the Federal Trade Commission, and the appropriate state regulatory agencies

We recommend that you conduct your own independent investigation to determine whether or not the franchise may be profitable to you You should use the above information only as a reference in conducting your analysis and preparing your own projected income statements and cash flow statements 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 an ART Business

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No 1 - Systemwide Outlet Summary for Years 2015 to 2017

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchisee	2015	0	0	+0
	2016	0	25	+25
	2017	25	48	+23
Company-Owned	2015	5	2	-3
	2016	2	1	-1
	2016	1	1	+0
Total Outlets	**2015**	**5**	**2**	**-3**
	2016	**2**	**26**	**+24**
	2017	**26**	**49**	**+23**

Table No 2 - Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for Years 2015 to 2017

State	Year	Number of Transfers
Total Outlets	2015	0
	2016	0
	2017	0

Table No 3 - Status of Franchised Outlets for Years 2015 to 2017

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – other Reasons	Outlets at End of Year
AZ	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
CA	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	3	0	0	0	0	3
CO	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	2	0	0	0	0	2
CT	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
	2017	2	0	0	0	0	0	2
FL	2015	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Term-inations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – other Reasons	Outlets at End of Year
	2016	0	0	0	0	0	0	0
	2017	0	2	0	0	0	0	2
GA	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	2	0	0	0	0	2
IL	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
	2017	2	0	0	0	0	0	2
IN	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
	2017	2	0	0	0	0	0	2
KY	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
MA	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
	2017	2	0	0	0	0	0	2
MD	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
	2017	2	2	0	0	0	0	4
MI	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
MN	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
	2017	2	0	0	0	0	0	2
NC	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
	2017	2	0	0	0	0	0	2
NJ	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
	2017	2	2	0	0	0	0	4
NY	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	2	0	0	0	0	2
OH	2015	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Term-inations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – other Reasons	Outlets at End of Year
	2016	0	2	0	0	0	0	2
	2017	2	1	0	0	0	0	3
PA	2015	0	0	0	0	0	0	0
	2016	0	3	0	0	0	0	3
	2017	3	1	0	0	0	0	4
TX	2015	0	0	0	0	0	0	0
	2016	0	3	0	0	0	0	3
	2017	3	3	0	0	0	0	6
VA	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
Total	2015	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2016	**0**	**25**	**0**	**0**	**0**	**0**	**25**
	2017	**25**	**23**	**0**	**0**	**0**	**0**	**48**

Table No 4 - Status of Company-Owned Outlets for Years 2015 to 2017

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
IN	2015	1	0	0	0	1	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
MI	2015	2	0	0	0	0	2
	2016	2	0	0	0	1	1
	2017	1	0	0	0	0	1
OH	2015	2	0	0	0	2	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
Total	**2015**	**5**	**0**	**0**	**0**	**3**	**2**
	2016	**2**	**0**	**0**	**0**	**1**	**1**
	2017	**1**	**0**	**0**	**0**	**0**	**1**

All Outlets identified in Table 4 have been or are currently operated by our affiliate ART, Inc The outlets listed under "Outlets Sold to Franchisee" indicate those outlets which were converted into a test program for Art Restoration business, under which ERS franchisees offered

Art Restoration as part of their ERS Business, and not as a separate ART Franchise or Business Refer to Item 1 for more details

Table No 5 - Projected Openings as of December 31, 2017

State	Franchise Agreements signed but Outlet not opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
CA	0	3	0
MO	0	1	0
OR	1	0	0
VA	1	0	0
WA	1	0	0
Total	**3**	**4**	**0**

Note 1 In Tables 1-5, there has been no activity in the states omitted from the tables during the years indicated

Note 2 Below are the names, addresses as of the date of this Disclosure Document of (i) all ART Franchisees, and (iii) our ART Affiliate

ART of Phoenix, 1 unit
Contact Keppel, Scott and Cathy
1755 W University Drive , Ste 115-117 Tempe, AZ 852811
(480) 454-19991

ART of San Francisco Bay Area, 3 units
Contact Titley, Andrew
8698 Thornton Ave Newark, CA 945603
(510) 358-85883

ART of Colorado, 2 units
Contact Brownstein, Joni and Paul
6547 S Racine Circle, Units 1700-1800 Centennial, CO 801112
(303) 953-85002

ART of Hartford-Springfield-Providence, 2 units
Contact Kern, Ron and Cristine
91 Prestige Park Circle Suite 6 East Hartford, CT 061082
(860) 937-21692

ART of Tampa and Orlando, 2 units
Contact Swett, Timothy and Heather
6302 Benjamin Road, Suite 414 Tampa, FL 336342
(813) 513-05252

ART of Metro Atlanta, 2 units
Contact Martin, Ralph
5824 Peachtree Corners East, Suite C Peachtree Corners, GA 300922
(770) 829-02262

ART of Chicagoland, 2 units
Contact Birch, Bill
40 East Belmont Drive Romeoville, IL 604462
(847) 438-07342

ART of Indiana, 2 units
Contact McGannon, Jeff & Carrie
11730 Church Street Suite 100 Indianapolis, IN 462362
(317) 357-89502

ART of Greater Kentucky, 1 unit
Contact Roberts, Ted and Pamela
10191 Bunsen Way Louisville, KY 402991
(502) 916-49901

ART of Baltimore and Delaware, 2 units
Contact Wah, Gary
4206 Shannon Drive, Bldg 6 Rosedale, MD 212132
(443) 873-01232

ART of DC, MD, and VA Metro, 2 units
Contact Alto, Joe
1011 Brightseat Rd Hyattsville, MD 207852
(301) 349-61002

ART of Eastern & Central Mass, 2 units
Contact Richards, Joel
80 Turnpike Road Westborough, MA 015812
(978) 261-30302

ART of Grand Rapids & SW Michigan, 1 unit
Contact Schultz, Bob
5130 Patterson SE Suite B Grand Rapids, MI 495121
(616) 734-05851

Art Recovery Technologies, 1 unit
Contact Fisher-Smith, Mary
11847 Levan Rd Livonia, MI 481501
(734) 464-81541

ART of the Greater Twin Cities, 2 units
Contact Notermann, Chris & Joe Smith
15400 28th Ave N Suite 300 Plymouth, MN 554472
(763) 308-56002

ART of Northern NJ & Hudson Valley, 2 units
Contact McGovern, Timothy & Rosanne
17 Leslie Court Whippany, NJ 079812
(862) 285-28062

ART of the Tri-State, 5 units
Contact Ciano, Stephen, Sheri and Joseph
92 N Main Street, Building 2 Suite C PO Box 532 Windsor, NJ 08561-05325
(609) 380-17005

ART of NYC & Long Island, 2 units
Contact Caraballo, Deana and Peter
1361 Lincoln Avenue, Unit #4 Holbrook, NY 117412
(631) 588-27172

ART of North Carolina, 2 units
Contact Milligan, Jeff, Todd Milligan, Michael DiPaolo
1015 Classic Road Apex, NC 275392
(919) 295-24002

ART of Central Ohio, 2 units
Contact Walker, Richard and Cheryl
171 Schofield Rd Columbus, OH 432132
(614) 560-12862

ART of Cleveland, 2 units
Contact DeLorge, David, and Dana Mueller
1135 Industrial Pkwy Brunswick, OH 442122
(330) 558-02332

ART of the Pacific Northwest, 2 units (opening soon)
Contact Skoro, Boris
16321 NE Cameron Blvd PO Box 30897 Portland, OR 972302
Pending

ART of Dallas/Forth Worth, 2 units
Contact Mercado, Caesar and Ann
12901 Nicholson Road, Suite 130 Farmers Branch, TX 752342
(833) 278-63332

ART of Greater Austin, 1 unit
Contact Horton, Bruce and Liz
1955 FM 2001, Suite 310 Buda, TX 786101
(512) 991-19311

ART of Greater Houston, 3 units
Contact March, Pam and John
6125 West Sam Houston Parkway North, Suite 301 Houston, TX 770413
(281) 213-07803

ART of Central Virginia & Tidewater, 1 unit
Contact Harvey, Rob
11341-A Business Center Drive Richmond, VA 232361
(804) 464-86701

Note 3 Below are the names, addresses of all our Franchisees as of the date of this Disclosure Document who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement in the last fiscal year

None

We have no Franchisees who have failed to communicate with us within 10 weeks of the issuance date of this disclosure document

Note 4 We have not signed any confidentiality clauses with current or former franchisees during the last three fiscal years which would restrict them from speaking openly with you about their experience about us

Note 5 As of the date of this issuance, there are no trademark-specific franchisee organization associated with the franchise system being offered which we have created, sponsored or endorsed

Note 6 As of the date of this issuance, there are no independent franchisee organizations that have asked to be included in this disclosure document

Note 7 If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

ITEM 21
FINANCIAL STATEMENTS

Included in this Disclosure Document as Exhibit B, is the audited balance sheet, statements of income and member equity and cash flows for Restoration Specialties Franchise Group, LLC for the fiscal years ending December 31, 2017, December 31, 2016 and December 31, 2015 Our fiscal year end is December 31

As noted in this Disclosure Document, franchisees are required to purchase products from ERS Depot, LLC As such, Exhibit B also includes the audited balance sheet, income and member equity and cash flows for ERS Depot, LLC for the fiscal years ending December 31, 2017, December 31, 2016 and December 31, 2015 ERS Depot, LLC has a fiscal year end of December 31

ITEM 22
CONTRACTS

This Disclosure Document includes a sample of the following contracts that you will be required to sign in connection with being granted a franchise

Exhibit C Franchise Agreement, including appendices

A Territory
B Trademarks
C Minimum Performance Standards
D Assignment of Telephone Numbers
E Assignment of Domain Name and E-Mail Addresses
F Ownership Addendum

Acknowledgement Addendum

Exhibit E Form of Release Agreement

ITEM 23
RECEIPTS

A detachable acknowledgment of receipt is attached as Exhibit F

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EXHIBIT A

List of State Administrators and Agents for Service of Process
LIST OF STATE ADMINISTRATORS, AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight 1515 K Street Suite 200 Sacramento, CA 95814 (866) 275-2677	Commissioner of Business Oversight 1515 K Street Suite 200 Sacramento, CA 95814
HAWAII	State of Hawaii Business Registration Division Department of Commerce and Consumer Affairs King Kalakaua Building 335 Merchant Street Room 205 Honolulu, HI 96813 (808) 586 2744	Commissioner of Securities King Kalakaua Building 335 Merchant Street Room 205 Honolulu, HI 96810
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-1090	Illinois Attorney General 500 South Second Street Springfield, IL 62706
INDIANA	Securities Commissioner Indiana Securities Division Room E 111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 W Washington Street, Rm 201 Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Securities Division 20th Floor 200 St Paul Place Baltimore, MD 21202 (410) 576-7044	Maryland Securities Commissioner 200 St Paul Place, 20th Floor Baltimore, Maryland 21202-2020
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit G Mennen Williams Building, 7th Floor 525 W Ottawa St Lansing, MI 48909 (517) 373 1110	Michigan Department of Commerce Corporations and Securities Bureau G Mennen Williams Building, 7th Floor 525 W Ottawa St Lansing, MI 48909
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St Paul, MN 55101 (651) 539-1500	Minnesota Commissioner of Commerce 85 7th Place East, Suite 500 St Paul, MN 55101

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW YORK	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8222	New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473 2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor Bismarck, ND 58505-0510 (701) 328-2910	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5th Floor Bismarck, ND 58505-0510
RHODE ISLAND	Division of Securities 1511 Pontiac Division John O Pastore Center Building 69-1 Cranston, RI 02920 (401) 277-3048	Director of Department of Business Regulation 1511 Pontiac Division John O Pastore Center Building 69-1 Cranston, RI 02920
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501 (605) 773 4823	Director of South Dakota Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E Main Street, Ninth Floor Richmond, VA 23219 (804) 371 9051	Clerk of the State Corporation Commission 1300 E Main Street, First Floor Richmond, VA 23219
WASHINGTON	Department of Financial Institutions Securities Division P O Box 41200 Olympia, WA 98504 (360) 902-8760	Same (or physical address is) 150 Israel Road SW Tumwater, WA 98501
WISCONSIN	Commission of Securities 201 West Washington Ave Madison, WI 53703 (608) 266-1365	Wisconsin Commissioner of Securities 345 West Washington Ave Madison, WI 53703

EXHIBIT C

Franchise Agreement (including Appendices)

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ART

FRANCHISE AGREEMENT

BETWEEN

RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

AND

____

____

____

Name(s) of Franchisee

FRANCHISE AGREEMENT

TABLE OF CONTENTS

ART FRANCHISE AGREEMENT

This Franchise Agreement is made this ____ day of ___________, 20____ between Restoration Specialties Franchise Group, LLC, a Michigan limited liability company with its principal business address at 12001 Levan Road, Livonia, Michigan 48150 ("Franchisor," "we" or "us"), and __________________________, a(n) ______________________________________ whose principal business address is ___________________________________ ("Franchisee" or "you")

RECITALS

A We and an affiliate, Art Recovery Technologies, Inc ("ART Inc"), have developed a unique system using state-of-the-art fire and disaster recovery technologies that specializes in the cleaning, repair and restoration of artwork and collectables, including paintings, frames, works on paper, photographs, sculptures, murals, mosaics, decorative arts, and other similar collectables ("Artwork and Collectables") for both residential and commercial consumers

B Our affiliate Art Recovery Technology, Inc , ("ART, Inc") is the owner of the ART® service mark and other trademarks, trade names and commercial symbols used in connection with the System,

C ART, Inc has granted us the right to sublicense the right to develop and operate ART businesses,

D You wish to obtain the right to use the System and Trademarks in the development and operation of an ART Business,

E You have had a full and adequate opportunity to be advised thoroughly of the terms and conditions of this Agreement by legal counsel and other advisors, and have had sufficient opportunity to evaluate and investigate the System, the financial investment requirements, and the business risks associated with owning and operating an ART Business

In consideration of the foregoing and the covenants and consideration below, you and we agree as follows

ARTICLE 1

DEFINITIONS

For purposes of this Agreement, the terms set forth below have the following definitions

A "Artwork and Collectables" means paintings, frames, works on paper, photographs, sculptures, murals, mosaics, decorative arts, and other similar collectables

B "Art Restoration" means the cleaning, repair and restoration of Artwork and Collectables, for both residential and commercial consumers

C "Business" means the ART Franchised Business developed and operated pursuant to this Agreement

D "Document Restoration" means restoring and recovering documents damaged by flood or fire, including the restoration and recovery of medical records, z-ray film, electronic media, books, files and other types of documents

E "Electronic Restoration" means the recovery, repair and restoration services for electronic equipment and data

F "Gross Sales" mean the aggregate of all sales and other income from the Business and any sales or other income resulting from your conduct of any business outside the Business involving the System or the Trademarks Gross Sales includes all proceeds from any business interruption insurance, but excludes any and all sales taxes and other taxes that you collect from customers and pay to any governmental authority

G "Minority Operator" means any person other than the "Principal Operator" who directly or indirectly owns an interest in Franchisee

H "Primary Area of Responsibility" or "PAR" means the geographic area described in Article 2 and Appendix A, within which you conduct the Business

I "Principal Operator" means the natural person who (i) directly or indirectly owns greater than a 50% interest in Franchisee when Franchisee is a corporation, limited liability company, partnership, or a similar entity and (ii) has the authority to, and does in fact, actively direct the business affairs in regard to the Business, is responsible for overseeing the general management of the day-to-day operations of the Business and has authority to sign all contracts and commercial documents

J "Restoration Services" means the services and related products that you market to customers, and you or we provide to said customers relating to the cleaning, repair and restoration of Artwork and Collectables, for both residential and commercial consumers using state-of-the-art fire and disaster recovery technologies, all of which we may modify and change from time to time

K "System" means the ART System, which consists of the operation of an ART Business using distinctive and proprietary products and services under the Trademarks and utilizing certain distinctive types of services, products, procedures and marketing programs, all of which we may modify and change from time to time

L "Trademarks" means the ART® service mark filed with the United States Patent and Trademark Office, and the other trademarks, service marks, and trade names identified on in the Manuals, as we may modify and change from time to time, and the trade dress and other commercial symbols used in the Business Trade dress includes the designs, color schemes and images we authorize you to use in the operation of the Business from time to time

M In addition to the terms defined in Article 1 A through 1 H above, the following terms are defined in the Agreement in the section(s) indicated below

Approved Vendors and Supplies	Article 6 B
Assignee	Article 14 A
Computer System	Article 6 E
Confidential Information	Article 6 F
Designated Manager	Article 6 E
Franchised Location	Article 5 A
Initial Franchise Fee	Article 8 A
Manuals	Article 6 C
Marketing Fund Fee	Article 9 A
Marketing Fund	Article 9 A

ARTICLE 2

GRANT OF LICENSE

The following provisions control with respect to the license we grant to you

A <u>Rights Granted</u> We grant to you, subject to the terms and conditions of this Agreement, the right and license to engage in and conduct an ART Business identified by the Trademarks that we authorize for your use in the PAR You will operate the Business from a specific location inside your PAR to which we must first consent Except as described further below, you may only market and service customers located inside your PAR

You accept said license and undertake the obligation to operate the Business faithfully, honestly and diligently, using the System in compliance with our standards and requirements for the System You may not commence operations of the Business until you successfully complete our training program and we have approved the commencement date of operations

Except as noted below, during the term of your Franchise Agreement, we will not (i) establish or operate, or license any other party the right to establish or operate an ART Business from an office or business address located inside your PAR, or (ii) authorize another ART franchisee or any of our affiliates to directly market to a person located inside your PAR Other ART franchisees and/or any of our affiliates may indirectly advertise inside your PAR by advertising in national or regional print or such other media not directed primarily at persons inside your PAR, but which may reach or be received by persons in the PAR You may advertise either as a single franchisee or, if the telephone directory encompassing your PAR includes another franchisee's PAR, we may require that you advertise as a prorated participant in a common group advertisement You may not directly advertise outside your PAR, even if the area has not been awarded to another ART franchisee and is not serviced by one of our affiliates (an "Open PAR"), without our prior written consent You may not, without our prior written consent, conduct any business outside your PAR

Additionally, you do not have the right to sell Restoration Services or any other related product or service through any other channel or method of distribution (including catalog sales, telemarketing, the Internet or any other existing or future form of electronic commerce) or to any person or entity for resale or further distribution You also do not have the right to subfranchise, sublicense, assign or transfer your rights under this Agreement, except for an assignment or transfer as specifically provided in this Agreement

If a customer located inside your PAR is in need of service outside your PAR, you may provide service to this customer provided (i) the service will be performed in an Open PAR, and

(ii) you receive prior written permission from us If at any time the Open PAR is awarded to another ART franchisee or to one of our affiliates, you must transfer all business you conducted inside the Open PAR to the new ART franchisee or our affiliate

In the event that you fail to properly perform a service or fail to provide a customer with a warranty in the form we prescribe, you will be given 30 business days to cure this default If you fail to cure this default during the 30-day period we may refer the business to another ART franchisee or one of our affiliates to perform the work with no further obligation to you, financial or otherwise, and you agree to fully indemnify us for any non-compliant work you performed

We will not alter the PAR during the term of this Agreement without your prior written consent

B Services Performed Your Business will offer Restoration Services, primarily for Service Level 1 claims You may not offer for services above the service level that you have been approved to offer The skill set of your restoration specialist employee(s) will determine what services you are approved to provide, which may include cleaning, repair, restoration, and/or conservation (collectively referred to as "Service Level(s)") You will be approved to at minimum offer Service Level 1 services Should you encounter Artwork and Collectables that require services beyond your approved Service Level, or that carry an art insurance rider, you must contact us for approval prior to performing services on those items We may approve you to service the Artwork and Collectables with or without assistance, or we may require you to refer the items to a location that has the appropriate service level approval for servicing that item Considerations for approval include items such as training, education, certifications, years of experience, and other similar criteria We also may require that you complete additional training for more complex items Considerations for approval to additional service levels will be available in our Manuals and may be periodically updated

During the term of this Agreement, you may not offer any Electronic Restoration or Document Restoration services Instead, such services must be referred to us or our affiliates in accordance with the requirements outlined below

ART Inc , or another ART Franchisee may perform a job in your PAR if the job is at a Service Level that you have not yet been qualified to perform, provided that the location performing the work has been qualified to perform jobs of that Service Level (for example, if you haven't been qualified to do a conservation job, but another ART Franchise is qualified, then they could complete the job, but if you were also qualified to perform conservation jobs, then the job would be assigned to you) ART Inc , or another ART Franchisee may perform a job in your PAR if you decline a job

Additionally, if a customer contacts you to perform art restoration services at a Service Level for which you are not approved, and/or a customer requests electronic restoration, data recovery or document restoration, or any other service offered by one of our Affiliates (which will be updated in the Manuals) you must refer this work to us or our Affiliates, or their designees (for example, ERSI may wish you to refer the work to an ERS Franchisee)

In the event that a customer directly contacts us, another ART franchise or one of our affiliates, and requests services different than those being offered under the Franchise Agreement (such as electronic restoration, data recovery or document restoration), and such job is located in your PAR, we or our affiliates may perform the work inside your PAR

In the event that you should refer a job to an ERS Franchise, they may elect to pay you a referral fee, and vice versa Alternatively, you and the ERS Franchisee may elect not to pay each other referral fees Should you elect to pay each other a referral fee, the referral fee should be agreed upon the parties in writing

We have not yet begun to franchise document restoration, although we anticipate doing so in the future In the event that DFD is franchised, then the referral fees between franchises from each system ART and DFD may vary from what is described above, but will be on the same basis

In the event of catastrophic loss, which is defined as an area deemed by the government as a state or federal disaster area, or if you so request, then we may send a Commercial Loss Team ("CLT"), which may consist of ART, its affiliates and other ART franchisees

C National Accounts We and our affiliates have the right to create and implement local, regional and national relationships with customers (a "National Account") We reserve the right to contract these services to any other entity at any time or to complete them ourselves We or our affiliates may designate a customer as a National Account based upon (i) the size of the customer (if it encompasses the territories of two or more franchisees), (ii) size and/or scope of the work to be performed, and/or (iii) number of employees needed to complete the work We or one of our affiliates will serve as the central contact within the ART System for all National Accounts to refer business, and we will assign the National Account business relationship for a specific project or portion of a project to an ART franchisee or one of our affiliates who is able to perform the services within the timeframe required regardless of whether the National Account work will be performed inside or outside your PAR Accordingly, we, one of our affiliates or a third party we designate (which may be another ART franchisee) may perform National Account work inside your PAR

If the National Account work will be performed inside your PAR, we will assign the National Account work to you provided you meet all standards and requirements necessary to complete the work To receive National Account work, you may be required to meet certain standards and requirements including entering into a separate agreement with the National Account vendor, paying a referral fee, being available for emergency response 24/7, agreeing to give a percentage discount, completing additional training, increasing your insurance, agreeing to the National Account's procedures, and/or meeting standards for response time or customer service We reserve the right to charge a fee, not to exceed 1% of Gross Sales, or our actual costs in administering that program, whichever amount is more

If we assign work for a National Account to you and you perform the work, you will retain all Gross Sales for the work performed and pay us our standard Royalty and National Marketing Fee as outlined in Article 8 B

We may assign National Account work to ART Inc , or another ART Franchisee may in your PAR if the job is at a Service Level that you have not yet been qualified to perform, provided that the location performing the work has been qualified to perform jobs of that Service Level (for example, if you haven't been qualified to do a conservation job, but another ART Franchise is qualified, then they could complete the job, but if you were also qualified to perform conservation jobs, then the job would be assigned to you) We may also assign the work to ART Inc , or another ART Franchisee if you decline the work

D Co-venturing Co-venturing is defined as any job or project that would require two or more ART franchisees to complete You may not service a customer if doing so is beyond your current equipment and/or personnel capabilities, or if it would disrupt the normal servicing of your customers without our prior written approval Co-venturing with other franchisees must be managed through us, and you may not negotiate directly with other ART franchisees for co-venturing at any time We will determine whether to approve a co-venture or require that you refer the job to us or one of our affiliates

E Our Reservation of Rights We retain all rights that are not expressly granted to you under this Agreement Further, we or our affiliates may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights

(i) establish and operate a franchised or affiliate-owned ART business whose office or business address is located outside your PAR,

(ii) establish and operate, and/or license others to establish and operate, within and outside of your PAR, any business providing Restoration Services under marks other than the ART Trademarks, which business or businesses may solicit and provide services to any customer located inside and outside your PAR,

(iii) establish and operate, and/or license others to establish and operate, within and outside of your PAR, any business providing services other than Restoration Services (for example Electronic Restoration or Document Restoration services) under the ART Trademarks or any other marks, which business or businesses may solicit and provide services to any customer located inside and outside your PAR,

(iv) offer, sell or distribute, within and outside your PAR, any products associated with the ART System (now or in the future) or identified by the ART Trademarks, or any other marks, through any distribution channels or methods, including, without limitation, to other cleaning, repair and restoration of Artwork and Collectables, 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),

(v) 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 ART Trademarks 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 Business, and which may be located anywhere within or outside your PAR, and

(vi) we reserve the exclusive right to market to all national and regional offices for insurance adjusters, general contractors or re-construction services, contents cleaning companies, third-party administrators, or similar restoration industry business concepts even if such office is located in your PAR However, we agree to refer to you all residential, and those commercial jobs for which you qualify, that are located in your PAR, and which are attained from these solicitations

F Minimum Royalty Requirement In order to meet our goals for market penetration and for the growth of the ART System, you agree to be bound by the Minimum Royalty Requirement as set forth below The annual Minimum Royalty Requirement will be established for each year of the term of this Agreement following your first year of operation You understand that meeting the Minimum Royalty Requirement does not suggest that you are sufficiently penetrating the market in the PAR or that the Business will be successful Rather, the Minimum Royalty Requirement are threshold minimum amounts

Your rights under the Franchise Agreement are conditioned upon your active and continuous development of the Business in the PAR The Minimum Royalty Requirement are based on market potential and market share for your PAR, the growth rate of other ART businesses and other relevant factors

Following your first full year of operation, each month during the term of this Agreement, you must pay us a minimum monthly royalty fee The minimum monthly royalty is based on years of operation and the Monthly Royalty Factor (as outlined in the table below), which is then multiplied by the population in your PAR

Minimum Royalty Factor per Population	
Years in Operation	**Monthly Royalty Factor**
Year 1	No Minimum
Year 2	$0 00019 per population
Year 3	$0 00021 per population
Year 4	$0 00023 per population
Years 5 or more	$0 00026 per population

For example, for a Franchisee with a PAR which contains a population of 2,500,000, the minimum royalty fee per month would be $475 in Year 2 ($0 00019 x $2,500,000), $525 in Year 3 ($0 00021 x 2,500,000), $575 in Year 4 ($0 00023 x 2,500,000), and $650 in years 5 or more ($0 00026 x 2,500,000)

Should you not meet the minimum royalty requirement, then we may charge you the minimum royalty fee for the difference (the "Shortfall") For example, if the minimum royalty requirement is $650 in a month, and you paid royalty of $550, then the minimum royalty fee would be $100 ($650 - $550)

In addition, should we assess a Shortfall for three or more months in a twelve month period, then we may also elect to establish another franchisee or affiliate in your PAR and/or allow another franchisee or an affiliate to advertise and service customers located inside your PAR

The population number is fixed on the date when the territory is purchased, but may be modified should any of the following transactions occur transfer of the Franchise Agreement, renewal of the Franchise Agreement, or if you should purchase additional territory In the event that there is a decline in the cumulative population in your PAR of 20% or more, you may request, and we may consider, making an adjustment in the Minimum Monthly Royalty

The Minimum Monthly Royalty applicable to the Business you operate may vary from the performance standards applicable to other ART businesses due to geographic area and other variables

Failure to pay the Minimum Monthly Royalty constitutes a default under the Franchise Agreement We will not modify your PAR if you fail to pay the Minimum Monthly Royalty or based upon any other contingency If you fail to cure any Minimum Monthly Royalty default by paying the Minimum Monthly Royalty within 30 days, we may terminate the Franchise Agreement, as noted in Article 11 A

G Customer Satisfaction Ratings We require you to use and pay for the customer service rating system that we approve, as well as to meet certain customer satisfaction ratings as outlined in the Operation Manual (the "Customer Satisfaction Ratings") The Customer Satisfaction Ratings will measure, on a scale of "1" to "10" (where "10" is the best score), the level of service provided to customers of the Business you operate through specific metrics set forth in the Operations Manual You must achieve a passing aggregate average customer satisfaction rating for each rolling 90-day period as further outlined in the Manuals

If your 90-day rolling average is not passing, then depending on the severity of the Customer Service problem, ART may require that you must submit documentation showing (i) how you have addressed the Customer Services problem(s), and (ii) the preventative action that will be taken so as to prevent similar Customer Service problem(s) from reoccurring

If you fail to meet a passing aggregate average customer satisfaction rating for two or more quarters in a calendar year, if you fail to submit the documentation outlined in the above paragraph, and/or you should fail to follow through on the preventative action plan as required, then you will be deemed in default of this Agreement Accordingly and pursuant to Article 11 A, your failure to meet the Customer Satisfaction Rating for any period set forth above will constitute grounds for termination of the Franchise Agreement unless, within 60 days after delivery of written notice of default, you cure the defaults by satisfying the Customer Satisfaction Rating for that recently completed period

ARTICLE 3

TRADEMARK STANDARDS AND REQUIREMENTS

You hereby acknowledge and agree that the Trademarks are our affiliate's property and that your right to use the Trademarks is specifically conditioned upon the following terms and conditions

A Trademark Ownership The Trademarks are the valuable property of our affiliate, ART Inc , and it is the exclusive owner of all right, title and interest in and to the Trademarks and all past, present or future goodwill of the Business conducted within the PAR that is associated with or attributable to the Trademarks Your use of the Trademarks will inure to our affiliate's and our benefit You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest our rights in any of the Trademarks or the goodwill associated with the Trademarks, including any use of the Trademarks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media

B Trademark Use You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Business, except those set forth in the Manuals or except as we otherwise direct in writing You must use the Trademarks only in connection with such products and services as we specify and only in the form and manner we prescribe in writing You must comply with all trademark, trade name and service mark notice marking requirements You may use the Trademarks only in association with products and services approved by us and that meet our standards or requirements with respect to quality and production, service standards and methods of operation You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity in the matters described in this Article

C Business Identification You must use the name "ART®" and/or "Art Recovery Technologies" as the trade name of the Business and no other mark or words may be used to identify the Business without our prior written consent You may not use the word ART or any of the other Trademarks as part of the name of your corporation, partnership, limited liability company or other similar entity You must hold yourself out to the public as an independent contractor operating the Business pursuant to a license from us

You must clearly indicate on your business checks, stationery, purchase orders, receipts, and other written materials that you are the owner of the Business and that you are an ART franchisee You may use the Trademarks on various materials, such as business cards, stationery, purchase orders and checks, provided you (i) accurately depict the Trademarks on the materials, (ii) include a statement on the materials, in immediate proximity to the Trademark, indicating that you independently own and operate the Business, and (iii) do not use the Trademarks in connection with any other trademarks, trade names or service marks unless we specifically approve it in writing prior to the use

You must affix the Trademarks to all vehicles, uniforms, equipment, containers, fixtures, signs, stationery, advertising, sales/promotional materials, and other objects we designate and according to the size, color, lettering style and fashion as we may designate in the Manuals

D Litigation In the event any person or entity improperly uses or infringes the Trademarks or challenges your use or our use or ownership of the Trademarks, we will control all litigation and we have the right to decide as to whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken You must promptly notify us of any such use or infringement of which you are aware You must promptly inform us of any claim arising out of your use of any Trademark and must, without compensation, cooperate with us in any action we undertake We or our affiliate will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Trademarks in violation of this Agreement, in which case you must reimburse us for our fees and expenses

E Changes You may not make any changes or substitutions to the Trademarks unless directed by us in writing We reserve the right to change the Trademarks at any time Upon receipt of our notice to change the Trademarks (whether in response to third-party claims of superior rights to the Trademarks or otherwise), you must, at your expense, cease using the former Trademarks and commence using the changed Trademarks We will not be responsible for any other expenses or other amounts you may claim you are owed with respect to the changed Trademarks, and you agree that you will not commence or join in any litigation or other proceeding against us for any such expenses, losses, or damages

ARTICLE 4

TERM OF FRANCHISE, FRANCHISEE'S RIGHT TO RENEW

The following provisions control with respect to the term and renewal of this Agreement

A Initial Term The term of the license granted in this Agreement is for a period of 10 years from the date of this Agreement

B Renewal Term You have the right to renew your license for two additional 10 year terms each, provided that you have met the following conditions

1 you must give written notice to us not less than 9 months prior to the end of the expiring term of your intent to renew the license You must execute the then-current form of franchise agreement and all other agreements then customarily used by us in the renewal of franchises and pay us a renewal fee equal to 20% of the then-current Initial Franchise Fee These agreements may vary materially from those agreements currently in use by us Your failure or refusal to execute such agreements within 30 days after their delivery to you will be deemed an election by you not to renew the license,

2 you are in compliance with all of the terms and conditions of this Agreement and are in compliance with our operating and quality standards and requirements,

3 you have satisfied, prior to renewal, all monetary obligations owed by you to us, our affiliates or your suppliers or creditors, whether pursuant to this Agreement or otherwise,

4 you have agreed, in writing, to make such reasonable expenditures as are necessary so that the Business will conform to our then-current standards,

5 you attend any training program, at your expense, that we deem necessary for you to operate the Business in accordance with our then-current standards,

6 you have continuously and actively operated the Business, which includes meeting the Minimum Performance Standards in Article 2 F and the Customer Satisfaction Ratings in Article 2 G, and

7 you, your Principal Operator, Minority Operators and your Personal Guarantors sign a general release of claims in a form we prescribe

ARTICLE 5

PREMISES STANDARDS

You acknowledge and agree that we have the right to establish, from time to time, quality standards regarding the business operations of ART® businesses to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System Accordingly, you agree to maintain and comply with our quality standards and agree to the following terms and conditions

A Franchised Location, Lease You are responsible for purchasing or leasing a site for the Business ("Franchised Location") that meets our site selection criteria You must obtain our written acceptance of the Franchised Location You may not use the Franchised Location or its premises for any purpose other than the operation of an ART® Business during the term of this Agreement We make no guarantees concerning the success of the Business located on any site that we accept You are solely responsible for obtaining all necessary permits or licenses, and in all other respects complying with applicable legal requirements relating to the Business

We have no responsibility for the lease, it is your sole responsibility to evaluate, negotiate and enter into the lease for the Franchised Location

You must execute, and provide us an executed copy of your lease or the purchase agreement for the selected and approved site for your Franchised Location within 5 days of the lease execution date and within 60 days from the date of execution of this Agreement If you fail to have your "site under control" (execute the lease or the purchase agreement within the periods set forth in this subparagraph), we will have the right to terminate this Agreement without opportunity to cure pursuant to Article 11 A

B Construction, Opening Date You must construct and equip the Franchised Location in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, furnishings, supplies, and design and layout of the space You must open for Business to the public no later than six months following the Effective Date

C Relocation If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will grant you authority to do so at a site acceptable to us that is within your PAR provided that (i) we have issued our written acceptance of the new site, and (iii) the Business is open for business at the new Franchised Location within 150 days following your request to relocate, all in accordance with our then-current standards If you voluntarily decide to relocate the Business to a new Franchised Location, your right to relocate the Business will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate not less than 60 days prior to closing the Business, have procured a site that has been accepted by us within 60 days after closing the prior Business, have opened the Business at the new Franchised Location within 150 days of such closure and complied with any other conditions that we reasonably require You must pay the costs of any relocation, and we reserve the right to charge you for any reasonable costs that we incur

You do not have the right to relocate in the event you lose the right to occupy the Franchised Location premises because of the cancellation of your lease due to your breach The termination or cancellation of your lease due to your breach is grounds for immediate termination under Article 11 A

D Business Telephone Line, Answering Service, Fax You must acquire and maintain a dedicated business telephone number, which is only available to you while you operate the Business We may require that the telephone number be acquired from an approved vendor You may not advertise or otherwise give out any other telephone number to customers or potential customers You must comply with our standards and requirements as outlined in the Manuals relating to your Business telephone You also must have the capability to send and receive faxes Upon the termination or expiration of this Agreement, you must authorize the transfer of any Business telephone numbers, including cellular numbers and directory listing to us

You may be required to pay for, and use, an approved call center to answer incoming sales calls We may at any time, with 30 days prior notice to you, designate another method, vendor or manner for answering sales calls

You must continually list the Business in the "Yellow Pages" and "White Pages" of the primary telephone directory servicing your PAR

ARTICLE 6

OPERATIONS STANDARDS AND REQUIREMENTS

You acknowledge and agree that we have established and may revise, from time to time, quality standards regarding the operations of ART businesses so as to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System Accordingly, you agree to maintain and comply with our quality standards and requirements for the System and agree to the following terms and conditions

A Products and Services You may market and sell to customers only the Restoration Services that we have approved in writing in the Manuals or otherwise (collectively, "Products and Services") These Products and Services must meet the standards and specifications prescribed by us, which we may modify from time to time You must conform to all quality and customer service standards we prescribe in writing

B Vendors and Supplies Unless we otherwise specify in writing, you must use approved vendors and supplies for all services, products, equipment and materials that we determine meet our standards and specifications of quality required to protect the valuable goodwill and uniformity symbolized by and associated with the Trademarks and Business ("Approved Vendors and Supplies") Approved Vendors are companies that are approved for a specific service or product they provide You must comply with all billing and service provision policies of Approved Vendors, including any billing, invoicing or refund policies You acknowledge that we may designate a single vendor or source of supply, and that we or an affiliate may be that vendor/source, as further noted in 16 M Currently, we or an affiliate are the designated single source for the Turn-Key Business Package, ERS Depot branded chemicals, most additional chemicals, all print materials and certain apparel and other items that bear the ART trademarks and vehicle logos, the Turn-Key Business Package, ERS Depot branded chemicals, most additional chemicals, all print materials and certain apparel and other items that bear the ART trademarks and vehicle logos, Hydroxyl machine, Fine Particle Vacuum, Chemical Sponges, and Software Licenses We reserve the right to modify this list with 30 days' notice to you, and such updates will be listed in our Manuals You will pay the then-current price in effect for products and services that you are required to purchase from us or a designated vendor, and the cost to you for these products and services may be higher than comparable products and services on the market Approved Supplies are the service or product that is approved Except if we have designated a single vendor or source of supply, you may obtain that Approved Supply from any available source Upon request, we will provide and update you with a written list of the Approved Vendors and Supplies ALTHOUGH APPROVED BY US, WE MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED PRODUCTS WE, HOWEVER, WILL

PASS THROUGH ANY APPLICABLE MANUFACTURER WARRANTIES ON PRODUCTS AND SERVICES THAT YOU PURCHASE FROM US, SUBJECT TO ALL WARRANTY TERMS AND CONDITIONS IMPOSED BY THE MANUFACTURER

WHILE WE CURRENTLY DO NOT DO SO, IN THE EVENT WE PROVIDE YOU WITH ANY TECHNOLOGY PRODUCTS AND/OR SERVICES IN THE FUTURE, WE DO NOT WARRANT THAT SUCH PRODUCTS AND/OR SERVICES WILL BE UNITERRUPTED OR ERROR FREE

IN NO EVENT WILL WE BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES (INCLUDING, WITHOUT LIMITATION ANY DAMAGES ASSOCIATED WITH LOSS OF USE, INTERRUPTION OF BUSINESS, LOSS OF DATA OR LOSS OF PROFITS) ARISING OUT OF OR IN ANY WAY RELATED TO ANY TECHNOLOGY PRODUCTS AND/OR SERVICES WE PROVIDE OR ANY PRODUCTS AND/OR SERVICES YOU OBTAIN FROM ONE OF OUR APPROVED SUPPLIERS

C <u>Operations Manual</u> To help protect our reputation and goodwill and to maintain uniform operating standards under the Trademarks and Business, you must conduct the Business in accordance with the required System Standards and procedures contained in our operations manual and any other manuals, proprietary software or computer data files created for use in the operation of an ART Business (collectively the "Manuals") Any required specifications, standards, and/or operating procedures exist to protect our interest in the System and the Trademarks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those day-to-day operational matters that are reserved to you "System Standards" mean the mandatory and suggested specifications, standards, operating procedures, and rules (the "System Standards") that we prescribe from time to time for the operation of a Franchised Business, and information on your other obligations under this Agreement and related agreements

We will loan to you one copy of the Manuals for the term of this Agreement You must at all times treat and maintain the Manuals and the information contained therein and any other proprietary information created for or approved for use in the operation of the Business as secret and confidential The Manuals will at all times remain our sole property We may from time to time revise the contents of the Manuals and you expressly agree to comply with each new or changed standard You must at all times insure that your copy of the Manuals is kept current and up to date In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals we maintain will be controlling You acknowledge and agree that in the future the Manuals and other system communications may only be available on the Internet, our intranet system or other online or computer data transfer communications, as described in Article 6 M

D <u>Operating Procedures</u> The required standards for the operation of the Business generally will be set forth in the Manuals or other written materials The Manuals will also include guidelines or recommendations in addition to require standards In some instances, the required standards will include recommendations or guidelines to meet the required standards You may follow the recommendations or guidelines or some other suitable alternative, provided that you meet and comply with the required standards In other instances, no suitable alternative may exist In order to protect our interests in the System and Trademarks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines

You must adopt and use the required standards, procedures, techniques, software and systems described in the Manuals We will revise the Manuals and their standards, procedures, techniques, software and systems periodically to meet changing conditions of operation in the best interest of all businesses operating under the Trademarks

E Computer System We require you to use a computer in the operation of the Business You must use any computer system that we develop or select for the Business, including all future updates, supplements and modifications (the "Computer System") The computer software package developed for use in the Business may include proprietary software You may be required to license other forms of proprietary software from us, an affiliate or a third party and you also may be required to pay a software licensing 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 The computer hardware component of the Computer System must conform to specifications we develop You acknowledge and agree that we will have full and complete access to information and data produced by the Computer System You will be required to use and pay for all future updates, supplements and modifications to the Computer System You agree to pay for any reasonable telephone computer support that we may choose to provide at our then-current charges, as set forth in the Manuals and updated from time to time

It is your responsibility to make sure that you are in compliance with all laws that are applicable to the Computer System or other technology used in the operation of your Business, including all data protection or security laws, as well as PCI compliance

F Confidential Information You, your Principal Operator, your Minority Operators, any person you hire to perform management obligations related to the Business ("Designated Manager"), and your Personal Guarantors (as described in Article 16 F) must not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or entity any Confidential Information, except to such employees as must have access to it to operate the Business For purposes of this Agreement, "Confidential Information" means proprietary information, knowledge and know-how, including processes, materials, software, computer data files, methods, procedures, suggested pricing, specifications, techniques and other data concerning the methods of operation of an ART business Any and all Confidential Information must not be used for any purpose other than conducting the Business in the PAR You must obtain nondisclosure and confidentiality agreements in a form satisfactory to us from your Principal Operator, Minority Operators, and from other key employees You must provide copies of the executed agreements to us upon request

G Customer Information We own all data and information related to customers of the Business, including, without limitation, all customer lists If we request, you must provide us with an up-to-date customer list in the form we prescribe You acknowledge that we may require you to submit this information through our Internet system or other online communications We have the right to contact the customers to ascertain your quality of service and the level of customer satisfaction You may not use the customer lists or information for any purpose whatsoever other than in the normal conduct of the Business Upon expiration, nonrenewal, transfer or termination of this Agreement, you must promptly deliver to us all customer lists, data and information for all past and current customers of the Business

H Evaluations We or our authorized representative have the right to enter the Business premises at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain whether you are observing the provisions of this Agreement, to inspect and evaluate your premises used for the Business, to observe and accompany you on sales and customer service calls and visits, and to inspect and evaluate any customer correspondence and any products and services provided to customers Upon our request, you must provide us copies of any proposals you present to customers for our review and evaluation Any evaluation or inspection we conduct is not intended to exercise, and does not constitute, control over your day-to-day operation of the Business or assume any responsibility for your obligations under this Agreement

I Adaptations Complete and detailed uniformity under many varying conditions may not always be possible or practical, and we reserve the right to vary the standards for any franchisee based upon the customs or circumstances of a particular area of primary responsibility, geographic location, density of population, number of businesses, existing business practices, or any condition that we deem to be of importance to the operation of the franchisee's Business You will not be entitled to require us to grant to you a like or other variation hereunder on account of any variation from standards, specifications and practices granted to any other franchisee You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement as may be necessary to adapt our System to changing conditions and competitive circumstances, business strategies, business practices, technological innovation and any other changes as we deem appropriate You must comply with these modifications, additions or rescissions at your expense

J Continuous Operation of Business You must operate the Business on a full-time basis You acknowledge and agree that if the Business is closed or otherwise not operated for a period of 5 consecutive days or more without our prior written consent, the closure or failure to operate will constitute your voluntary abandonment of the franchise, and we have the right, in addition to other remedies provided for herein, to terminate this Agreement and the franchise operated hereunder Acts of God, war, strikes or riots preventing you temporarily from complying with the foregoing will suspend compliance therewith for the duration of the interference

K Compliance with Law You must at all times conduct the Business in compliance with all applicable laws, regulations, codes and ordinances You acknowledge that you are an independent business and are solely responsible for control and management of the Business, including such matters as hiring and discharging your employees You acknowledge that we have no power, responsibility or liability in respect to employee relations issues including hiring, discharge and discipline, and related matters As between us and you, you are solely responsible for the safety and well-being of your employees and the customers of the franchise business You must promptly notify us of any claim or litigation in which you are involved that arises from the operation of the Business

L Participation in an Internet Web Site or Other Online Communications You must participate in our Web site and no other Web site related to the Business We also may require you, at your expense, to participate in our intranet system We have the right to determine the content and use of any Web site and our intranet system and will establish the rules under which franchisees may participate You may not separately register any domain name or operate any Web site containing any of the Trademarks without our written approval You may not conduct any business or advertise any products or services on the Internet (including, through social media), except as authorized by us in writing You may not link or frame our website We will retain all rights relating to our Web site and our intranet system and may alter or terminate our Web site or our intranet system without prior notice to you Your general conduct on our Web site, our intranet system or on other online communications (including all current and future forms of social media networks and platforms) and, specifically, your use of the Trademarks or any advertising on any Web site or other such online communications is subject to the provisions of this Agreement and the policies outlined in the Manuals For example, you must comply with our policies regarding the use and placement of key words, meta tags and titles, social media platforms, blogs, websites, domain names, URL's and linking You further agree to claim, pay for and update all online listings we designate You may not use or download any software on your computer unless it has been authorized by us in writing In the event that you use or download any unauthorized software, you will be liable for all damages and problems caused by the unauthorized software in addition to the other remedies provided under this Agreement You acknowledge that certain information obtained through your participation in our Web site and our intranet system may be considered Confidential Information, including access codes and identification codes Your right to participate in our Web site and our intranet system or otherwise use the Trademarks or System on the Internet or other online communications will terminate when this Agreement expires or terminates

M Suggested Pricing Policies We may, from time to time, make suggestions to you with regard to your pricing policies Notwithstanding any suggestions, you have the sole and exclusive right as to the fees you charge to customers, except for National Accounts for which we establish fees We do, however, retain the right to modify the System on 60 days' written notice to give us the right to establish customer fees, both maximum and minimum in accordance with applicable legal requirements Any list or schedule of fees we furnish to you may, unless otherwise specifically stated as to the maximum or minimum price, be treated as a recommendation only and failure to accept or implement any such suggestion will not in any way affect the relationship between you and us

N Innovations You agree to fully and promptly disclose to us all ideas, plans, improvements, concepts, methods and techniques relating to the development, marketing or operation of the Business or any similar business conceived or developed by Franchisee, your employees, independent contractors or other persons or entities acting on your behalf ("Innovations") We and our affiliates own and have the right to authorize other franchisees to use any Innovations without any compensation to you Nothing in this Article modifies your obligation to comply with System standards and the Manuals

O Legal Entity If you are not a legal entity at the time you sign this Agreement, you must form a legal entity and transfer this Agreement and the Business to a legal entity owned by you prior to attending our initial training program At such time that you form the legal entity and upon any subsequent changes, you must submit to us, in the format that we require, the names of all owners of the legal entity and their percentage of ownership in the legal entity In the case of multiple owners, prior to attending our initial training program you must provide us with a copy of the dispute resolution agreement by and among the multiple owners

You (or the legal entity) may not operate any other business other than the Business without our prior written permission

P Vehicles You must purchase or lease vehicles that meet our specifications and requirements, including model type, condition, color, trademark representation, and appearance (no rust or body damage) These specifications are included in our Manuals

Q Privacy and Data Protection You must comply with all laws and regulations related to privacy and data protection, and must comply with any privacy policies or data protection and breach response policies that we may periodically establish You are solely responsible for protecting yourself from disruptions, internet access failures, internet content failures, and attacks by hackers and other unauthorized intruders Franchisee must notify Franchisor immediately of any suspected data breach at or in connection with the state

ARTICLE 7

PERSONNEL AND TRAINING STANDARDS

The following provisions and conditions control with respect to personnel, training and supervision

A Supervision of the Business The Business must at all times be under the direct supervision of the Principal Operator This means that the Principal Operator must operate the business year round on a full-time and best-efforts basis If, at any time during the term, the Business is not under the direct supervision of the Principal Operator, it must be operated by a fully trained Designated Manager who has been approved by us In the event that it is not operated under the direct supervision of the Principal Operator or the Designated Manager, or if the operation of your Business breaches this Agreement such that the integrity of the Trademarks would be compromised, we have the right (but not the obligation) to service all customer accounts of the Business on a temporary basis until you appoint a new Principal Operator/fully-trained manager and/or cure the operational default (as the case may be) If it is not cured within 30 days, we can terminate this Agreement

B Training Prior to commencement of the Business, and within four months of the Effective Date of this Agreement you, the Principal Operator and any Designated Manager (if applicable) must attend and successfully complete our ART training program at our headquarters or any other location that we may designate We provide initial training for up to 3 people without charging you a fee If you want to send more than 3 people to initial training we will charge you our then-current additional training fee You are responsible for all room, board and travel expenses during training You understand that, except for the confidentiality and non-disclosure restrictions in Articles 6 C, 6 F and 12 (with which you will be bound as of the date you sign this Agreement and must adhere to even if you fail to successfully complete training), this Agreement will not become effective unless you successfully complete the ART training program

C Ongoing Training and Assistance We may provide and require you, your Principal Operator and your Designated Manager to attend or participate in ongoing training programs, including offsite and onsite training, conference calls, and Internet programs We may charge you a fee to attend any additional training You are required to attend at least one ongoing training every two years You are responsible for all room, board, travel expenses and any applicable wages for your employees during any offsite ongoing training We also may assist you periodically with creating or refining your plans for the Business, as described more fully in the Manuals

D Staffing You must hire and supervise efficient, competent, and courteous persons as your employees for the operation of the Business and set and pay their wages, commissions and incentives with no liability on us No employee of yours will be deemed to be an employee of us for any purpose whatsoever, and nothing in any aspect of the System or the Trademark in any way shifts any employee or employment related responsibilities from you to us You alone are responsible for the day-to-day operation of the Franchised Business and the terms and conditions and employment of Franchisee's personnel, including the soliciting, hiring, firing, discipline, paying, training, scheduling, managing and supervising of Franchisee's employees

Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved services to customers in a manner that reflects the customer and client service standards of the ART system You are, and will remain the sole employer of your employees during all training programs, and you are solely responsible for all employment decisions and actions related to your employees You must ensure that your employees receive adequate training

E Attendance at Meetings You, your Principal Operator and your Designated Manager must, at your expense, attend all conferences, seminars or meetings that we sponsor for ART franchisees to set forth new methods and programs for operation, training, management, sales or marketing If you are unable to attend any such meeting, you must notify us prior to the meeting and attempt to have a substitute person from the Business, acceptable to us, attend and represent you at such meeting Failure to attend any required meetings will result in a fee of $1,000 owed to us You must attend at least one ART meeting per year Failure to do so may result in termination of this Agreement

F Dress Code You and your employees must adhere to the ART dress code, and utilize the ART uniform when interacting with customers or potential customers

ARTICLE 8

FEES, REPORTING AND AUDIT RIGHTS

You must pay the fees described below and comply with the following provisions

A Initial Franchise Fee You must pay to us an Initial Franchise Fee of [list amount] which is $0 016 per population awarded, upon execution of this Agreement The Initial Franchise Fee is earned by us upon receipt and is non-refundable

B Royalty Fee In addition to the Initial Franchise Fee, during the full term of this Agreement and in consideration of the rights granted to you, you must pay to us a weekly Royalty Fee equal to 7% of Gross Sales of the Business, which includes all fees you generate from Restoration Services performed by the Business

C Turn-Key Business Package When you sign this Agreement you must pay our affiliate, ERS Depot, Inc , $45,500 for the Turn-Key Business package The Turn-Key Business Package contains various products and equipment necessary for you to commence business operations, including (i) equipment necessary to perform Restoration Services, (ii) computer equipment and software, (iii) initial inventory, (iv) office equipment and supplies, (v) vehicle decals, (vi) tools and equipment, (v) marketing supplies, and (vi) uniforms, all of which we may periodically change The materials that are included in our Initial Package may be shipped F O B from our approved suppliers The costs you incur for the Turn-Key Business Package are non-refundable

D Technology Fee You must pay the then current weekly technology fee The fee will cover items such as lease of our proprietary software, listing on the website, and other technology that we deem necessary for the benefit of the System Currently the fee is $141 per week We reserve the right to charge more for multiple users or additional services

E Computations and Remittances, Application of Payments Except for the Initial Franchise Fee, you must compute all amounts due and owing at the end of each week's operation The royalty week runs Sunday to Saturday, and the royalty report must be updated and submitted in the manner we require by Tuesday of each week, and monies must be available for debiting on Wednesday for the preceding week of collected Gross Sales We reserve the right to change the reporting day of the week for any or all amounts

You must certify the computation of the amounts in the manner and form we specify, and you must supply to us any supporting or supplementary materials as we reasonably require verifying the accuracy of remittances You waive any and all existing and future claims and offsets against any amounts due under this Agreement, which amounts you must pay when due We have the right to apply or cause to be applied against amounts due to us or any of our affiliates any amounts that we or our affiliates may hold from time to time on your behalf or that we or our affiliates owe to you

F Electronic Transfer of Funds You must sign an electronic transfer of funds authorization, attached as Appendix E, to authorize and direct your bank or financial institution to transfer electronically, on a weekly basis, directly to our account or our affiliates' and to charge to your account all amounts due to us or our affiliates You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this subparagraph

G Interest Charges, Late Fees Any and all amounts that you owe to us or to our affiliates will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual In addition to interest charges on late Royalty Fee and Marketing Fund Fee payments, you must pay to us a late fee of $25 for each delinquent report, and/or for each day that any payment that you owe to us under this Agreement is paid late, per occurrence If a payment is returned to us because there are insufficient funds in your bank ("NSF") account, then for each returned payment, we may collect an additional payment equal to the greater of (i) $37 or (ii) the amount we are charged by the bank plus a $5 administrative fee The late fee and NSF fees are not interest or a penalty, it is only to compensate us for increased administrative and management costs due to the late payment or NSF

H Financial Planning and Management You must record the sale of all Restoration Services in the manner and timeframe we specify You must use, and pay for the accounting system that we specify, which we may be able to access without limitation You also must keep books and records and submit reports as we periodically require and on the forms and in accordance with the methods we require, all of which accurately reflect the operations and condition of the Business operations You must provide this information to us according to reporting formats, methodologies and time schedules that we establish from time to time You also must preserve and retain the books, records and reports for not less than 60 months You must allow us electronic and manual access to any and all records relating to the Business

I Required Reports You must submit to us all reports with respect to the preceding month by the dates and in the form and content as we periodically prescribe The reports we may require include, but are not limited to, the following information for the preceding month (i) amount of Gross Sales and gross receipts of the Business, amount of sales tax and the computation of the

Royalty Fee and the Marketing Fund Fee, (ii) if we request, copies of your most recent Federal, state, or other income tax returns, details and monthly balance sheet and statement of profit and loss, including a summary of your costs for utilities, labor, rent and other material cost items, and (iii) if requested by us to verify your Gross Sales, all such books and records as we may require under our audit policies published from time to time You also must, at your expense, submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year, prepared on an accrual basis including all adjustments necessary for fair presentation of the financial statements, including a supplemental schedule of revenue and expenses prepared in the format we may periodically prescribe We may require that the annual financial statements be reviewed or audited by a certified public accountant You must certify all reports to be true and correct Prior to opening, and by November 15^{th} of each year, you must submit to us a business plan, your yearly financial projections, and your marketing plan in the manner specified by us You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees

J   Our Audit Rights We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the Business are kept and to evaluate, copy and audit such books and records We also have the right to request information from your suppliers and vendors In the event that any such evaluation or audit reveals any understatement of your Gross Sales, or that you serviced in another ART Franchisee or ART Affiliates territory, you must pay for the audit, and in addition to any other rights we may have, we have the right to conduct further periodic audits and evaluations of your books and records as we reasonably deem necessary for up to 2 years thereafter and any further audits and evaluations will be at your sole expense, including, without limitation, professional fees, travel, and room and board expenses directly related thereto Furthermore, if you understate or underreport Gross Sales at any time, or if a subsequent audit or evaluation conducted within the 2-year period reveals any understatement of your Gross Sales of 2% or more, in addition to any other remedies provided for in this Agreement, at law or in equity, we have the right to terminate this Agreement immediately

We will keep your financial books, records and reports confidential, unless the information is requested by tax authorities or used as part of a legal proceeding, for the purposes of Articles 12 B and 14 E, or where your information is grouped with similar information from other businesses to produce shared results like high-low ranges or average gross sales or expenses on a system-wide or regional basis

K   Tax Payments You will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on us as a result of our receipt or accrual of any fees or payments due from you to us (or our affiliates) under the Franchise Agreement, whether assessed against you through withholding or other means or whether paid by us directly In either case, you will pay to us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required

L   Lien and Security Interest Grant By signing this Agreement, you grant to us a lien and security interest in and against any and all personal property, equipment, and fixtures owned by you and used in connection with the Business as security for the payment of the obligations outlined in this Agreement

ARTICLE 9

MARKETING

You agree to actively promote the Business, to abide by all of our marketing requirements and to comply with the following provisions

A Marketing Fund Fee You must pay to us a weekly Marketing Fund Fee in an amount equal to 2% of your Gross Sales, in the manner described in Articles 8 C and 8 D All Marketing Fund Fees will be placed in a Marketing Fund We will manage the Marketing Fund Excess Marketing Fund contributions not spent in any fiscal year will be carried over for future use We may use the Marketing Fund to formulate, develop, research and conduct marketing, promotional, public relations, customer satisfaction and/or lead generation programs to promote the System and services in a form and media we determine in our sole judgment to be appropriate, including coverage that is local, regional or national in scope

An unaudited annual income and expense statement for the Marketing Fund will be available by request by April 15th of each year for the previous calendar year You acknowledge and agree that (i) we have the absolute and exclusive right to determine expenditures of funds collected and as to the selection of any programs for which said expenditures are made, (ii) the Marketing Fund is not a trust or escrow account and we have no fiduciary obligation to ART franchisees with respect to the marketing programs or expenditures of funds, and (iii) we may compensate ourselves for the expense of administering and promoting such marketing programs We may make reasonable disbursements from the Marketing Fund for the payment of expenses incurred in connection with the general promotion of the Trademarks and System including the cost of formulating, developing and implementing customer lead generation programs and/or market studies, and the reasonable costs of administering these programs, including accounting expenses and the actual cost of salaries and fringe benefits paid to our employees or designees engaged in administration of the programs We have the absolute and exclusive right to determine the contents, terms and conditions of the market development programs You have no property rights of any kind with respect to the monies in the Marketing Fund

We may use national and regional agencies from time to time to create and place advertising and marketing communications, public relations campaigns and/or develop and administer lead generation studies or programs

The Marketing Fund will not be used for advertising principally directed at the sale of franchises, however, we may state on any advertisements that "franchises are available," and to "contact us for information regarding this opportunity "

B Local Marketing We highly recommend that you invest 3-5% of your Gross Sales on local advertising Upon opening, you must hire an employee whose primary responsibility is to market for the Business With our prior written permission, you may serve in this capacity, but then you would be required to hire a Designated Manager to manage the operational aspects of the Business

We require that you join and participate in the claims and insurance associations pertinent to your market, we may designate in which ones join and participate You must also claim, and pay for, the online listings that we designate You also must list your Business in the Yellow Pages and White Pages of the primary telephone director servicing your PAR

C Approved Marketing Materials You must use only such marketing materials as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe Any additional local marketing materials that you wish to utilize must be submitted to us for our prior written approval (including print, electronic or other forms of media) We will not unreasonably withhold approval of your marketing materials if they are factually accurate and current, dignified and in good condition and accurately reflect the Trademarks Any local advertising materials you submit to us will be deemed approved if we do not disapprove or comment on the materials within 10 business days of receipt of the materials We reserve the right to revoke the approval of any advertising material previously approved with 30 days written notice to you

Any public figures you choose to use in connection with local promotions must be approved by us, in the same manner as specified in the above paragraph

D Cooperative Advertising We have the right to establish and maintain local advertising cooperatives based on designated marketing areas If a local or regional advertising cooperative is formed or organized in your market, you will be required to participate and contribute The contribution amount designated by the cooperative must be on a percentage of Gross Sales basis and per ART Business, and must be the greater of 1% of Gross Sales or $5,000 per year (the "Coop Contribution") Each ART business within an advertising cooperative, including ART businesses owned by us or our affiliates, will be a member of the cooperative and have one vote per business Each advertising cooperative will be required to adopt governing bylaws that meet our approval and that we may require the cooperative to amend from time to time We may provide each advertising cooperative with a sample form of bylaws that the cooperative must use and we must approve, containing certain terms and conditions that we require, although the bylaws cannot modify the voting structure set forth in this paragraph without our prior written permission The advertising cooperatives must submit to us its meeting minutes upon our request All advertising cooperatives must obtain our written approval of all promotional and advertising materials, creative execution and media schedules prior to their implementation The members of each cooperative and their elected officers will be responsible for the administration of the advertising cooperative We reserve the right to administer the cooperatives' funds and require payment from its members via electronic funds transfer If we determine the need exists, we may require each advertising cooperative to engage the services of a professional media buyer or advertising agency that meets with our approval and has expertise in the industry and in the particular market We may require each cooperative to have an independent certified public accountant prepare annual financial statements, which will be available to us and to all franchisee members of the cooperative We have the right to require advertising cooperatives to be formed, changed, dissolved or merged We may also implement a franchisee advisory council that will provide advisory input on marketing and related matters

ARTICLE 10

YOUR OTHER OBLIGATIONS, NONCOMPETE COVENANTS

You agree to comply with the following terms and conditions

A Payment of Debts You agree to pay promptly when due (i) all payments, obligations, assessments and taxes due and payable to us, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with the Business or Products or Services used in connection with the Business, (ii) all liens and encumbrances of every kind and character created or placed upon or against any of said property, and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Business In the event you should default in making any payment, we will be authorized, but not required, to pay the same on your behalf and you covenant promptly to reimburse us on demand for any such payment

B Indemnification You hereby waive all claims against us (and any affiliates, officers, directors, agents and employees) for damages to property, death, or injuries to persons arising directly or indirectly out of the management or operation of the Business You must indemnify and hold us (and any affiliates, officers, directors, agents and employees) harmless from and against any and all claims, demands and liabilities of any nature whatsoever arising in any manner, directly or indirectly, from or in connection with the operation, use, or occupancy of the Business or premises or any breach by you, or by your or your employees' actions or inactions, or by your failure to comply with the terms and conditions of this Agreement, including attorneys' fees and costs (regardless of cause or any concurrent or contributing fault or negligence of any party) As to third party claims related to Restoration Services that we provide to customers of your Business, we will indemnify and hold you harmless from and against any and all claims, demands and liabilities from third parties regarding work performed of any nature whatsoever arising in any manner, directly or indirectly, from such Restoration Services performed by us

It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason, however, if we incur any cost, liability, loss or damage as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such cost, liability, loss and damage

C Insurance You agree to purchase the types and amounts of insurance coverage described below (as we may change or supplement, in our sole business judgment, as specified by the Manuals or otherwise by us in writing)

(1) Commercial General Liability, Contractor's Pollution Liability Insurance, and Professional Liability Insurance Coverage for "bodily injury," "property damage," and "personal and advertising injury" with no exclusion or limitation applying to the products / completed operations liability coverage Limits must be at least $2,000,000 general aggregate, $2,000,000 products and completed operations aggregate, $1,000,000 personal and advertising injury limit and $1,000,000 per occurrence

Limits must specifically confirm coverage for pollution, including mold and lead, with minimum limits of $1,000,000 each incident, with $1,000,000 aggregate The limited liability pollution endorsement does not meet the pollution insurance requirement Contractual liability coverage including the assumed personal and advertising injury endorsement must be included to cover the indemnity provisions of this Franchise Agreement The exclusion for employer's liability shall not apply to claims for covered contractually assumed liability claims

Such policy shall contain a waiver of subrogation endorsement as to claims against Restoration Specialties Franchise Group, LLC

Restoration Specialties Franchise Group, LLC shall be named as an additional insured on this policy on a primary and noncontributory basis, and with both a CG-2037 Products/Completed Operations Form, and a Grantor of Franchise Form CG2029 or an insurer's comparable form

(2) Automobile Liability Insurance You are required to maintain insurance with a combined single limit ("CSL") of $1,000,000 for bodily injury and property damage for all owned or leased vehicles and include hired and non-owned vehicles Additionally, uninsured motorist and under-insured motorist coverage will be equal to the CSL

(3) Workers' Compensation and Employers' Liability Statutorily required workers' compensation insurance and employer's liability insurance is required to be maintained with limits of at least $500,000 by accident, $500,000 by disease and $500,000 policy limit In "Monopolistic States" including Ohio, North Dakota, Washington, Wyoming and West Virginia "Stop Gap" coverage must be purchased separately or added to the commercial general liability policy and/or worker's compensation and employers' liability policy "Stop Gap" in Ohio must not contain exclusion with the "substantially certain to occur" language

(4) Employee Dishonesty Insurance You are required to maintain employee dishonesty insurance with minimum limits of $50,000 per loss and such coverage is to also cover acts of stealing against third parties This coverage must increase by $50,000 for each $4,000,000 in annual Gross Sales achieved up to $250,000 per loss (for example, at $4,000,000 in Gross Sales, your bond would need to increase to $100,000 at $8,000,000 to $150,000, etc)

(5) Umbrella or Excess Liability Insurance You are required to maintain a commercial umbrella liability insurance policy with minimum limits of $1,000,000 per occurrence and aggregate and shall list the commercial general liability, pollution liability and automobile liability as scheduled underlying policies This policy will need to increase by $1,000,000 per occurrence and aggregate for each $4,000,000 in Gross Sales achieved up to $10,000,000 per occurrence and aggregate (for example, at $4,000,000 in Gross Sales, you would need to increase this to $2,000,000, at $8,000,000 to $3,000,000, etc)

(6) Property Coverage You are required to maintain insurance on your business personal property, at amounts equivalent to replacement value

You must also carry insurance coverage for property of others in your care, custody and control (including work in progress), with minimum limits equal to the value of goods in your possession at any one time, or $250,000, whichever amount is higher

You must carry business income and expense coverage for twelve months

(7) Bailees Legal Liability You are required to maintain Bailees Legal Liability Insurance, covering the liability for damage to Customer's goods, which must have minimum limits equal to the value of goods in your possession at any one time, or $250,000, whichever amount is higher

(8) Motor Truck Cargo You are required to maintain motor truck cargo insurance to cover goods in transit, at a minimum of $100,000 per incident

You are required to comply with any state, county, local, or other municipal insurance requirements

You should carefully review your policy to make sure that they do not exclude items of rarity, antiquity, fine arts, documents, paper, electronics and/or data

No deductible or self-insured retention can exceed $5,000 for any required insurance policy, except that you may have retention of up to $10,000 on the Umbrella Liability Insurance policy

You may not reduce the policy limits, restrict coverage, cancel, or otherwise alter or amend any insurance policy without our written consent

Commercial General Liability, Contractor's Pollution Liability Insurance, and Professional Liability Insurance, Automobile Liability Insurance, and Umbrella or Excess Liability Insurance policies will name Restoration Specialties Franchise Group, LLC as an additional insured and any other entities that we designate (the "Indemnified Parties"), will contain no provision which in any way limits or reduces coverage for you in the event of a claim by any one or more of the Indemnified Parties, will extend to and provide indemnity for all obligations assumed by you and all items for which you are required to indemnify us, will be primary to and without right of contribution from any other insurance purchased by the Indemnified Parties, and will provide, by endorsement, that we receive at least 10 days prior notice of any intent to cancel or materially alter any policy Whenever a change is made to your policy, and before expiration of any insurance coverage, you must submit to us a copy or certificate or other acceptable proof of such insurance with a copy of the Additional Insured Endorsement on your policy On occasion, we may request complete copies of all insurance policies to insure compliance with the insurance provisions of this contract

Periodically we may modify the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant circumstances You will receive at least 90 days advance written notice of any change

D Non-competition Covenants You agree that you will receive valuable training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement You therefore agree to the following noncompetition covenants

1 Unless otherwise specified, the term "you" as used in this Article 10 D, 10 E and 10 F , includes, collectively and individually, you, all Principal Operators, Minority Operators, your Designated Manager (if any), guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you We may require you to obtain from your Designated Manager and other individuals

identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this Article 10 D

2 You covenant that during the term of this Agreement, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any Competitive Activity other than as authorized by this Agreement or any other agreement between us and you For purposes of this Agreement, "Competitive Activity" means any other business selling products and services similar to the Products and Services sold by an ART Business

3 You covenant that you will not, for a period of 2 years after the expiration or termination of this Agreement, regardless of the cause of termination, or within 2 years of the sale of the Business or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in a business engaging in a Competitive Activity within (i) the PAR, (ii) a 40-mile radius outside the PAR, or (iii) within the primary area of responsibility of another ART franchisee

4 You expressly agree that the 2-year period and geographical restrictions are the reasonable and necessary time and geographic scope needed to protect us, our franchisees and the ART System if the Agreement expires or is terminated You also agree that the length of time in subpart (3) will be tolled for any period during which you are in breach of the covenants or any other period during which we seek 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

E <u>Non-Solicitation</u> As further outlined in Article 6 G we own all data and information related to customers and potential customers of the Business, including, without limitation, all customer lists In the event of the expiration, nonrenewal, transfer or termination of this Agreement, you agree that you will not use, disclose or retain, in any form any customer lists or other customer information In addition,

You agree that you will neither (i) solicit, induce or attempt to influence any former, current or potential customers, clients, business associates, affiliates, suppliers, vendors, contractors, entities, or persons who refer business to you, us or another ART franchisee, for any business purpose or in attempts to encourage them to cease doing business with you, us or another ART franchisee, or (ii) solicit, induce or attempt to influence any management level employee of ours to leave a position with us and join you as a management level employee or independent contractor Your further acknowledge and agree the underlying business purpose for this Section 10 E is to address the damage that we will incur for the loss of the person hired away, including the costs of finding, hiring and training a new management-level employee and for the loss of the services and experience of the employee hired away

F <u>Spouses and Immediate Family Members</u> It shall be deemed a breach of this Agreement if your spouse, parent, sibling or children should engage in any of the prohibited conduct outlined in Article 10 D and E

ARTICLE 11

TERMINATION

The followmg provisions apply with respect to termination

A Termination by Us We have the right to terminate this Agreement effective upon notice to you, unless otherwise specified below, under the following provisions

1 Termination After Opportunity to Cure Except as otherwise provided in this Section 12 A, you will have either 10 days, 30 days, 60 days or 90 days (as specified below) from the date of our issuance of a written notice of default to cure any default under this Agreement Your failure to cure a default within the cure period will provide us with good cause to terminate this Agreement The termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination, and the termination will be effective immediately upon our issuance of the written notice of termination

a Failure to pay when due any amounts required to be paid to us or any of our affiliates whether pursuant to this Agreement or otherwise or to any third party (including vendors and suppliers) as required by this Agreement or any other agreement between you and us or our affiliates, or failure to submit any report, statement or return that is required under this Agreement, and you do not cure the default within 10 days of receiving written notice of this default

b Failure to locate an acceptable Franchised Location for the Business and/or execute a lease for the Franchised Location prior to attending Initial Training, failure to attend Initial Training within four months of signing the Franchise Agreement, failure to begin operations of the Franchised Business within six months of signing this Agreement, and/or you do not cure the default within 30 days of receiving written notice of the default

c Failure to acquire, continuously maintain, or to provide satisfactory evidence that you have acquired and maintained, the required minimum levels of insurance However, we will not exercise our right to terminate this Agreement provided that immediately upon receipt of written notice from us, you cease operating the Franchised Business, and obtain the required insurance within 10 days of receiving written notice of this default

d The offer of services other than Restoration Services, failure to offer the services required by this Agreement, and/or failure to honor a warranty provided to a customer, and you do not cure the default within 30 days of receiving written notice of the default

e Failure to (i) comply with any mandatory or required System Standard, (ii) comply with material modifications to any mandatory or required System Standards, (iii) operate the business as specified in the Manuals, or (iv) comply with any other provision provided for under the Franchise Agreement, and you do not cure the default within 30 days written notice

f Failure to meet the Minimum Performance Standards and fail to cure any Minimum Performance Standards default by paying the Shortfall Royalty within 60 days written notice g Failure to achieve a passing aggregate average customer satisfaction rating for two or more rolling 90-day periods in a calendar year, failure to submit the documentation required under 2 G of the Franchise Agreement for any 90-periods where your aggregate average customer satisfaction rating was not passing, failure to follow through on any preventative action plan required under 2 G of the Franchise Agreement, and/or you fail to cure the default within 60 days written notice

h You receive a notice of your non-compliance with applicable laws, whether that be from a federal, state, local law, or other required regulation or ordinance governing body (for example, OSHA), and you do not cure the matter in a way satisfactory to the governing body within thirty days of your notification

2 Immediate Termination With No Opportunity to Cure If any of the following defaults occur, you will have no right to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination

a Willful and material acts of deceit or falsification, such as (i) willfully deceiving customers relative to the source, nature or quality of services sold, (ii) making any material misrepresentation on the franchise application or otherwise relating to the acquisition or operation of the Franchise, (iii) willful and material falsification of any report, statement or other written data furnished to us, and/or (iv) other similar acts

b Voluntary abandonment of the Business for a period of five or more business days Some signs of voluntary abandonment may include actions such as ceasing to service customers, the disconnection of the telephone without a new number immediately being reinstalled or reconnected, default or termination of lease without a new location selected, default or loss of vehicles, and/or other conduct that we would consider abandonment of the Business

c Violation of any covenant of confidentiality, non-disclosure or non-competition provision of the Franchise Agreement

d Voluntary or involuntary bankruptcy by or against you or any Personal Guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors

e Conviction of you or any Personal Guarantor (or pleading no contest to) any felony, or to an offense that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair the goodwill of any of the Trademarks

f Intentionally understating or underreporting Gross Sales, failure to timely record payments received for Restoration Services in the Software, or if a subsequent audit is performed within a 2-year period and both audits showed your failure to timely record in the Software, 2% or more of payments received for Restoration Services g Any unauthorized assignment or transfer of the Business, this Agreement or you h A second default of any type within any 12-month consecutive period, regardless if the default was subsequently cure, or if you should failure to cure any default within the required notice period

3 Immediate Termination After No More than 24 Hours to Cure If a default under this Agreement occurs that materially impairs the goodwill associated with any of the Marks, violates any health or safety law or regulation, violates any System standard as to health and safety, or if the operation of your Business presents a health or safety hazard to the public or to customers or employees you will have no more than 24 hours after we provide written notice of the default to cure the default, and if the default is not timely cured, this Agreement will terminate effective immediately on our issuance of written notice of termination

4 Effect of Other Laws The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you

5 Multiple Franchise Agreements If you have entered into more than one franchise agreement with us, then a default under any of the franchise agreements will constitute a default under all franchise agreements

B Termination by Franchisee You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement, provided that (i) you provide us with written notice of the breach that identifies the grounds for the breach, and (ii) we fail to cure the breach within 30 days after our receipt of the written notice If we fail to cure the breach, the termination will be effective 60 days after our receipt of your written notice of breach Your termination of this Agreement under this Section will not release or modify your post-term obligations under Section 13 of this Agreement

ARTICLE 12

POST-TERM OBLIGATIONS

Upon the expiration or termination of this Agreement

A Reversion of Rights All of your rights to the use of the Trademarks and all other rights and licenses granted herein and the right and license to conduct the Business under the Trademarks in the PAR will revert to us without further act or deed of any party All of your right, title and interest in, to and under this Agreement will become our property You must immediately pay all sums due to us, our affiliates or designees and all sums you owe to third parties that have been guaranteed by us, our parent or any of our affiliates You must immediately comply with the post-term non-competition and non-solicitation obligations under Articles 10 D-10 F, cease all use and display of the Trademarks and of any material copyrighted by us (including without limitation the Manuals and other Confidential Information), and return to us all customer lists and related data You must immediately cease using the customer list, and must refrain from any business relationship with any ART customer You must immediately return to us, at your expense, all copies of the Manuals, any training videos, the full customer list, the full software database, all licensed software, as well as any other information or materials designated by us in writing as proprietary, and continue to comply with the confidentiality provisions of Article 6 F

B Discontinuation of Business and Trademark Use Upon your receipt of the written notice of expiration or termination, you may not accept or service any customer, but you immediately must transition all customers to us You must return all customer property to the customer You must cease your participation in any ART Web site and our intranet system and must discontinue your use of the Trademarks or System on the Internet or other online communications Furthermore, you must not use any of the ART Trademarks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media You also must take such action as may be required to cancel all assumed name or equivalent registrations relating to the use of any trade name or Trademarks and notify the telephone company and listing agencies of the termination or expiration of your right to use all telephone numbers of the Business and all classified and other directory listings of the Business and authorize the transfer of such numbers and directory listings to us or as we direct, all in accordance with the Assignment of Telephone Numbers attached as Appendix B This agreement by you regarding the telephone numbers and listings is for the benefit of such telephone company serving you You agree to hold any such telephone company harmless from any and all claims against it arising out of any orders given by us to terminate, transfer or put on referral such telephone service You must transfer to us or terminate service, as designated by us, all domain names, electronic mail accounts, online listings, social media accounts, and the like, which were set-up for the Business Notwithstanding the foregoing, in the event of expiration or termination of this Agreement, you will remain liable for your indemnification obligations specified in Article 10 B or under common law and other obligations pursuant to any applicable lease for the Business premises or otherwise, which by their very nature are intended to survive the expiration or termination of this Agreement

Unless otherwise specified above, you must deliver satisfactory evidence of your completion of all the items in 12 A and 12 B within 30 days

ARTICLE 13

DISPUTE RESOLUTION

The following provisions apply with respect to dispute resolution

A Litigation Either party may initiate litigation against the other upon a breach of this Agreement, seeking any and all remedies available under law and/or in equity Such litigation will take place in jurisdiction as outlined in Section 16 I 1

B Injunctive Relief You recognize that the Business is one of a large number of businesses identified by the Trademarks and similarly situated and selling to the public similar products and services, and the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to us or to some or all of our 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 you, we will forthwith be entitled to an injunction restraining such breach 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 Similarly, it is mutually agreed that in the event of our breach or threatened breach of any of the terms of this Agreement, you will forthwith be entitled to an injunction restraining such breach 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 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

C <u>Attorneys' Fees</u> The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement or the Business will be entitled to recover its reasonable attorneys' fees and costs from the other party This Article 13 C will survive termination or expiration of this Agreement under any circumstances

D <u>Enforcement</u> During the term of this Agreement, if you do not give us written notice of the alleged breach of this Agreement within one year from the date that you have knowledge of circumstances reasonably causing you to believe you may have a claim for a breach of this Agreement by us, then the alleged breach will be deemed to be waived by you in all respects and you will be barred from bringing any legal or other action against us for the alleged breach Furthermore, upon expiration or termination of this Agreement, you may not assert any claim or cause of action against us arising under, out of, or in any way connected with or related to this Agreement, the relationship between the parties, or the Business unless the claim or cause of action is commenced within one year after the effective date of the expiration or termination of this Agreement Notwithstanding the preceding two sentences, if the one year time limitation is prohibited by or invalid under any applicable law, then no suit or action may be commenced or maintained unless it is commenced within the shortest applicable statute of limitations

ARTICLE 14

<u>ASSIGNMENT BY FRANCHISEE</u>

You agree that the following provisions will govern any transfer or proposed transfer by you

A <u>Transfers</u> This Agreement is entered into by us with specific reliance upon the financial qualifications and the personal experience, skills and managerial and financial qualifications of you and your Principal Operator, all of which are essential to the satisfactory operation of the Business licensed hereunder Consequently, neither you nor your Principal Operator's interest in this Agreement or in the Business, nor your Principal Operator's interest in you, may be transferred or assigned to or assumed by any other person or entity (the "Assignee"), in whole or in part, unless you or your Principal Operator have first tendered to us the right of first refusal to acquire such interest in accordance with Article 14 E, and if we fail to exercise such right, unless our prior written consent is obtained and the transfer conditions described in Article 14 C are satisfied

Any sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, gift or otherwise or any arrangement pursuant to which you turn over all or part of the daily operation of the Business to a person or entity who shares in the losses and/or profits of the Business in a manner other than as an employee will be considered a transfer for purposes of this Agreement Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer and you must comply with the right of first refusal, consent, Transfer Fee, and other transfer conditions in this Article 14

1 Any change or series of changes in the percentage of the franchisee entity owned, directly or indirectly, by any Principal Operator (including any addition or deletion of any person or entity who qualifies as a Principal Operator) which results in the Principal Operator owning less than 67% of the franchisee entity,

2 Any change in the general partner of a franchisee that is a general, limited or other partnership entity, or

3 For purposes of this Article 14 A, a pledge or seizure of any ownership interests in you or in any Principal Operator that affects the ownership of 1% or more of you or Principal Operator, which we have not approved in advance in writing

In the event of your or your Principal Operator's insolvency or the filing of any petition by or against you or your Principal Operator under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your or your Principal Operator's interest in this Agreement or the Business, such person first must so notify us, must tender the right of first refusal provided for in Article 14 E, and if we fail to exercise such right, must apply for and obtain our consent to the transfer and satisfy the transfer conditions described in Article 14 C In addition, you, your Principal Operator or the Assignee must pay our attorneys' fees and costs incurred in any bankruptcy or insolvency proceeding pertaining to you or your Principal Operator

B <u>Consent to Transfer</u> We will not unreasonably withhold our consent to transfer, provided that the Assignee is, in our reasonable judgment, qualified to provide active supervision over the operation of the Business, the Assignee possesses sufficient net worth and sources of capital to meet our standards for the Business, and the conditions defined in Article 14 C are satisfied Application for our consent to a transfer and tender of the right of first refusal provided for in Article 14 E must be made by submission of our form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) or other information required therein The application must indicate whether you or your Principal Operator proposes to retain a security interest in the property to be transferred No such security interest will be created without our prior written consent and except upon conditions acceptable to us Any attempted transfer by you or your Principal Operator without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void and will give us the right to terminate this Agreement

C <u>Conditions of Transfer</u> Whether the transfer is to an individual, a corporation, a partnership or to any other entity, the following provisions apply

1 We may condition our consent to any proposed transfer upon the following

(a) all of your obligations in connection with the Business have been assumed by the Assignee,

(b) all of your ascertained or liquidated debts in connection with the Business, including all amounts owed to us or any of our affiliates or your suppliers have been paid in full,

(c) you are not in default under any provision of this Agreement, the Business must be in operation, and you must have completed Initial Training and opened the Business,

(d) the Assignee (i) meets the then current qualification criteria for the operation of an ART Business, (ii) enters into the then current form of Franchise Agreement, (iii) is not involved in a competitive business and (iv) completes the training program required of new franchisees,

(e) you or the Assignee has paid us the then-current transfer fee,

(f) you and all Personal Guarantors officers, directors and shareholders execute a general release in our favor,

(g) you and all Personal Guarantors, officers, directors and shareholders agree to comply with the covenant not to compete and non-solicitation set forth in Articles 10 D, 10 E, and 10 F, of this Agreement, and

(h) in the case of an installment sale, if you or any Principal Operator proposes to retain a security interest or other financial interest in the Franchise Agreement or the Business operated thereunder (with our consent), you or such Principal Operator agrees to guarantee the performance of the Franchise Agreement until the final close of the installment sale or the termination of such interest, as the case may be

2 Notwithstanding the conditions stated in Article 14 C 1 above, if you are an individual franchisee, you may assign the franchise to a corporation or other similar entity in which you own all of the issued and outstanding capital stock provided that

(a) the corporation or other similar entity is newly organized and its activities are confined exclusively to acting as the franchisee under this Agreement,

(b) the corporation or other similar entity executes a document in a form approved by us in which it agrees to become a party to and be bound by all the provisions of this Agreement, and

(c) the Principal Operator remains personally liable in all respects under this Agreement and executes on a form approved by us a personal guarantee and agreement not to sell, assign, pledge, mortgage or otherwise transfer or encumber the stock

3 We may require you to prepare and furnish to the Assignee or to us such financial reports and other data relating to the Business and its operations as we, in our sole and exclusive judgment, may deem necessary or appropriate for the Assignee or us to evaluate the Business and the proposed transfer You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Business and proposed transfer without being held liable to you Any such information we furnish to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Business and proposed transfer and must not be construed in any manner or form whatsoever as an earnings claim or claims of success or failure

D <u>Death, Disability or Incapacity</u> If any individual franchisee (or Principal Operator) dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a franchisee hereunder, the person or entity must apply for our consent, successfully complete our training program and pay the applicable Transfer Fee, all in accordance with this Article 14 as in any other case of a proposed transfer If the Assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no Transfer Fee will be payable to us Failure to transfer within 180 days of the Principal Operator's death, disability or incapacity constitutes a default under this Agreement Further, we may temporarily manage and control the customer accounts of the Business during any interim or transition period associated with the transfer or assignment under this Article 14 D to ensure the continued integrity of the Trademarks and System

E Right of First Refusal If you or your Principal Operator propose to transfer or assign this Agreement or your interest herein or in the Business, in whole or in part, to any third party, you or your Principal Operator first must offer to sell to us your interest as provided herein In the event of a bona fide offer from such third party, you or your Principal Operator must obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you or your Principal Operator, of the terms of the offer In the event of (i) a transfer or assignment of stock or similar ownership interests in you or your Principal Operator's interest in you, or (ii) you, your Personal Owner's or a Personal Guarantor's insolvency or the filing of any petition by or against you, or your Principal Operator or a Personal Guarantor under any provisions of any bankruptcy or insolvency law, our offer will be to purchase your and your Principal Operator's interest in this Agreement and the Business An amount and terms of purchase must be established by a qualified appraiser selected by you and us If the parties cannot agree upon the selection of an appraiser, one will be appointed by the American Arbitration Association upon petition of either you or us to appoint an appraiser to establish such price in accordance with the rules and procedures of the Association You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report

We will have 30 days from our receipt of the statement setting forth the third-party offer or the appraiser's report to accept the offer by delivering written notice of acceptance to you The acceptance will be on the same price and terms set forth in the statement delivered to us, provided, however, we will have the right to substitute equivalent cash for any noncash consideration included in the offer If we fail to accept the offer within the 30 day period, you will be free for 6 months from the date the offer was submitted to us to effect the disposition described in the statement delivered to us, provided the transfer is not at a lower price or with more favorable terms than have been offered to us and is otherwise in accordance with this Article 14 If the disposition is not closed within the six-month period with the proposed assignee, then you or your Principal Operator must reoffer to sell to us prior to the sale to a third party You or your Principal Operator may effect no other sale or assignment of you, this Agreement or the Business without first offering the same to us in accordance with this Article 14 E

ARTICLE 15

ASSIGNMENT BY FRANCHISOR

We reserve the right to sell or assign, in whole or in part, our interest in this Agreement Any such sale or assignment will inure to the benefit of any assignee or other legal successor

ARTICLE 16

GENERAL PROVISIONS

The parties hereby agree to the following provisions

A Severability Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement will be deemed to be valid and in full force and effect and the terms of this Agreement will be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding hereunder will, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy

B Waiver/Integration Except as set forth in Article 13 D, no waiver by either party of any breach by the other party, nor any delay or failure by either party to enforce any provision of this Agreement, will be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce the non-breaching party's rights with respect to that or any other or subsequent breach Subject to our rights to modify Appendices or System standards and requirements 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 you and us This Agreement together with any addenda and appendices hereto constitute the entire agreement between you and us and supersede any and all prior negotiations, understandings, representations and agreements

Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document we furnished to you

You acknowledge that you are 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 this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law

C Notices Notices may be sent by personal delivery, United States Mail, Registered Mail, by reputable commercial courier service, electronic mail or facsimile

1 Notices sent by U S Mail or Registered Mail are deemed delivered and effective three days after being placed with the delivery service

2 Notices sent by a commercial courier service are deemed delivered and effective (i) one day after being placed for overnight service, (ii) two days after being sent via two-day delivery, (iii) three days after being sent via three-day delivery or (iv) five days after being sent ground

3 Notices delivered by personal delivery, sent by electronic mail or facsimile will be deemed delivered as of the day delivered/sent

Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this Article The notice address for you and us is as specified in the first paragraph of this Agreement or such other address as may be designated in the future

D Authority Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by our President You must neither create nor purport to create any obligation on behalf of us, nor agree to any other term, condition, or covenant that is inconsistent with any provision of this Agreement

E References If a franchisee consists of two or more individuals, such individuals will be jointly and severally liable, and references to the franchisee in this Agreement include all such individuals Headings and captions contained herein are for convenience of reference and must not be taken into account in construing or interpreting this Agreement

F Principal Operator, Personal Guarantors The Principal Operator must be identified on the Ownership Addendum attached as Appendix F to this Agreement and must sign the attached undertaking and guarantee as a Personal Guarantor In addition, any person or entity that is an owner of 5% or more of Franchisee, or at any time becomes an owner of a minority interest of Franchisee, is a Personal Guarantor and must execute the form of undertaking and guarantee attached to this Agreement, as a condition of becoming a Minority Operator

G Relationship of Parties You are and will be considered an independent contractor with control and direction of the Business and operations, subject to the conditions and obligations established by this Agreement No agency, employment, or fiduciary relationship is created by this Agreement Your Business is separate and apart from any that we may operate Neither party to this Agreement may bind the other nor make any representations tending to create apparent agency, employment, or partnership

H Successors/Assigns Subject to the terms of Articles 14 and 15, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties

I Interpretation of Rights and Obligations The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties

1 Applicable Law Except to the extent governed by the United States Trademark Act of 1946, as amended (Lanham Act, 15 U S C Article 1051 et seq), this Agreement is governed by and interpreted in accordance with the laws of Michigan, except that Michigan laws relating to franchises will not apply unless the jurisdictional requirements of such laws are satisfied independently of this provision You expressly waive any rights or protections you have or may have under any statute or law of any other state to the fullest extent permitted by law This Agreement may 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 Subject to Article 13, 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 may be brought in any of the below courts

a Federal District Court in the then current county of our national headquarters, regardless of whether the lawsuit is brought by us or against us, and both parties hereto irrevocably admit themselves to, and consent to, the personal jurisdiction of said court, or

b If neither federal question nor diversity jurisdiction exists, then in the State Courts of our then current National Headquarters, regardless of whether the lawsuit is brought by us or against us, and both parties hereto irrevocably admit themselves to, and consent to, the personal jurisdiction of said courts, or

c In any court of competent jurisdiction that is located in your county or state, if the lawsuit is against you

Both parties hereto irrevocably admit themselves to, and consent to, the exclusive jurisdiction of said courts The provisions of this Article will survive the termination of this Agreement You are aware of the business purposes and needs underlying the language of this Article, and with a complete understanding thereof, agree to be bound in the manner set forth

2 Our Rights Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement

3 Our Reasonable Business Judgment Whenever we reserve or are deemed to have reserved discretion in a particular area or where we agree or are deemed to be required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights A decision or action by us will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our 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 us Examples of items that will promote or benefit the System include enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System

J JURY WAIVER THE PARTIES (AND THEIR RESPECTIVE OWNERS AND PERSONAL GUARANTORS, IF APPLICABLE) HEREBY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION BY JUDICIAL PROCESS OF ANY PROVISION OF THIS AGREEMENT, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES FOR BREACH OF THIS AGREEMENT

K WAIVER OF PUNITIVE DAMAGES THE PARTIES (AND THEIR RESPECTIVE OWNERS AND PERSONAL GUARANTORS, IF APPLICABLE) HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT

L Acts Beyond Control of Parties In the event of any failure of performance of this Agreement according to its terms by any party, the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of the party Such causes include strikes, wars, riots, and acts of government except as may be specifically provided for elsewhere in this Agreement

M Notice of Potential Franchisor Profit We hereby advise you that we or our affiliates may from time to time make available to you products or services for use in the Business on the sale of which we or our affiliates may make a profit You agree that you will pay the then-current price in effect for any such goods, products and services We further advise you that we or our affiliates may from time to time receive consideration from Vendors in respect to Approved Supplies and other products or services you may use in the Business or in consideration of services rendered or rights licensed to such persons You agree that we or our affiliates are entitled to said profits or consideration

N Effective Date This Agreement is deemed made when accepted by us at our headquarters and signed by our President

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement on the date first noted above

FRANCHISOR RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By ______________________________ Effective Date ______________
Its ______________________________

FRANCHISEE ______________________________

By ______________________________
Its ______________________________

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

In consideration of the execution of this 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 this Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the 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 this Franchise Agreement and agree that this Personal Guarantee should 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 the franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the 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 the successors and assigns of us

PERSONAL GUARANTORS

______________________	______________________
Individually	Individually
______________________	______________________
Address	Address
______________________	______________________
City State Zip Code	City State Zip Code
______________________	______________________
Telephone	Telephone

Appendix A to the Franchise Agreement

Primary Area of Responsibility (“PAR”)

FRANCHISED LOCATION

The PAR, as stated in Article 2 of the Franchise Agreement includes the following zip-codes, and as located on the attached map

PAR

<zip1>	<zip2>	<zip3>	<zip4>	<zip5>

This is to confirm your acknowledgement and understanding that zip codes and/or their boundaries change periodically, and in the event of a future change, we will use our best efforts to ensure your PAR comprises approximately the same population in approximately the same geographic location

FRANCHISOR RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By ______________________________ Date ____________________
Its ______________________________

FRANCHISEE ______________________________

By ______________________________ Date ____________________
Its ______________________________

Appendix B to the Franchise Agreement

Assignment of Telephone Numbers

Date ______________

This assignment is effective as of the date of termination of the Franchise Agreement entered into between Restoration Specialties Franchise Group, LLC ("us") and ______________ ("you") You hereby irrevocably assign to us or our designee the telephone number or numbers and listings issued to you with respect to each and all of your ART Businesses, including employee cellular telephone numbers that have been used in connection with ART Businesses in any respect ("telephone numbers") This assignment is for collateral purposes only and we have no liability or obligation of any kind whatsoever arising from this assignment, unless we desire to take possession and control over the telephone numbers

We hereby are authorized and empowered upon termination of the Franchise Agreement and without any further notice to you to notify the telephone company, as well as any other company that publishes telephone directories ("telephone companies"), to transfer the telephone numbers to us or such other person or entity as we designate You hereby grant to us an irrevocable power of attorney and appoint us as your attorney-in-fact to take any necessary actions to assign the telephone numbers, including but not limited to, executing any forms that the telephone companies may require to effectuate the assignment This assignment is also for the benefit of the telephone companies, and the telephone companies may accept this assignment and our instructions as conclusive evidence of our rights in the telephone numbers and our authority to direct the amendment, termination or transfer of the telephone numbers, as if they had originally been issued to us In addition, Franchisee agrees to hold the telephone companies harmless from any and all claims against them arising out of any actions or instructions by Restoration Specialties Franchise Group, LLC regarding the telephone numbers

FRANCHISOR RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By ____________________________________ Date ____________________
Its ____________________________________

FRANCHISEE ____________________________

By ____________________________________ Date ____________________
Its ____________________________________

Appendix C to the Franchise Agreement

Assignment of Domain Name, E-Mail Address, Online Listings and Social Media Accounts

Date ______________

This assignment is effective as of the date of termination of the Franchise Agreement entered into between Restoration Specialties Franchise Group, LLC ("we" or "us") and ___________________ ("you" or "franchisee") You hereby irrevocably assign to us or our designee the domain names, e-mail addresses, online listings, and/or Social Media accounts (collectively the "Web Listings") with respect to each and all of your ART Businesses You agree to pay all amounts, whether due and payable or not, that any domain name registry ("Registry") or Internet Service Provider ("ISP") may require in connection with such transfer This assignment is for collateral purposes only and we have no liability or obligation of any kind whatsoever arising from this assignment, unless we desire to take possession and control over the domain names and e-mail addresses

We are hereby authorized and empowered upon termination of the Franchise Agreement and without any further notice to you to notify the Registry and the ISP to transfer or terminate (as we designate) the Web Listings to us or such other person or firm as is designated by us In furtherance thereof, you hereby grant an irrevocable power of attorney to us and appoint us as your attorney-in-fact to take any necessary actions to assign the Web Listings, including but not limited to, executing any forms that the Registry and the ISP may require to effectuate the assignment This assignment is also for the benefit of the Registry and the ISP, and the Registry and the ISP may accept this assignment and our instructions as conclusive evidence of our rights in the Web Listings and our authority to direct the amendment, termination or transfer of the Web Listings, as if they had originally been issued to us In addition, you agree to hold the Registry and the ISP harmless from any and all claims against them arising out of any actions or instructions by us regarding the Web Listings

YOU	WE
(Print Name)	RESTORATION SPECIALTIES FRANCHISE GROUP, LLC
______________________________ (Your Signature)	By ______________________________
Company Name	Its ______________________________
By ______________________________ (Your Signature)	
Its ______________________________ (Your Position)	

Appendix D to the Franchise Agreement

Promissory Note

Date ___________________ Principal $_____________

FOR VALUE RECEIVED, **[Franchise Owner]** ("Franchisee"), a __________ with an address of **[address], [city], [state], [zip]**, unconditionally promises to pay Restoration Specialties Franchise Group, LLC ("RSFG"), located at 12001 Levan Road, Livonia, MI 48150 the principal sum of **$[principal]** ("Principal") There is no interest if the Principal is paid in full within 30 days of execution of this Promissory Note However, if the Principal is not paid within 30 days of the date of this Promissory Note then interest will be due on the unpaid principal balance, at the rate of 9 9% percent per annum

Principal and interest shall be payable in one lump sum to RSFG or its designees, and is due at least one week before Franchisee (or Franchisee's representative) attends Initial Training, or four months from the date of this Promissory Note, whichever event occurs first

All payments under this Promissory Note shall be in lawful money of the United States In no event shall the interest and other charges in the nature of interest, if any, exceed the maximum amount of interest permitted by law Any amount collected in excess of the maximum legal rate shall be applied to reduce the principal balance All payments under this Promissory Note shall be applied first to interest, if any, and the balance to Principal

If Franchisee fails to pay the Principal owed under this Promissory Note for 10 days after the same becomes due, then Franchisee will be in default of this Promissory Note If Franchisee is in default of this Promissory Note RSFG may, at its option, declare this Promissory Note to be immediately due and payable, together with all accrued interest and any other charges, without notice or demand, whereupon this Promissory Note will be immediately due and payable in full This Promissory Note will also become automatically due and payable (including accrued unpaid interest) without notice or demand should a petition be filed by or against Franchisee under the United States Bankruptcy Code or any other law relating to insolvency, reorganization, receivership or relief of debtors or should a trustee, receiver or similar officer be appointed for Franchisee or for Franchisee's property If this Promissory Note is not paid on the due date or any event occurs that would entitle RSFG to declare this Promissory Note to be immediately due and payable, RSFG will have the right to set off the indebtedness evidenced by this Promissory Note against any indebtedness of RSFG or its subsidiary to Franchisee Franchisee agrees to pay all costs of collection incurred by RSFG, including but not limited to, attorneys' fees and legal expenses, if this Promissory Note is not paid when due whether suit is commenced or not, including but not limited to, costs and expenses in collection, litigation, bankruptcy or insolvency proceedings

This Promissory Note may be prepaid at any time, in whole or in part, without penalty or premium

Franchisee expressly waives presentment, demand, notice, protest, and all other demands and notices in connection with this Promissory Note No renewal or extension of this Promissory Note, nor release of any collateral or party liable hereunder, will release the liability of Franchisee

Should the undersigned transfer or assign their franchise rights to a third party prior to the pay-off of this Promissory Note, said Promissory Note must be paid in full before RSFG will approve such transfer or assignment

Failure of RSFG to exercise any right or option shall not constitute a waiver, nor shall it be a bar to the exercise of any right or option at any future time If any provision of this Promissory Note shall be invalid or unenforceable, the remaining provisions shall remain in full force and effect This Promissory Note shall be governed by the laws of Michigan

Franchisee confirms that the proceeds of this Promissory Note will be used for the business purpose of starting up an ART Recovery Technologies Franchised Business

As evidenced by the attached Personal Guaranty this Promissory Note is personally guaranteed by

____

IN WITNESS WHEREOF, this Promissory Note is executed under seal on the day and year first above written

Franchisee ______________________
By ______________________________

____
[Franchise Owner Name]

By

[Franchise Owner Name]

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

In consideration of the execution of the Promissory Note by RSFG, 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 Promissory Note, to be paid, kept and performed by the Franchisee

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Promissory Note and agree that this Personal Guarantee should be construed as though the undersigned and each of them executed a Promissory Note containing the identical terms and conditions of the Promissory Note

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 the franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Promissory Note, or the amendment or extension of the Promissory Note 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 the successors and assigns of RSFG

PERSONAL GUARANTORS

Individually	Individually
Address	Address
City State Zip Code	City State Zip Code
Telephone	Telephone

Appendix E to the Franchise Agreement

Electronic Transfer of Funds Authorization

Franchisee ____________________

Location ____________________

Date ____________________

NEW	CHANGE

Attention Bookkeeping Department

The undersigned hereby authorizes Restoration Specialties Franchise Group, LLC or any affiliated entity (collectively, "RSFG"), to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Marketing Fund Fees or other amounts that become payable by the undersigned to RSFG The dollar amount to be debited per payment will vary

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by RSFG

This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries

Sincerely yours,

*** We also need a VOIDED Check ***

____
Account Name

____
Bank Name

____
Street Address

____
Branch

____
City State Zip Code

____
Street Address

____
Telephone Number

____
City State Zip Code

By ____________________

____
Bank Telephone Number

Its ____________________

____
Bank's Account Number

Date ____________________

____
Customer's Account Number

Appendix F to the Franchise Agreement

Operator Addendum

1 Principal Operator and Minority Operators You represent and warrant to us that the following person(s) and entities, and only the following person(s) and entities, shall be the Principal Operator and Minority Operators of the franchise

NAME	HOME ADDRESS	PERCENTAGE OF INTEREST

2 Change You shall immediately notify us in writing of any change in the information contained in this Addendum and, at our request, prepare and sign a new Addendum containing the correct information

3 Effective Date This Addendum is effective as of this ____ day of ___________, 20___

FRANCHISOR RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By ______________________________ Date ________________
Its ______________________________

FRANCHISEE ______________________________

By ______________________________ Date ________________
Its ______________________________

ACKNOWLEDGMENT ADDENDUM TO
THE ART FRANCHISE AGREEMENT

As you know, you and we are entering into a Franchise Agreement for the operation of an ART franchise The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of the Business Please review each of the following questions carefully and provide honest responses to each question

Acknowledgments and Representations *

1 Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least (a) 14 calendar days prior to signing the Franchise Agreement, **or** (b) if you are a resident of **New York**, at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement (or other agreement) or payment of any consideration, **or** (c) if you are a resident of **Michigan, or Iowa**, at the earlier of 10 business days before the execution of any binding agreement or payment of any consideration? Check one (_) Yes (_) No If no, please comment ___________

____

2 Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? Check one (_) Yes (_) No If no, please comment ______________________________

____

3 If the franchisor made any unilateral changes to the Franchise Agreement, did you receive a copy of the complete revised agreement at least 7 calendar days prior to the date on which the applicable agreement was executed? Check one (_) Not Applicable (_) Yes (_) No If no, please comment

____

4 Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one (_) Yes (_) No If no, please comment ______________________

____

5 Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document? Check one (_) No (_) Yes If yes, please state in detail the oral, written or visual claim or representation ______________________________

____

6 Except as stated in Item 19 of the Disclosure Document, did any employee or other person speaking on behalf of Restoration Specialties Franchise Group, LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any ART location or business, or the likelihood of success at your franchised Business? Check one (_) No (_) Yes If yes, please state in detail the oral, written or visual claim or representation __

____

7 Did any employee or other person speaking on behalf of Restoration Specialties Franchise Group, LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document Check one (__) No (__) Yes If yes, please comment ____

____

8 Do you understand that the Franchise Agreement grants you the right to operate an ART Business using the ART Trademarks in a specified geographic area, and that, according to the Franchise Agreement, we and our affiliates have the right to distribute products through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of your PAR using the ART Trademarks or any other trademarks and (ii) inside your PAR using any trademarks other than the ART trademarks, except for National Accounts Check one (__) Yes (__) No If no, please comment

____

____

9 Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Business, meaning that any prior oral or written statements not set out in the applicable agreement or in the disclosure document will not be binding? Check one (__) Yes (__) No If no, please comment ______________________

____

10 Do you understand that the success or failure of the Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the ART Trademarks, interest rates, the economy, weather patterns, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you commence operations of the Business may change? Check one (__) Yes (__) No If no, please comment ____________

____

11 Do you understand that you are likely to achieve results that are different, possibly significantly and adversely, from the results shown in Item 19 Many factors, including location of your ART Business and PAR, customers located within the PAR, management capabilities, local market conditions, weather and other factors, are unique to each ART Business and may significantly impact the financial performance of the business you operate? Check one (__) Yes (__) No If no, please comment ______________________

____

12 Do you understand that during the term of the Franchise Agreement and for 2 years after it expires or terminates, you (including all Principal Operators, your Designated Manager and all guarantors, officers, directors, members, managers and partners) may not, directly or indirectly, have or maintain any interest in any business selling products or services similar to the Products and Services sold by an ART Business? Check one (__) Yes (__) No If no, please comment

____

____

13 Do you understand that any training, support, guidance or tools we provided to you as part of the franchise are for the purpose of protecting the ART 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 you 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? Check one (__) Yes (__) No If no, please comment ______________________

____

14 Do you understand that we do not make any promises or representations of any kind that you will achieve any particular results or level of performance or profitability or even achieve break-even results in any particular year of operation?

Check one (__) Yes (__) No If no, please comment ______________________________

____

15 On the receipt pages of your disclosure document you identified Steve Lajiness, Neil Lamoureux and _______________________ as the franchise seller(s) involved in this franchise sales process Are the franchise sellers identified above the only franchise sellers involved with this transaction? Check one (__) Yes (__) No If no, please identify any additional franchise sellers involved with this transaction ____

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

<u>NOTE</u> 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 Restoration Specialties Franchise Group, LLC

Signed ____________________

Print Name ____________________

Date ____________________

*Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or the Maryland Franchise Registration and Disclosure Law

Appendix F to the Franchise Agreement

Addendum for ERS Conversions

ADDENDUM
TO THE FRANCHISE AGREEMENT BETWEEN
RESTORATION SPECIALTIES FRANCHISE GROUP, LLC
AND
«FRANCHISEE»

DATED ___________________, 20__

This is an Addendum to the ART Franchise Agreement (at times referred to as the "Franchise Agreement") between Restoration Specialties Franchise Group, a Michigan Limited Liability Company, with its principal place of business at 12001 Levan Road, Livonia, MI 48150 (referred to in this Agreement as "we," "us," and "ourselves"), and «Franchisee» (referred to as "you" and "Franchisee"), resident of the state of «State», whose principal address is «Address», «City_State_Zip»

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall control and supersede the Franchise Agreement Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise

Background Whereas, Franchisee entered into an ERS Franchise Agreement with Restoration Specialties Franchise Group, LLC , on _____________ for the operation of an Electronic Restoration Services (ERS) Business

Whereas, Franchisee is entering concurrently with this Addendum into an ART Franchise Agreement with Restoration Specialties Franchise Group, LLC , for the operation of an ART Recovery Technologies (ART) Business

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledges by each of the parties signing below, the parties here agree to amend certain provisions of the ART Franchise Agreement as follows

1 **Franchised Location** Article 5 A of the Franchise Agreement is hereby amended, as you are not required to have separate facilities for both the ERS Franchise and ART Franchise However, if you operate from one site, the location must comply with the cumulative standard site selection criteria for both Franchises For example, it must have a minimum of 2,500-4,000 square feet of dedicated space for operation of the ART Franchise apart from the operation of the ERS Franchise

2 **Initial Franchise Fee** The Initial Franchise Fee under Article 8 A is amended, as You must pay to us an Initial Franchise Fee of $12,000, upon execution of this Agreement The Initial Franchise Fee is earned by us upon receipt and is non-refundable

3 **Turn-Key Business Package** Article 8 C of the Franchise Agreement is amended , so that when you sign the Franchise Agreement you must pay our affiliate, ERS Depot, Inc , $19,300 for the Turn-Key Business package The Turn-Key Business Package contains various products and equipment necessary for you to commence business operations, including (i) equipment necessary to perform Restoration Services, (ii) computer equipment and software, (iii) initial inventory, (iv) office equipment and supplies, (v) vehicle decals, (vi) tools and equipment, (v) marketing supplies, and (vi) uniforms, all of which we may periodically change The materials that are included in our Initial Package may be shipped F O B from our approved suppliers The costs you incur for the Turn-Key Business Package are non-refundable

4 **Local Marketing** The local marketing requirements under Article 9 B are amended as follows For both the ERS Franchise and the ART Franchise you are required to have in your employ a person whose primary responsibility is to market for the Business This employee may cross-market between the two businesses, but may cover a maximum of two Franchise Agreements For example, if you had both one ERS and one ART Franchise Agreement, you would need to hire one marketing person, but if you had two ERS Franchise Agreements and one ART Franchise Agreement, you would need to hire two people With our prior written permission, you may serve in this capacity, but then you would be required to hire a Designated Manager to manage the operational aspects of the Business

5 **Customer Information** It is not a breach of the Franchise Agreement to share customer information between the ERS Franchise and the ART Franchise

6 **Legal Entity** You may operate the ART Franchise and the ERS Franchise from the same legal entity However, you must establish and maintain a separate bank account for each business, and be able to provide us with separate Profit & Loss statements for each business

7 **Time to Open** You must attend Initial Training under Article 7 B within four months of signing the ART Franchise Agreement, and open within two weeks of completing the Training

FRANCHISOR RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By ______________________________ Effective Date ____________
Its ______________________________

FRANCHISEE ______________________________

By ______________________________
Its ______________________________

EXHIBIT D

Table Of Contents Of The Operations Manual

Below you will see a Table of Contents of our Operations Manual, as of the date of this Disclosure Document We reserve the right to modify this at any time

EXHIBIT E

Form of Release Agreement

(Subject to Change by Restoration Specialties Franchise Group, LLC)

THIS AGREEMENT AND RELEASE (the "Agreement") is made and entered into by and among __________ ("Franchisee") and Restoration Specialties Franchise Group, LLC ("RSFG") All capitalized terms not defined in this Agreement have the respective meanings set forth in the Franchise Agreement (defined below) This Agreement is effective on the date we sign below (the "Effective Date")

RECITALS

A Franchisee and RSFG are parties to a Franchise Agreement dated ________ ("Franchise Agreement")

B [Describe the circumstances relating to the release]

C Subject to and as addressed with greater specificity in the terms and conditions set forth below, RSFG and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged Franchisee, and RSFG agree as follows

1-3 [Note Detail other terms and conditions of the Release]

4 Release

A Franchisee and each of its respective heirs, successors, assigns, affiliates, shareholders, directors, employees, and agents, and on behalf of any other party claiming an interest through them (collectively and individually referred to as the "Franchisee Parties" for purposes of this Section 4), release and forever discharge RSFG, its predecessors, successors, and its current and former affiliates, as well as their respective past and present directors, officers, shareholders, agents, employees, heirs and assigns (collectively and individually referred to as the "RSFG Parties" for purposes of this Section 4) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Franchisee Parties may now or in the future own or hold, that in any way relate to the Franchise Agreement, any other agreement between Franchisee Parties and RSFG Parties, or the relationship between Franchisee Parties and RSFG Parties through the Effective Date (collectively, "Franchisee Parties 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 Franchise Agreement or any other related agreement between Franchisee Parties and RSFG Parties through and including the Effective Date of this Agreement

B Except as noted in this Section 4 B, the RSFG Parties hereby release the Franchisee 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 RSFG Parties may now or in the future own or hold, that in any way relate to the Franchise Agreement, any other agreement between RSFG Parties and Franchisee Parties, or the relationship between RSFG Parties and Franchisee Parties through the Effective Date (collectively, the "RSFG Parties 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 Franchise Agreement or any other related agreement between RSFG Parties and Franchisee Parties through and including the Effective Date The RSFG Parties do not release the Franchisee Parties from any obligations arising by virtue of this Agreement and claims arising from the Franchisee Parties' failure to comply with those obligations, including, without limitation, the obligations under Sections __________ of this Agreement

C The release of Franchisee Parties Claims as set forth in Section 4 A and RSFG Parties Claims as set forth in Section 4 B are intended by the Franchisee Parties and the RSFG Parties (collectively, the "Releasors") 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 one of the Releasors against the other Releasors regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein

[The Releasors, for themselves, their heirs, successors, and assigns, hereby expressly, voluntarily and knowingly waive, relinquish and abandon 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 hereinafter existing under the laws of California or any other applicable federal and state law with jurisdiction over the parties' relationship The Franchisee Parties acknowledge 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 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 effected his settlement with the debtor ”]

[Bracketed language for use in California only]

In making this voluntary express waiver, the Releasors acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Releasors’ intentions to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts This Release is and shall be and remain a full, complete, and unconditional general release The Releasors acknowledge and agree that the foregoing waiver of is an essential, integral and material term of this Agreement and Release The Releasors further acknowledge and agree that no violation of this Agreement shall void the release set forth in this Section 4

5 Acknowledgment Franchisee acknowledges and agrees that the representations and agreements set forth in Section 4 are a material inducement to RSFG to enter into this Agreement, such that RSFG would not have entered into this Agreement in the absence of such agreements

6 Binding Effect This Agreement shall be binding upon, inure to the benefit of and be enforceable by Franchisee and RSFG and their respective successors and assigns

7 Governing Law/Venue This Agreement shall be governed by, and construed in accordance with, the law of the State of Michigan without regard to principles of conflicts of law The parties agree that any legal proceeding relating to this Agreement or the enforcement of any provision of this Agreement shall be brought or otherwise commenced only in the State or Federal courts of Michigan

8 Attorney’s Fees The prevailing party in any legal proceeding to enforce the terms of this Agreement is entitled to recover its reasonable attorneys’ fees and costs from the non-prevailing party

9 Entire Agreement/Amendment The Franchise Agreement and this Agreement constitute the entire, full, and complete agreement of the parties with respect to the subject matter hereof and supersedes any and all prior agreements In the event of a conflict between the terms of the Franchise Agreement and the terms of this Agreement, the terms of this Agreement shall control Except as amended hereby, all the other terms and conditions of the Franchise Agreement are ratified and confirmed This Agreement shall not be amended except by the written agreement of the parties

10 Representation by Counsel Franchisee and RSFG have had the opportunity to consult with legal counsel of their respective choice with respect to this Agreement, including the full and final release of claims set forth herein

11 Severability Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under all applicable laws and regulations If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement, or the validity or effectiveness of such provision in any other jurisdiction

12 Counterparts This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement Facsimile or scanned signatures shall be binding as if they were originals

FRANCHISOR RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By ______________________________ Date ____________________
Its ______________________________

FRANCHISEE ______________________________

By ______________________________ Date ____________________
Its ______________________________

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EXHIBIT F

State Addenda

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CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

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

A The franchise agreement provides for termination upon bankruptcy This provision may not be enforceable under federal bankruptcy law (11 U S C A Sec 101 et seq)

B 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

C The franchise agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

D The franchise agreement requires application of the laws of the state of Michigan To the extent that any provision in the Franchise Agreement is inconsistent with California law, California law will control

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) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

a) Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement

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

c) Neither franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 78 a et seq , suspending or expelling such persons from membership in that association or exchange

d) We have posted a surety bond with Hartford Fire Insurance Company This surety bond is on file with the California Department of Business Oversight

e) The earnings claim figures in Item 19 of this Disclosure Document does not reflect 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 (franchised business) Franchisees or former franchisees, listed in this Disclosure Document, may be one source of this information

f) OUR WEBSITE (WWW ARTRECOVERYTECH COM) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www dbo ca gov

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ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR CALIFORNIA FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ________________________ between Restoration Specialties Franchise Group, LLC ("Franchisor") and ____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of California, (b) Franchisee is a resident of the State of California, and/or (c) the Franchised Business will be located or operated in the State of California

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

3 We have posted a surety bond with Hartford Fire Insurance Company This surety bond is on file with the California Department of Business Oversight

4 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

5 Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect

FRANCHISOR RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By ____ Date ______________________
Its ____

FRANCHISEE __________________________________

By ____ Date ______________________
Its ____

HAWAII ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

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

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, 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, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE

THIS FRANCHISE 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 FRANCHISEE

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ILLINOIS ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Item 17, Additional Disclosures The following statement is added to Item 17

The conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20

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 this Act is void " To the extent that any provision in the Agreement is inconsistent with Illinois law, Illinois law will control

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois

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ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ______________________ between Restoration Specialties Franchise Group, LLC ("Franchisor") and ______________________________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Illinois, (b) Franchisee is a resident of the State of Illinois, and/or (c) the Franchised Business will be located or operated in the State of Illinois

2 The following sentence is added to the end of Section 16 I Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that the Franchise Agreement may provide for arbitration in a forum outside of Illinois

3 Section 16 I is amended to include the following Notwithstanding the foregoing, the Illinois Franchise Disclosure Act shall govern the Franchise Agreement

4 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 this Act is void " To the extent that any provision in the Franchise Agreement is inconsistent with Illinois law, Illinois law will control

5 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

6 Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect

FRANCHISOR RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By ______________________________________ Date ____________________
Its ______________________________________

FRANCHISEE ______________________________

By ______________________________________ Date ____________________
Its ______________________________________

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 1, Additional Disclosures The following statements are added to Item 1

The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

Item 5, Initial Franchise Fee The following statements are added to Item 5

We have posted a surety bond with Travelers Causality and Surety Company of America This surety bond is on file with the Maryland Securities Division

Item 17, Additional Disclosures The following statements are added to Item 17

The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

The "Summary" column of Item 17(H) of the Disclosure Document, pertaining to "Cause defined – defaults that cannot be cured" is supplemented to state that any provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law

Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

Section 14-227(e) of the Maryland Franchise Registration and Disclosure Law requires that any claims arising under that Law be brought within 3 years after the grant of the franchise

Item 22, Additional Disclosures The following statements are added to Item 22

Item 22 of the Disclosure Document is supplemented to state that the form of general release referred to in Items 17 c and 17 m is attached to this Disclosure Document pursuant to Maryland Franchise Registration and Disclosure Law

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ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED FOR MARYLAND FRANCHISEES

This Addendum to Franchise Agreement ("Franchise Agreement") dated ________________ between Restoration Specialties Franchise Group, LLC ("Franchisor") and ______________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Maryland, (b) Franchisee is a resident of the State of Maryland, and/or (c) the Franchised Business will be located or operated in the State of Maryland

2 We have posted a surety bond with Travelers Causality and Surety Company of America This surety bond is on file with the Maryland Securities Division

3 The following sentence is added to the end of Section 1

Representations in the Franchise Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

4 The following sentence is added to the end of Sections 4 B(7) and 14 C(f)

The general release required as a condition of renewal or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

5 The following sentence is added to the end of Section 16 I

Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

6 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

7 Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect

FRANCHISOR RESTORATION SPECIALTIES FRANCHISE GROUP, LLC
By ____________________________________ Date ____________________
Its ____________________________________

FRANCHISEE ____________________________
By ____________________________________ Date ____________________
Its ____________________________________

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 6, Other Fees Note 9 is deleted in its entirety and is replaced by the following language

The NSF Fee currently is $30 per returned payment NSF fees are governed by Minnesota State 604 113, which puts a cap of $30 on service charges

Item 13, Additional Disclosure The following statement is added to Item 13

We will protect your right to use the Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name to the extent required by Minn Stat Sec 80C 12, Subd 1(g)

Item 17, Notice of Termination The following statement is added to Item 17

With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C 14, subdivisions 3, 4, and 5 which requires, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement

Item 17, Governing Law, Jurisdiction and Venue and Choice of Forum The following statement is added to the cover page and Item 17

Minnesota Statutes, Section 80C 21 and Minnesota Rule 2860 4400J 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 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

Item 17,General Release The following statement is added to Item 17

Minnesota Rule 2860 4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C 01 – 80C 22

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ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR MINNESOTA FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ________________________ between Restoration Specialties Franchise Group, LLC ("Franchisor") and ____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota, (b) Franchisee is a resident of the State of Minnesota, and/or (c) the Franchised Business will be located or operated in the State of Minnesota

2 The following sentence is added to the end of Section 8 G

For Minnesota franchisees, we may collect a NSF fee no greater than $30 in accordance with Minnesota State 604 113

3 The following sentence is added to the end of Section 11 A

With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute § 80C 14, subdivision 3, 4, and 5 which requires, except in certain cases, that Franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the Franchise Agreement

4 The following sentence is added to the end of Sections 4 B(7) and 14 C(f)

Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C 01 – 80C 22

5 Section 13 B is deleted and replaced with the following

Franchisor shall be entitled to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to (1) Franchisee's use of the Trademarks, (2) the construction and equipping of the Franchised Business, (3) the obligations of Franchisee upon termination or expiration of this Agreement, (4) a Transfer of this Agreement, any ownership interest therein or in the lease for the Franchised Business, and (5) as necessary to prohibit any act or omission by Franchisee or its employees that would constitute a violation of any applicable law, ordinance, or regulation, or which is dishonest or misleading to Franchisor and/or Franchisor's other licensees

6 The following sentences are added to the end of Sections 12 B and 15 I

Minnesota Statute § 80C 21 and Minnesota Rule 2860 4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota In addition, nothing in the Disclosure Document or the Franchise Agreement can abrogate or reduce any of Licensee'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

7 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

8 Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect

FRANCHISOR RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By ______________________________ Date ____________________
Its ______________________________

FRANCHISEE ______________________________

By ______________________________ Date ____________________
Its ______________________________

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NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Cover Page Additional Disclosure The following is added to the cover page of the FDD

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, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271 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

Item 3, Additional Disclosure 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

<u>Item 4, Additional Disclosure</u> 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 artner 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

<u>Item 5 Additional Disclosures</u> <u>The following is added to the end of Item 5</u>

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

<u>Item 17, Additional Disclosures</u> 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 franchise or 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

<u>Item 17(d), Additional Disclosures</u> 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

<u>Item 17(j), Additional Disclosures</u> 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

<u>Item 17(v), Additional Disclosures</u> 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

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ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED FOR NEW YORK FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ____________________ between Restoration Specialties Franchise Group, LLC ("Franchisor") and ______________________________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of New York, (b) Franchisee is a resident of the State of New York, and/or (c) the Franchised Business will be located or operated in the State of New York

2 Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable

3 The following sentence is added to the end of Sections 4 B(7) and 14 C(f) Any provision in the Franchise Agreement requiring Franchisee to sign a general release of claims against Franchisor does not release any claim Franchisee may have under New York General Business Law, Article 33, Sections 680-695

4 The following sentence is added at the end of Section 15 Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor's good faith and judgment is willing and able to assume Franchisor's obligations under the Franchise Agreement

5 The following sentence is added to the end of Section 16 I Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law

6 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

7 Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect

FRANCHISOR RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By ______________________________ Date ____________________
Its ______________________________

FRANCHISEE ______________________________

By ______________________________ Date ____________________
Its ______________________________

NORTH DAKOTA ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT

Item 17, Additional Disclosures The following statements are added to Item 17

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void The laws of the State of North Dakota will govern any dispute

Any general release the franchisee is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability Restoration Specialties Franchise Group, LLC may have incurred under the North Dakota Franchise Investment Law

Covenants not to compete upon termination or expiration of the franchise agreement are generally not enforceable in the State of North Dakota, except in certain instances as provided by law

The Franchise Agreement includes 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 Disclosure Document and Franchise Agreement

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Restoration Specialties Franchise Group, LLC in enforcing the agreement For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement

The Franchise Disclosure Document, Franchise Agreement and Area Development Agreement state that franchisee must consent to the jurisdiction of courts in the state of Michigan That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document, Franchise Agreement and Area Development Agreement

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages The Commissioner has determined this to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year That requirement will not apply to North Dakota franchisees and, instead the statute of limitations under North Dakota law will apply

ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED FOR NORTH DAKOTA FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ____________________ between Restoration Specialties Franchise Group, LLC ("Franchisor") and ____ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of North Dakota, (b) Franchisee is a resident of the State of North Dakota, and/or (c) the Franchised Business will be located or operated in the State of North Dakota

2 Any release executed in connection herewith shall not apply to any claims that may arise under the North Dakota Franchise Investment Law

3 Covenants not to compete are generally considered unenforceable in the State of North Dakota

4 The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law The laws of the State of North Dakota will govern any dispute

5 The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement

6 The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement

7 The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement

8 The Franchise Agreement states that franchisee must consent to the jurisdiction of courts in the state of Michigan That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement

9 The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year That requirement will not apply to North Dakota franchisees and, instead, the statute of limitations under North Dakota law will apply

10 The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Restoration Specialties Franchise Group, LLC in enforcing the agreement For

North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees

FRANCHISOR RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By ______________________________ Date ________________
Its ______________________________

FRANCHISEE ______________________________

By ______________________________ Date ________________
Its ______________________________

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RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 17, Additional Disclosure **The following statement is added to 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 "

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ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED FOR RHODE ISLAND FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ______________________ between Restoration Specialties Franchise Group, LLC ("Franchisor") and ____________________________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Rhode Island, (b) Franchisee is a resident of the State of Rhode Island, and/or (c) the Franchised Business will be located or operated in the State of Rhode Island

2 The following sentence is added to the end of Section 16 I

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 "

3 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

4 Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect

FRANCHISOR RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By ____ Date ____________________
Its ____

FRANCHISEE ______________________________

By ____ Date ____________________
Its ____

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VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 17, Additional Disclosure In recognition of the restrictions contained in Section 13 1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Franchisor 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 "

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ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED FOR WASHINGTON FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ______________________ between Restoration Specialties Franchise Group, LLC ("Franchisor") and __________________________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement

The state of Washington has a statute, RCW 19 100 180 which 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 the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, 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

The undersigned does hereby acknowledge receipt of this addendum

FRANCHISOR RESTORATION SPECIALTIES FRANCHISE GROUP, LLC

By ____ Date ____________________
Its ____

FRANCHISEE ______________________________

By ____ Date ____________________
Its ____

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The state of Washington has a statute, RCW 19 100 180 which 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 the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable

We have posted a surety bond with Hartford Fire Insurance Company This surety bond is on file with the Washington Department of Financial Institutions Security Division

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer

The undersigned does hereby acknowledge receipt of this addendum

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EXHBIT G

Receipts

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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 Restoration Specialties Franchise Group, 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 Restoration Specialties Franchise Group, LLC 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 agreement or the payment of any consideration that relates to the franchise relationship Michigan and Iowa require that Restoration Specialties Franchise Group, LLC give you this Disclosure Document at least 10 business days before the execution of the franchise or other agreement or the payment of any consideration, whichever occurs first

If Restoration Specialties Franchise Group, 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 identified on Exhibit A

Steve Lajiness and Neil Lamoureux of Restoration Specialties Franchise Group, LLC, act as our Franchise Sellers Their principal business address is 12001 Levan Road, Livonia, Michigan 48150, (734) 464-1600

_______________, of ___________________, acts as our Franchise Seller His/her principal business address is ____

Issuance Date April 1, 2018

See Exhibit A for our registered agents authorized to receive service of process

I have received a Disclosure Document dated April 1, 2018, that included the following Exhibits

- A List of State Administrators, Agents for Service of Process and Effective Dates
- B Financial Statements
- C Franchise Agreement (including Appendices)
- D Table of Contents to the Operations Manual
- E Form of Release Agreement
- F State Addenda
- G Receipts

________	______________________________	________________
Date	Signature	Printed Name
________	______________________________	________________
Date	Signature	Printed Name

KEEP THIS COPY FOR YOUR RECORDS

This Disclosure Document is available by request in either paper or pdf format, please contact franchise@ers-us com

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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 Restoration Specialties Franchise Group, 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 Restoration Specialties Franchise Group, LLC 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 agreement or the payment of any consideration that relates to the franchise relationship Michigan and Iowa require that Restoration Specialties Franchise Group, LLC give you this Disclosure Document at least 10 business days before the execution of the franchise or other agreement or the payment of any consideration, whichever occurs first

If Restoration Specialties Franchise Group, 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 identified on Exhibit A

Steve Lajiness and Neil Lamoureux of Restoration Specialties Franchise Group, LLC, act as our Franchise Sellers Their principal business address is 12001 Levan Road, Livonia, Michigan 48150, (734) 464-1600

________________, of ____________________, acts as our Franchise Seller His/her principal business address is ____

Issuance Date April 1, 2018

See Exhibit A for our registered agents authorized to receive service of process

I have received a Disclosure Document dated April 1, 2018, that included the following Exhibits

A	List of State Administrators, Agents for Service of Process and Effective Dates
B	Financial Statements
C	Franchise Agreement (including Appendices)
D	Table of Contents to the Operations Manual
E	Form of Release Agreement
F	State Addenda
G	Receipts

___________	______________________________	_______________
Date	Signature	Printed Name
___________	______________________________	_______________
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to Michelle Justavino, Restoration Specialties Franchise Group, LLC, 12001 Levan Road, Livonia, Michigan 48150, 734-464-4688, franchise@ers-us com

Copy for Restoration Specialties Franchise Group, LLC