Franchise Disclosure Document [FDD]

Balance Staffing Franchise, LLC
a California limited liability company
2800 N. Cherryland Avenue
Stockton, California 95215
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The franchise offered is for the operation of a full-service employment agency that operates out of a small office. This is a service-oriented business that offers a one-stop solution for temporary, temp-to-hire and direct hire services for skilled, unskilled trade and professional businesses in all sectors, all under the name "Balance Staffing™". The Initial Franchise Fee is $20,000 with protected rights to operate in a specific area as defined by us. Additional franchises may be available for those franchisees who have bought at least one franchise, at a reduced fee of $10,000 per Franchise. The total estimated initial investment necessary to begin operation of a Balance Staffing™ franchise ranges from $145,300 to $217,950 which will depend on a number of factors which are further discussed in Item 7. These figures include the Initial Franchise Fee of $20,000 (as discussed in Item 5) that must be paid to the Franchisor or its affiliate.

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

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:

John Moss, President
Balance Staffing Franchise, LLC
2800 N. Cherryland Avenue
Stockton, California 95215
(209) 474-1379

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: July 12, 2022

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.

2. **Trademarks.** Our trademarks are not federally registered therefore they do not have as many legal benefits and rights as federally registered trademarks. If our right to use and license any of our trademarks is challenged, you may have to use an alternative trademark that is licensed to you by us. This may increase your expenses.

3. **Spouse Personal Guaranty.** Your spouse must sign a personal guaranty making your spouse jointly and severally liable for the obligations under the franchise agreement which also places your spouse's personal assets at risk. You may want to consider this when making a decision to purchase this franchise opportunity

4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history..

5. **Supplier control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business

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

Franchise Disclosure Document [FDD]

Balance Staffing Franchise, LLC

TABLE OF CONTENTS

Page

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS & AFFILIATES 1

ITEM 2 BUSINESS EXPERIENCE 4

ITEM 3 LITIGATION 4

ITEM 4 BANKRUPTCY 4

ITEM 5 INITIAL FEES 5

ITEM 6 OTHER FEES 6

ITEM 7 ESTIMATED INITIAL INVESTMENT 10

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 14

ITEM 9 FRANCHISEE'S OBLIGATIONS 19

ITEM 10 FINANCING 20

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS & TRAINING 20

ITEM 12 TERRITORY 30

ITEM 13 TRADEMARKS 34

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 36

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 37

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 38

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 39

ITEM 18 PUBLIC FIGURES 42

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS 42

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION 43

ITEM 21 FINANCIAL STATEMENTS 46

ITEM 22 CONTRACTS 47

ITEM 23 RECEIPTS 47

EXHIBITS

EXHIBIT A. FRANCHISE AGREEMENT

EXHIBIT B. LIST OF STATE FRANCHISE REGULATORS

EXHIBIT C. FRANCHISEE DISCLOSURE QUESTIONNAIRE

EXHIBIT D. STATE ADDENDA

EXHIBIT E. OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT F. OPTION AGREEMENT

EXHIBIT G. LIST OF FRANCHISEES

EXHIBIT H. LIST OF LICENSEES

EXHIBIT I. FRANCHISEES WHO HAVE LEFT THE SYSTEM

EXHIBIT J. FINANCIAL STATEMENTS

EXHIBIT K. RECEIPTS

ITEM 1
FRANCHISOR AND ANY PARENTS, PREDECESSORS & AFFILIATES

The Franchisor is Balance Staffing Franchise, LLC, a California limited liability company, doing business as "Balance Staffing™." For ease of reference, Balance Staffing Franchise, LLC will be referred to as "we," "us," "our," "BSF" or "Franchisor" in this Disclosure Document. We will refer to the person or entity who buys the Franchise as "you," "your," or "Franchisee," throughout this Disclosure Document. If you are a corporation or a limited liability company, partnership, or other entity, certain provisions of the Franchise Agreement also apply to your shareholders, members, partners, or owners and will be noted. Any such corporations, partnerships, limited liability companies or other type of entity may be referred to as an "Entity" and those who own the Entity may be referred to as "Owners."

We are a California limited liability company, incorporated on February 3, 2020. We do business under the same name as our corporate name "Balance Staffing Franchise, LLC" as well as "Balance Staffing™". Our principal business address is 2800 N. Cherryland Avenue, Stockton, California 95215. We operate and sell franchises for the operation of a business known as "Balance Staffing™" (the "Business," "Franchise" or "Franchised Business"). We grant to persons or entities which meet our qualifications, and who are willing to undertake the investment and effort, the right to open and operate a Franchise for the development and operation of a full-service employment agency within a specific area in accordance with our then-current franchise agreement ("Franchise Agreement"), a copy of which is attached to this Disclosure Document as Exhibit A. This is the first time BSF has offered franchises of the type described in this Disclosure Document, and BSF has never offered franchises in any other line of business. Our agents for service of process are disclosed in Exhibit B.

Our Parents, Predecessors and Affiliates:

We have one parent company. There are twenty-two operating businesses that offers similar services to Balance Staffing™ business. The following is a list of our parent, predecessor and affiliate companies including principal addresses for each.

Our parent, Balance Holding Company, LLC ("BHC") is a California limited liability company formed on February 3, 2020. BHC shares the same physical address as us and does not operate any businesses. We and BHC are independent entities and BHC does not assume any of our legal or other obligations or us of theirs. BHS does not offer franchises.

Our affiliate, Balance Managed Services, LLC ("BMS"), is a California limited liability company that was formed on June 20, 2016. BMS shares the same physical address as us and manages and operates thirteen businesses that are similar to the franchise being offered by us which are: Balance Staffing™ at 2750 N. Cherryland Ave, Stockton, California 93907 which began operations on June 1 2010; Balance Staffing™ at 7950 Anderson Square, Suite 103, Austin, Texas 78757 which began operations on April 1, 2012; Balance Staffing™ at 2142 Bering Drive San Jose, California 95131 which began operations on January 1, 2010; Balance Staffing™ at 19 Quail Run Cir. Salinas, California 93907 which began operations on September 1, 2010: Balance Staffing™ at 1524 J. Street Modesto, California 95354 which began operations on December 1, 2010; Balance Staffing™ at 1114 Olivewood Dr, Merced, California 95348 which began operations on January 1, 2019; Balance Staffing™ at 3920 S Rural Road, Suite 116 Tempe, Arizona 85282 which began operations on July 17, 2019; Balance Staffing™ at 331 Ford Street, Watsonville, CA 95215 which began operations on January 1, 2021; Balance Staffing™ at 200 South Virginia, 8th Floor, Reno, Nevada 89501 which began operations on January 13, 2020; Balance Staffing™ at 1201 Airway Blvd, Suite B-2B, El Paso, TX 79925 which began operations on January 1, 2021; Balance Staffing™ at 4048 Tennant Station, Morgan Hill, CA 95037 which began operations on February 1, 2020; Balance Staffing™ at 7311 Greenhaven Drive, Suite 187, Sacramento, CA 95831 which began operations on March 1, 2020; and Balance Staffing™ at 500 North Church St., Suite 512, Las Cruces, New Mexico 88001 which began operations on August 24, 2020. BMS granted one independent licensee ("Licensee") the right to offer limited services as part of their nine existing

businesses under a license agreement ("License Agreement"). We and BMS are independent entities and BMS does not assume any of our legal or other obligations or us of theirs. BMS does not offer franchises.

Our predecessor, Staffing Solutions, Inc. ("SSI"), is a California corporation that was formed on February 4, 1997. SSI shares the same physical address as us and originally operated five businesses that were substantially similar to the franchise being offered by us and all five businesses were later transferred into our affiliate Balance Managed Services, LLC on January 1, 2017. SSI does not operate any businesses. We and SSI are independent entities and SSI does not assume any of our legal or other obligations or us of theirs. SSI does not offer franchises.

Our affiliate, Balance Staffing™ Workforce, LLC ("BSW"), is a California limited liability company that was formed on January 11, 2017. BSW shares the same physical address as us, does not operate any businesses and supplies all temporary and direct hire all clients using the management services of our affiliate BMS. We and BSW are independent entities and BSW does not assume any of our legal or other obligations or us of theirs. BSW does not offer franchises.

Our affiliate, Balance Outsourcing, LLC ("BOL"), is a California limited liability company that was formed on October 19, 2017. BOL shares the same physical address as us, does not operate any businesses and provides temporary and direct hire employees to BMS. We and BOL are independent entities and BOL does not assume any of our legal or other obligations or us of theirs. BOL does not offer franchises

As of January 1, 2020, there was one Licensee given the permission to offer limited services similar to a Balance Staffing™ business in nine of his locations under a License Agreement. As soon as we are able to offer franchises, this Licensee may be offered the opportunity to terminate their License Agreement and become a Balance Staffing™ franchisee but is not required to do so and we have made no commitment to sell franchises to the Licensee although we have the right to sell to the Licensee. This Licensee is listed in Exhibit H attached to this Disclosure Document. BMS no longer offers License Agreements (ceased offering such License Agreements as of January 31, 2020) or grants any rights to the Licensee to offer additional services or products unless they become a franchisee.

Our Business and the Franchises Offered:

Balance Staffing™ is a business model that has been developed to offer a comprehensive solution for employment services to businesses or industries in the United States seeking skilled, semi-skilled and unskilled personnel. The Balance Staffing™ philosophy is to provide our unique hiring solutions to businesses who can benefit from lower recruitment and training costs. This business is a staffing agency that is operated year around and is typically located within office complexes, strip centers, industrial parks or free-standing structures (all of which must be approved by us). Each Balance Staffing™ business will cover employment needs for businesses from a wide range of sectors offering: temporary or flexible staffing services (such as staffing for: special projects, immediate, seasonal demand, short or long term assignments), temp-to-hire staffing services (such as staffing for a defined period of time with the option of converting the individual to permanent status), direct hire staffing services (such as the placement of an individual to be hired directly with a company) and executive search services (such as performing an intense and comprehensive search for executive level positions) in addition to offering other services approved by us. We may authorize you to offer additional services and/or sell products in the future such as: onsite management services, project-based consulting services, international recruiting services and other staffing and recruitment-related services and products approved by us.

Competition includes other temporary and permanent staffing agencies operated by national chains, local chains, franchised operations, independent operators and to some extent online businesses offering similar services to those found in a Balance Staffing™ business. Generally, there is no seasonality to this business, however, the market for staffing services varies with the overall state of business growth in the economy. The staffing industry is highly competitive throughout the United States as the market is continuously changing and evolving. We plan

controlled expansion into areas that we determine can support The Balance Staffing™ Business to improve name recognition and our reputation through Franchised Businesses.

The Balance Staffing™ Business and system are characterized by our: unique services offered, specific strategies, methods, processes, techniques and procedures when recruiting, interviewing and hiring temporary employees; insurance requirements and procedures, vendor and supplier relationships, rate and fee strategies, efficient administrative and operational procedures, ongoing training programs, procedures for safety and quality control; website, intranet system and franchise web page housed within our national website; strategies for acquiring clients and accounts, sales presentations, advertising, marketing and promotional strategies along with materials; management and record keeping procedures; our confidential operations manual ("Operations Manual" or "Manuals") and other manuals, forms and materials which are made available either in hard copy or electronically; all of which may be changed, improved and further developed by us periodically (the "System").

The System is identified by means of certain trade names, service marks, trademarks, slogans, logos, emblems, and indicia of origin, which are more completely described in Item 13. You will be licensed to use not only our marks and design that are pending with the United States Patent and Trademark Office, but also all other service marks, trademarks, slogans, logos and emblems as we may designate for use in connection with the System (collectively, the "Marks," and each a "Mark").

You should consider the following when establishing and operating your Business: changing market conditions, competition, cost of supplies, equipment, real estate market, capital, labor, your own health, continuity of your management, continuation of sources of supply, availability of financing, recession or depression locally or nationally, wars, strikes, acts of terrorism, emergencies whether natural or manmade, litigation, liability and casualty losses. In addition to industry developments, changes in pricing policies of your competitors, state licensing, supply and demand not to mention your dependence on key personnel, the loss of whom could have an adverse effect on your Business. The purchase of a Balance Staffing™ (or any other) franchise is a speculative, and a significant investment beyond that outlined in this Disclosure Document may be required to succeed.. We have not offered franchises in other lines of business in the past. We do not engage in any business other than the offer of franchises.

Laws and Regulations:

Generally, there are no current governmental regulations or licenses that apply specifically operating an employment agency. You must comply with all local, state and federal laws and governing agencies that apply to your Business and to the public safety. You are responsible for checking the laws of the state, and local government in which you intend to conduct business to determine if you are required to obtain any bonds, permits or if there are any licensing or registration requirements and other statutes, codes, rules, regulations or ordinances specific to your Business. You must know such laws and regulations in your locality and must make sure that you and all your employees who work in your Business comply with any such laws and regulations as well as obtain any licenses, certifications, bonds or permits required by your locality for performing work in your Business.

In addition to laws and regulations that apply to businesses generally, there are consumer protection laws that exist in several states. Certain requirements, including compliance with federal and/or state solicitation, telemarketing (for example, the "do not call" registry), email solicitation, privacy and consumer credit and collection laws are generally applicable to all businesses that sell directly to the end-user. You must comply with all local, state and federal laws that apply to your Business and to the public. Those laws include Equal Employment Opportunity Commission ("EEOC"), Federal Trade Commission ("FTC"), occupational hazards and health, including the Occupational Safety and Health Administration ("OSHA"), pricing laws and employment laws. Such employment laws include regulations concerning wage rates, mandated employee benefits, employment taxes, worker safety, unemployment compensation, workers' compensation, child labor practices, disabled employees and discrimination in employment practices. There are also many state and local laws and regulations detailing how to define independent contractors for different purposes, such as tax, effect of applicable employment laws, unemployment compensation and workers compensation that you are responsible for knowing. You will be subject to the Americans

with Disabilities Act which prohibits practices that discriminate against physically and mentally challenged individuals regarding access to public accommodations and employment opportunities. There may be other laws and codes applicable to your business and we urge you to make further inquiries about those laws and codes.

Therefore, we recommend that you consult with your attorney and/or tax advisor for an understanding of all the laws and regulations applicable to your specific Balance Staffing™ Business and in complying with them. You are responsible for obtaining all certifications, licenses, registrations, bones and permits required to operate your Business.

We have not offered franchises in other lines of business in the past. We do not engage in any business other than the offer of franchises.

ITEM 2
BUSINESS EXPERIENCE

President/CEO: John Moss: John is the founder of Balance Staffing™, serving as our President since our formation in February 2020. He has been responsible for developing our temporary staffing procedures, expansion strategies and public relations in addition to establishing relationships with insurance carriers and vendors. From February 1997 to present, he has been serving as President for all our affiliates (Staffing Solutions, Inc., Balance Managed Services, LLC, Balance Staffing™ Workforce, LLC and Balance Outsourcing LLC) and from February 2020 to present our parent, Balance Holding Company, LLC all of which are based out of Stockton, California. John will continue to enhance our operational procedures, lead our franchisee training program and provide ongoing operational support to franchisees.

Vice President of Operations: Tyson Scott: Tyson has been serving as our Vice President of Operations since our formation in February 2020. He has been responsible for streamlining daily operations, oversight of the operations management team and negotiating insurance contracts. From February 2014 to present, he has been serving as Vice President of Operations for our affiliate, Staffing Solutions, Inc. based out of Stockton, California while also serving as Vice President of Operations for all of our affiliates (Balance Managed Services, LLC, Balance Staffing™ Workforce, LLC and Balance Outsourcing LLC) and also our parent, Balance Holding Company, LLC all of which are also based out of Stockton, California. Tyson will continue to enhance operational procedures, assist with our franchisee training program and provide ongoing operational support to franchisees.

Vice President of Sales: Craig Renzulli: Craig has been serving as our Vice President of Sales since our formation in February 2020. Craig has been responsible for streamlining our sales presentations and processes, managing all sales teams, establishing contracts and maintaining all large accounts. From November 2011 to present, he has been serving as Vice President of Sales for our affiliate, Staffing Solutions, Inc. based out of Stockton, California while also serving as Vice President of Sales for all of our affiliates (Balance Managed Services, LLC, Balance Staffing™ Workforce, LLC and Balance Outsourcing LLC) and also our parent, Balance Holding Company, LLC all of which are also based out of Stockton, California. Craig will continue to be responsible for further enhancing our sales and account acquisition processes, lead our franchise sales efforts, assist with our franchisee training program and provide ongoing operational support to franchisees.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

The Initial Franchise Fee for a single Franchise (the "Initial Franchise Fee") is $20,000 for a Balance Staffing™ business in a protected area. The protected area of a Franchise is determined once a specific location is identified and approved by us. The Initial Franchise Fee includes the development of a custom local affiliate web page for your Franchise housed within our national website that will include application functionality and access to our intranet system that provides ongoing news bulletins and templates for advertising materials to support your Business; web server setup for your web page; access to a self-study program (and related materials) to be completed prior to attending our initial training program; a comprehensive twelve day training program at our corporate headquarters, an Operations Manual and up to two days of assistance and guidance at your location for either pre-opening or grand opening assistance. You must purchase specific equipment, products and supplies from us, our affiliates or our approved vendors and/or suppliers and the cost for these items may not be refundable (as described in Item 7 and Item 8). During the initial training program, you will be provided with a list of approved vendors and suppliers to purchase all equipment, products and supplies necessary to operate your Business. At the time you sign your Franchise Agreement and anytime you are in good standing under your Franchise Agreement, you may purchase additional franchises for $10,000 each if we offer additional franchises to you and if you meet the following minimum conditions: (a) you must satisfy our then-current qualifications and training requirements; (b) not be in default of the Franchise Agreement; and (c) you must execute our then-current franchise agreement.

The Initial Franchise Fee is paid in a lump sum at the time the Franchise Agreement is signed, is non-refundable and is deemed fully earned upon the opening of the Business for the deliverables described above and as provided in the Franchise Agreement. In certain states, as required by state authorities based on a review of our financial statements, we may defer our receipt of the Initial Franchise Fee and all other initial payments or deposit them into escrow until we have met our initial obligations to you (see state addenda in Exhibit D).

We may offer you an option ("Option") to be awarded a Balance Staffing™ Franchise, on the terms set forth in the Option Agreement attached as Exhibit F. Under the Option Agreement, you have six months (the "Option Term") to enter into a Franchise Agreement for your first Franchised Business or for additional Franchise Businesses. For the Option, you pay a nonrefundable fee of $5,000 ("Option Fee") that: (i) will be credited toward the Initial Franchise Fee if you exercise the option to purchase an initial franchise during the six-month Option Term or (ii) will be credited toward the franchise fee for an additional franchise if you exercise your option to buy an additional franchise during the six-month option term following the purchase of the Option to buy an additional franchise. The Franchise Fee upon exercise of an option will be the same as the Initial Franchise Fee without an Option. Whether you buy an initial franchise or an additional one, you must complete the purchase during the Option Term of the Option Agreement.

The Option Fee is not refundable and is payable in full when you sign the Franchise Agreement or Option Agreement, as applicable, except as provided in Exhibit F.

We have established a Licensee discount program for our existing Licensee. If the Licensee terminates its License Agreement with our affiliate, Balance Managed Services, LLC and immediately executes a Franchise Agreement before July 31, 2022, will receive a 95% discount off the Initial Franchise Fee when purchasing a franchise. This program does not apply to additional franchises. The factors concerning our decision to modify or terminate the Licensee discount program include the number of franchises that we sell and whether the Licensee has an interest in terminating their License Agreement and purchasing a Franchise.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	3.5% of Revenues per month starting immediately once your Business is deemed open for operation.	On the 25th day of each month we will retain 3.5% of your Revenues and remit to you the difference.	See Note 1
System Advertising Fee	.6% of Revenues starting immediately once your Business is open for operation.	On the 25th day of each month we will retain .6% of your Revenues and remit to you the difference	We may increase this fee upon 90 days' written notice to you. However, your total contribution will not exceed 2% of Revenue in any calendar year. See Note 2 and Item 11
Additional Training	$250 per person per day or costs of third-party charges.	At time training is scheduled and/or additional assistance is requested by you.	While the Initial Franchise Fee includes the cost of our initial training program, the Initial Franchise Fee only covers training for up to three individuals. See Item 11. Additionally, this fee is applicable upon an approved transfer of the Franchise for the initial training program and additional training.
Audit Expenses	Cost of Audit Fees plus interest @ 18% per annum (1.5% per month) for amounts owed up to the maximum interest allowed by law. The highest interest rate in California is 10% per annum.	Ten days after receipt of audit report	Payable only if you understate Revenues by 5% or more. We expect the cost to be between $5,000- $7,000 unless your financial records are not well kept.
Costs and Attorney's Fees	Will vary under circumstances.	As Incurred	Payable as incurred by us in enforcing the Franchise Agreement, including obtaining injunctive relief.
Indemnification	Will vary under circumstances.	On Demand	As Incurred; See Note 3
Electronic Mail Fee	Currently $10-$20 per month for each electronic email address for the Business.	On the 25th day of each month we will retain the amount you owe for such email addresses	Payable to us. See Note 4
Software Fees and Ongoing Support	Currently $125-$150 per user per month for the usage and ongoing support for talent management system software that is necessary for the operation of your Business	On the 25th day of each month we will retain the amount you owe for the software fee your number of users.	Payable to us, our affiliates or approved vendors. See Note 5

Type of Fee	Amount	Due Date	Remarks
Payroll Processing, Billing and Collections Fee	2% of Revenues per month	On the 25th day of each month we will retain the amount you owe for such payroll processing, billing and collection services.	Payable to us. See Note 6
Workers Compensation Insurance Fee	Will vary under circumstances.	On the 25th day of each month we will retain the amount you owe for workers compensation insurance.	We will pass onto you the cost of workers compensation insurance premiums and other related expenses. See Note 7
Transfer Fee	A flat fee of $2,500 when you transfer a part of the Business (less than 49% of all the assets) or a flat fee of $10,000 when you transfer all the Business (more than 49% of all the assets). If transferee came from our lead database, you may be required to pay the then-current referral fee to us plus any costs associated with applicable broker fees.	At the time the transferee signs the Franchise Agreement in effect for transfer or sale.	Payable to us when the Franchise Agreement is signed or a material portion of the assets in the Business is transferred.
Renewal Fee	None	At the time of the five year renewal period for each franchise.	For the same protected area.
Resale Fee	Varies	On Demand	If you ask and we agree to assist you in finding a buyer for your Business, you pay us a fee to cover our costs and expenses, including time committed by our personnel.
Temporary Management	Actual Costs	On Demand	Upon death or disability, a manager who completed our training, must be employed to operate the Business. If not done, we can appoint a manager for up to 90 days, renewable up to one year. All expenses, including manager compensation, travel and living expenses will be charged against operating revenues. We also charge the amount of our expenses against those revenues.
Conference Fee	Conference fee, travel, transportation, lodging, meals and incidental expenses in addition to compensation of the people you send to any conferences. Will vary under circumstances. There will be a registration fee for conferences not to exceed $500 per person although we will work in good faith to keep the cost so it does not exceed our cost.	As Incurred	As Incurred and payable to third parties and us.

Type of Fee	Amount	Due Date	Remarks
Refresher Training and/or Continuing Education	Will vary under circumstances. Continuing education is estimated not to exceed $250 per person per day plus your travel expenses or our expenses if we come to your location.	As Incurred	The location for refresher and/or continuing education will be at our headquarters although we reserve the right to provide them over the internet or phone. There may be an annual conference for all franchisees to attend and other conferences as needed. See Item 11, (13ii) for more detail.

Except as stated above, you pay all fees to us and they are uniformly imposed. All fees are non-refundable.

Note 1: Revenue is defined in the Franchise Agreement as the gross amount, billed to all of your clients for all services rendered including temporary personnel wages plus markup dollars and the gross amount, in money or other forms of consideration, that you earn or receive from any source-related to, or in connection with, the operation of your Franchised Business or with this Franchise, whether on or off your premises. Revenue also includes fair market value for any service or product you receive in barter or exchange for your services and all insurance proceeds that you receive for the loss of the Business due to a casualty to or similar event at the Business. We exclude only: service fees for credit card transactions; sales tax receipts that you must by law collect or pay; and any client refunds of previous payments you actually make in good faith.

The Royalty Fee obligation is 3.5% of your Revenues and begins immediately once your Business is deemed open for operation then continues for the term of your Franchise. Your Business is deemed open for operation either immediately after you complete the initial training program or once we start billing your clients (whichever comes first). We will remit to you the difference in Revenue after your invoices have been collected (after your 3.5% Royalty Fee) on the 25th day of each calendar month for the entire term of your Franchise Agreement. All Royalty Fees are imposed only by us. If your Franchise Agreement is terminated, you may be required to continue such royalty payments for the term of your Franchise Agreement.

The difference in Revenues minus the Royalty Fees we retain, will be payable to you by direct deposit to your Business bank account. See Direct Deposit Agreement attached as Schedule 1 of the Franchise Agreement. We reserve the right to change the manner of payment disbursement upon written notice to you. All Royalty Fees that we retain are: non-refundable, uniformly imposed, distributed and payable to Franchisee only by us.

Note 2: You will pay us a System Advertising Fee contribution equal to .6% of Revenues per calendar month as defined above in Note 1 and in the Franchise Agreement. The System Advertising contribution will be retained by us and the difference in Revenue after your invoices have been collected (after your .6% System Advertising Fee) will be remitted to you at the same time and under the same terms as the Royalty Fee described above. The payment of the System Advertising Fee begins immediately once your Business is open for operation (also defined in Note 1) and the difference in Revenue after your invoices have been collected (after the .6% System Advertising Fee) will be remitted to you on the 25th day of each calendar month and continues for the term of the Franchise Agreement. We may raise, discontinue, or reduce the contribution, but your total contribution will not exceed 2% of your Revenues per month in any calendar year. System Advertising Fees are uniformly imposed on all franchisees.

We will place the System Advertising Fee contribution in a separate bank account. We may use this fund for marketing, local, regional, national, or international advertising, public relations, promotions, surveys, test marketing, research and development administration (including all related expenses such as our salaries, accounting, collection, legal, and other costs), and any media costs (including media production costs). We make the expenditures at our discretion. We do not represent that any particular level of expenditure will be made for particular programs or to benefit particular franchisees or franchised locations. We are not required to spend any amount on advertising in the area where you are located. We will not spend advertising funds from this account for activities that are

principally a solicitation for the sale of franchises. There is no fiduciary relationship between us and you concerning any System Advertising Fee contribution. All System Advertising Fees are non-refundable and collected only by us.

Note 3: You must protect, defend, indemnify and hold us harmless against any claims, lawsuits or losses arising out of your management and operation of the Franchised Business. If you default under the Franchise Agreement and we engage an attorney for collection or enforcement, you must pay all our damages and costs to the extent permitted by law. All indemnification costs are payable only to us and collected only by us. Indemnification costs will vary depending on the amount of damages, and attorneys' fees that we incur to collect any amounts due and owing by you according to the Franchise Agreement, or to enforce the terms of the Franchise Agreement. Indemnification costs are non-refundable (Franchise Agreement Section XVIII).

Note 4: You are required to use specific electric email addresses for your Business at your cost and you will be responsible for the electronic mail fee. Currently this fee is $10-$20 per electronic email address per month and is payable to us. On the 25th day of each calendar month, we will retain from your Revenues after your invoices have been collected whatever amount you owe us for the amount equal to the number of electronic mail addresses you have for your Business. Electronic mail fees are uniformly imposed on all franchisees who need email addresses for their Business (Franchise Agreement Section X.D).

Note 5: You are required to use specific third-party talent management software for the operation of the Business. This software is specific to the staffing industry and is a comprehensive talent management platform that accepts all applicants, tracks all applicants, performs timekeeping, incorporates payroll and reporting functionality and integrates with other third-party software. The fee for the ongoing usage and support of the talent management software is currently $125-$150 per user per month and on the 25th day of each calendar month, we will retain from your Revenues after your invoices have been collected whatever amount you owe us for the software fee and your number of users.

It is your responsibility to install and upgrade all software for your Business. Both you and us will have control over the use of this software which is necessary for us to provide payroll functions for the temporary employees of your Business. Software fees are non-refundable, uniformly imposed and we may change the software requirements and fees upon 90 days' written notice to you and you will be required to adhere to the new software requirements and fees at your own expense. Software fees may be changed in response to any increase in the United States Consumer Price Index; if additional functionality and/or features become available; or if the manufacturers of such software believe that conditions in the overall economy or in the market for such software warrant any change in fees. Software fees are non-refundable and are uniformly imposed and collected only by us (Franchise Agreement Section X.E, XII.H and XX.A).

Note 6: You are required to use us to perform payroll processing for your temporary employees, all billing and collections for your Business. In exchange for such payroll, billing and collection services you agree to pay 2% of your Revenues per month to us. On the 25th day of each month, we will retain from your Revenues after your invoices have been collected whatever amount you owe for the payroll, billing and collection fee. We may change the payroll processing, billing and collection requirements and fees upon 90 days' written notice to you and you will be required to adhere to the new requirements and fees at your own expense. Payroll, billing and collection fees may be changed in response to any increase in the United States Consumer Price Index, if we choose to offer additional features or if we believe that conditions in the overall economy or in the market for services warrant any change in fees. The payroll, billing and collection fee is non-refundable, uniformly imposed and collected only by us (Franchise Agreement Section X.F, XII.H, XII.I and XX.A).

Note 7: You are required to tap into our national workers compensation insurance program which enables you take advantage of our favorable workers compensation insurance rates for your temporary employees. We will pass on the workers compensation insurance premiums and other expenses for your Business and such costs will be deducted from your Revenues, after your invoices have been collected, on the 25th day of each month. We may change workers

compensation insurance requirements upon 90 days' written notice to you and you will be required to adhere to the new requirements at your own expense. However, we cannot control any increase in fees. Workers compensation insurance fees may be changed in response to any increase in the United States Consumer Price Index, if you have any claims related to your Business, if the insurance carriers believe that conditions specific to your Business or in the overall economy or in the market for such insurance warrant a change in fees. The workers compensation insurance fee is non-refundable, uniformly imposed, disbursed and collected only by us (Franchise Agreement Section X.G, XII.H and XX.A).

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	$20,000	$20,000	Lump sum; the Initial Franchise Fee is $20,000 for a defined territory which includes a self-study program, comprehensive training and a web page. This is non-refundable.	At signing of the Franchise Agreement.	Franchisor See Item 5
Technology	$8,000	$15,000	As incurred; for a computer or laptop, software, printer, router, modem, flat screen televisions, alarm system and a phone system.	Before Opening	Payable to us, our affiliates or approved vendors. See Note 1
Equipment, Furniture and Fixtures	$5,000	$8,500	As incurred; estimated costs for all furniture and fixtures necessary for the operation of your Business.	Before Opening	Payable to us, our affiliates or approved vendors. See Note 2
Real Estate	$5,550	$11,750	As incurred: estimated expenses for your Business location and is based on leasing a 1,500 to 2,500 square foot facility. This estimate includes first month's rent plus a security deposit.	Before Opening	Landlord See Note 3
Leasehold Improvements	$1,500	$5,000	As incurred; the costs to construct interior alterations, improvements, lighting and décor for the facility all of which will depend on the extent of the renovations needed and any allowance you negotiate with your landlord for construction.	Before Opening	Landlord See Note 4
Utility Deposit	$0	$500	As incurred; costs will vary due to policies of local utilities and this estimate includes a utility deposit.	Before Opening	Local Utility Suppliers
Startup Inventory	$2,500	$4,000	Lump sum; estimated costs for startup inventory of products and supplies necessary for the operation of the Business.	Before Opening	Payable to us, our affiliates or approved vendors. See Note 5

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Grand Opening Marketing	$500	$4,000	As incurred; marketing will vary depending on several factors including your business plan, growth rate and cost of media in your area. Includes minimum amount of $500 for grand opening expenses, which must be spent the first month the Business is open for operation.	Over the course the first month	Local Vendors
Office Staffing (internal staffing)	$30,000	$50,000	As incurred; you must have a minimum of one full-time recruiter and will need to hire one full-time administrative person. Some franchisees will also need to hire an operations manager. The low end of the estimate takes into account that you are the operations manager. The high end of the estimate takes into account you hire an operations manager.	Over the course of three months	Salaries and Expenses
Insurance	$9,000	$14,000	As incurred; before commencing operations of the Business and as required by insurance company. Estimate excludes worker's compensation insurance.	Before Opening	Payable to third parties See Note 6
Travel, Lodging and Meals for Initial Training Program	$2,800	$4,000	As incurred; training is held at corporate headquarters. You are responsible for all costs associated with attending such as travel, room and board. Estimate provided is for one person. Additional training is available at your request for which an additional training fee of up to $250 per person per day may be required.	Before Opening	See Item 11
Business Licenses, Permits, Certifications, Professional Fees and Association Dues	$500	$1,200	As incurred; licenses may be required to operate your Business and any professional legal and accounting fees incurred.	Before Opening	Appropriate licensing authorities and third parties.
Operating Expenses and Additional Funds	$60,000	$80,000	Additional funds necessary for the start-up of your Business which includes staffing expenses for temporary personnel and working capital.	Spent over the course of the first three months	See Note 7
Total	**$145,300**	**$217,950**			

Except as provided below, other than security deposits and utility deposits, all payments and fees described in this Item 7 are non-refundable.

Note 1: You must purchase a variety of technology items for the operation of your Business as specified in the Operations Manual. Both the low and the high estimates represent current costs for: one computer or laptop, software, printer combination machine, modems and routers, flat screen televisions, alarm system and a phone system. The low and high end of these estimates represent costs for: computers or laptops, software, one printer combination machine, modems and routers, flat screen televisions, one alarm system and a phone system You must purchase only approved technology items that meet our specifications, which may change from time to time. All such items must be purchased through us, our affiliates and/or vendors or suppliers approved by us and may not be refundable depending on the terms of the lease or purchase agreement (Franchise Agreement Sections XII.H, XII.I and XX.I).

Note 2: This estimate is for the equipment, furniture and fixtures we would expect you to need in order to operate your Business. The type of equipment you will need includes: one refrigerator, one microwave and coffee machine. The items we would expect you to need for furniture and fixtures include: tables, chairs, desks, cabinets and shelving. The low end of the estimate represents opening a 1,500 sq. foot facility and the high end of the estimate represents opening a 2,500 sq. foot facility. Actual equipment, furniture and fixture cost may vary due to square footage. We base our estimates on the costs that our affiliates incurred in opening their company-owned locations. If applicable, you must also pay state and local sales tax on purchases of equipment, furnishings and fixtures. The sales taxes may range from 3%-10% of the purchase price and are not included in these estimates. You are responsible for paying all applicable sales taxes. You must purchase all equipment, furnishing and fixtures from us, our affiliates or our approved vendors and suppliers. You must purchase the equipment, furnishings and fixtures that meet our specifications, which may change from time to time. The cost of all equipment, furnishing and fixtures will depend on financing terms available, the condition of the equipment, furnishing and fixtures and other factors. You may be able to take advantage of tax benefits for the purchase of all your equipment, furnishings and fixtures as you are encouraged to talk with a tax professional. Expenses for the equipment, furniture and fixtures do not include shipping or delivery costs and may or may not be refundable depending on the terms of the manufacturer's or dealer's invoice or the purchase agreement.

Note 3: A typical Balance Staffing™ Business is typically located within office complexes, strip centers, industrial parks or free-standing buildings with approximately 1,500-2,500 square feet of space. This estimate represents rents that range from $1.85 per square foot per month to $2.35 per square foot per month. We used these figures for the low and high estimates given above when leasing a space with moderate visibility. Real estate costs depend on location, size, visibility, economic conditions, accessibility and competitive market conditions. Our estimate includes first month's rent and a security deposit. These sums do not include common area maintenance fees which (if applicable) will vary depending on your location or any sums for the purchase real property, as we do not expect you to buy real property. You may be able to reduce this expense if you are able to occupy a space in an existing location that compliments another business. The space must be an enclosed and separate from other businesses with its own locking door. We base our estimate on the costs that our affiliate incurs in leasing the space for their company-own locations. Lease payments for periods of time that you occupy your premises may not be refundable. In the event you leave your leased premises before the termination of your lease, you may owe the landlord payment for the entire lease term depending on the terms and conditions of your lease. Whether or not any lease payments are refundable depend on the terms and conditions of your lease agreement (Franchise Agreement Sections XII.S, XII.T and XX.C).

Note 4: We suggest you find a space needing minimal leasehold improvements or fixtures. In most cases you will need to alter the interior of your Business before you open for operation and you will need to build out separate areas according to our specifications. A typical Balance Staffing™ Business has one reception area, one conference room, individual offices (a minimum of two for a 1,500 sq. foot facility and minimum of four for a 2,500 sq. foot facility), one breakroom area, one storage area and bathrooms. Leasehold improvement costs will vary widely and may be significantly higher than what is projected in the table above depending on factors such as: property location, the condition of the property and the extent of alterations required for the property (such as electrical and plumbing). The high estimate reflects the potential need to add lighting and add or modify an HVAC system that entails mechanical, electrical and plumbing costs. We base our estimates on the costs that our affiliates incurred in building out their company-owned locations. You should investigate all these costs in the area in which you wish to establish your Business. We will provide you with standard layouts and design options for your Business; however, it is your responsibility to hire an architect to create a complete set of drawings based on the size of your facility and local permitting requirements. Architect and permitting costs are not included in this estimate. You may incur greater or lesser leasehold improvement costs depending on your ability to negotiate leasehold improvements with your landlord. Whether or not any leasehold improvements or build out expenses are refundable depend on the terms and conditions of your contracts with construction and mechanical contractors, as well as your lease agreement (Franchise Agreement Section XII.S and XII.T).

Note 5: You must purchase some products and supplies for the general operation of your Business as specified in the Operations Manual. You must purchase only approved products and supplies and you must purchase such items that meet our specifications, which may change from time to time. The types of products and supplies include, but are not limited to: various size containers and trash receptacles, extension cords, fire extinguishers, a variety of cleaning supplies (such as: vacuums, brooms, cleaning solutions, paper products, etc.), office supplies and other products or supplies as specified by us. Your initial inventory of products and supplies will vary according to the size of your facility. We will provide you with a written list of approved products you must use and a written list of approved vendors and/or suppliers you must purchase products and supplies from to operate your Business. All items mentioned above must be purchased through us, our affiliates or approved vendors and/or suppliers, except all advertising and promotional materials and miscellaneous forms must be purchased directly from us. Whether or not any of the purchases for products and supplies are refundable depends on the terms of the invoice or purchase agreement with suppliers (Franchise Agreement Sections XII.I and XX.I).

Note 6: This estimated amount represents your first year of pre-paid insurance premiums that does not take into account workers' compensation insurance which may vary greatly by state, payroll and classification. You must obtain and keep general liability insurance, product and completed operations liability insurance (covers you for damages that result in injury from work that is performed), professional liability insurance (covers you for damages that you create that do not result in property or bodily injury) and crime liability insurance (covers you for loss of money, securities and other assets resulting from dishonesty, theft or fraud) all as described more completely in Item 8.

A critical aspect of your Business will be obtaining and maintaining workers' compensation insurance coverage for the temporary employees that you place. You must maintain required statutory workers' compensation coverage (and all other insurance coverage) that meets our requirements at all times during the term of the Franchise Agreement. You are required to participate at your expense, in our worker's compensation and risk management program before your Business is deemed open for operation (as described in Item 6). You may need other insurance such as tenant's liability are optional however we may require you to obtain such coverage in the future with liability limits of amounts we specify. We may change these insurance requirements on reasonable notice to you. There are no other insurance requirements. Whether or not any insurance premiums are refundable depends on the terms and conditions of your insurance policies.

Note 7: Estimate includes minimum working capital for the start-up of your Business. This also includes estimates of miscellaneous start-up costs such as: rent for an additional two months (first months' rent is already included above), purchasing additional technology items, equipment, products and supplies; shipping and delivery costs, additional office payroll expenses, staffing expenses for temporary personnel, workman's compensation insurance payments (if applicable), tax deposits, prepaid expenses, additional permits, legal fees, accounting fees and other miscellaneous costs.

Total Estimated Initial Investment. The total estimated initial investment is an estimate only of the range of start-up expenses you may incur. We relied on our principals' combined expertise when preparing these figures. We base this estimate on the costs that our affiliates incurred when opening their company-owned locations. The actual amount of funds you will need depends on a variety of factors, including: the size of your facility, the location of your facility, amount of leasehold improvements you have to make to your facility, build-out expenses, the time of year when you start your Business, if you purchase additional equipment, products and supplies, number of internal and temporary employees you hire, prevailing wage rates, implementation of a marketing plan, your own management skill, economic conditions, competition in your area and other factors. The estimate of initial investment funds is based on an owner-operated business and does not include salaries or benefits for full-time employees.

These figures are just estimates and we cannot guarantee that you will not have higher costs. . You should review the figures carefully with a business advisor and identify your individual expenses along with cash flow projections before making any decision to buy the Franchise.

We do not offer financing, directly or indirectly, for any part of the initial investment for a Franchise. The availability and terms of third-party financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have, and the lending policies of financial institutions.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We may offer or designate others to offer equipment, products, supplies or services and we may become approved suppliers or the only approved supplier(s) for these and other products and services. The equipment, products, supplies or services you will need includes: equipment (such as: one refrigerator, microwave, etc. as described in Item 7), furniture and fixtures, technology items (such as computers, laptops, flat screen televisions, alarm system, printers, modems, etc.), products and supplies (such as: containers, trash receptacles, cleaning and office supplies, etc. as described in Item 7), software, promotional merchandise, marketing and advertising materials and printed forms, software providers, merchant service providers, payroll, billing and collection service providers, workers' compensation insurance providers, shows and event marketing opportunities and vendor, co-branding, affinity programs. You cannot purchase unapproved equipment, products or supplies and purchase or use unapproved services from any vendors and/or suppliers that are not on our pre-approved list without our written permission. We will provide you with: a written list of approved equipment, product, supplies and services you can use and products you can offer for sale in your Business (if we authorize you to sell products in the future); recommended procedures and strategies when purchasing and using such items for your Business; and a written list of approved vendors and/or suppliers to purchase equipment, products, supplies and services from during our initial training program. Currently we are not the only approved supplier of any equipment, products or supplies that you are required to use for the operation of your Business; however, you must purchase workers' compensation coverage for your temporary employees through us and participate in our workers' compensation and risk management program (as described in Item 6 and below). In addition, all advertising, marketing and promotional materials and miscellaneous forms must be purchased from us. As of the effective date of this Disclosure Document, all updates to such promotional and marketing materials are optional, but we may in the future mandate that you purchase certain updates at your expense. We do not require you to maintain a specified inventory of equipment, products or supplies to operate your Business, although we retain our rights to do so in the future. If we develop proprietary products, equipment or software in the future, you must purchase such items from our approved suppliers, affiliates or us. We may become approved suppliers or the only approved supplier(s) for equipment, products, supplies and other services. We have negotiated purchase agreements with vendors on the approved suppliers list for your benefit in the areas of cost and customer support. There are no supply contracts at this time.

We are the only approved provider to process the payroll for your temporary employee, perform all billing and collections functions for your Business and we are the only approved supplier for workers' compensation coverage for your temporary employees necessary for the operation of your Business. All costs for processing payroll, billing and collection functions will be deducted from your Revenues as described in Item 6. All costs of workers' compensation coverage, including premiums, loss funding deposits, collateral requirements, license fees, policy taxes, broker fees, legal expenses, third party administrator fees and other associated expenses are allocated to participants on a shared basis as established by our risk management department and deducted from your Revenues as described in Item 6. We do not know the precise basis or amount of total revenue we received for processing payroll, performing billings and collections and from purchases for such workers' compensation insurance because there have been no franchise sales for the last fiscal year so we have not collected such amounts. Nor do we know the actual percentage of our total revenues that such services and insurance coverage purchases will amount to, as we have not collected such payments for the last fiscal year.

You are required to adhere to the standards and specifications established periodically by us with respect to your Business, equipment, products and services used and offered; your web page, forms, advertising and marketing materials, vendors and suppliers used in the operation of your Business. You must operate the Business in strict conformity with the methods, standards and specifications that we prescribe in the Operations Manual or otherwise

in writing. You must use, sell and offer at all times only the equipment, products and services that meet our standards and specifications which may be amended by us periodically. All equipment, products and services must be purchased, used, sold and offered in accordance with the standards and specifications as specified in the Operations Manual or other written materials. You must not deviate from these standards and specifications by offering non-conforming services or by the use of non-conforming equipment, products, supplies or services, without obtaining our prior written consent. You are not permitted to: use any equipment, products, supplies or services of an unapproved vendor; purchase equipment, products and supplies from an unapproved supplier; or offer any services and/or sell any products (if we authorize you to sell products in the future) not approved by us, unless you first submit a written request to us for approval and agree to be responsible for all product, vendor and equipment testing fees as described in Item 6. We will use our best efforts to advise you within 30 days either by email or any other written form of communication whether such equipment, products, supplies, vendors or suppliers are approved as further described in Item 8 below.

We base our specifications for equipment, products, supplies, vendors and suppliers (this includes service providers) approvals on our discretionary determination of demand, relevance to the System, cost, price, value, adequate quality controls, reliability, prompt attention to complaints, financial stability, litigation against the vendor, capacity, reputation and contributions or other benefits to us and/or any marketing fund. A list of approved vendors and suppliers from whom all equipment, products, supplies and services may be purchased from will be provided to you and may be amended by us periodically. We may require vendors and/or suppliers to provide certain information, sign a nondisclosure agreement, and agree to guarantee our level of quality and, if applicable, produce sufficient samples to allow us to test the sample at your expense. We may require you to submit to us sufficient specifications, photographs, drawings or other information and samples to determine whether the items meet our specifications. We may require third party testing in which case you will pay the actual cost of the tests. We may issue specifications in manuals or directives, in writing or orally, and we may modify them at any time. Our response to an adequate request to approve equipment, products, supplies, vendors and/or suppliers will be made within 30 days after we receive it in writing or by email. Approval may be revoked in our sole discretion where an approved piece of equipment, product, supply, vendor, (including service provider) or supplier does not adhere to the specifications described above. We will notify you either by email or any other written form of communication of our approval, disapproval of or revocation of any prior approval of any product, supply, equipment, vendor or supplier.

We may derive profit through markups of the prices charged to you for equipment, products, supplies, or services (as described above) we supply. We may derive revenue through license fees, commissions, promotional fees, advertising allowances, rebates or other monies paid by approved suppliers. We do not know the precise basis of these payments because we have not collected them for the last fiscal year. Nor do we know the actual percentage of our total revenues that such payments will amount to, as we have not collected such payments for the last fiscal year. If we require you to buy equipment, products or supplies from us and when we require you to purchase services through us, we believe that the price and quality will be comparable to similar equipment, products, supplies and services from other sources. We may take a portion of that revenue to spend on advertising or place in a separate franchise advertising account. If we require you to buy equipment, products, supplies or services from a vendor that pays such allowances, we may spend all such fees on related advertising or place them in the separate franchisee advertising account, described in Item 11 below. If we do not require the purchase, we need not place such fees in a separate account or use them on advertising. We are not required to apply these funds to advertising or place them in a separate franchise advertising account but will use our reasonable discretion in making such decision. No such revenues were received from required purchases made by franchisees in the prior fiscal year.

To maintain uniform quality standards all equipment, products, services and signage, advertising, trademark usage, trade dress, dress code and other products and services you use to operate the Franchised Business must meet our standards and specifications as set forth in our Operations Manual. In addition, you must participate in and cooperate with promotional programs and any type of rewards or loyalty programs we may establish and follow our requirements and guidelines. We will require you to use specific software, operational forms, contracts, checklists and promotional items; and we may require you to use or contribute to specific software providers, merchant service

providers, payroll, billing and collection service providers, workers' compensation insurance providers, promotional items, vendor discounts, allowances and rebates.

We may provide specifications for the construction, build out and leasehold improvements of your Business. We maintain specifications for signage and décor to be used for the interior and exterior of your Business. You may not install or permit to be installed on the Business premises any décor items, signage, games, vending machines or other items without our written consent or that do not comply with our specifications. These specifications may include minimum standards for quality, performance, delivery, safety, durability, appearance, size, color, design, material and other characteristics. Some of these specifications are contained in our Operations Manual and others will be set forth in periodic written notices to our franchisees. In some cases, our specifications may involve confidential and proprietary information and such specifications will only be made available to a supplier who agrees to sign a confidentiality agreement with us. We develop these specifications either through our research and development staff or with a particular manufacturer and these specifications may be modified periodically, through periodic written notices to our franchisees.

One of our primary methods of communication with franchisees is through email, announcements and/or newsletters we may periodically publish and an intranet system provided to franchisees on our website. You are responsible for knowing all of the information contained in the emails, announcements and/or newsletters and the intranet system and complying with any standards and specifications provided within them. We may establish and change the standards and specifications for the operation of your Business through our announcements or newsletters and intranet system.

All marketing and promotion of your Franchise by you in any medium must be conducted in a professional and dignified manner and must conform to our specified standards and requirements that we prescribe in our Operations Manual. You must submit samples of all advertising or promotional plans and materials (including photographs and videos) that you desire to use to us for approval if such has not been prepared or previously approved by us. You may not use any marketing or promotional materials (including photographs or video presentations) that we have not approved or disapproved. This includes any media or website promotion over the Internet to promote your Business. You must submit a request to us for any type of media, website and/or Internet promotion you wish to do in addition to any edits, changes or updates to your website. Internet promotions, edits, changes or updates to your web page must be done by us, our affiliates or approved vendors with our consent. Our response to your request for such advertising or promotional plans and materials (including video presentations) and Internet promotions, edits, changes or updates to your web page will be made within 30 days after we receive it. We will notify you by email or any other written form of communication of our approval or disapproval. In addition, you must not conduct any advertising without our written permission, in any Social Media such as Yelp, Twitter, Facebook, LinkedIn, Pinterest and others (currently franchisees are authorized to participate on Yelp, Facebook and Instagram).You must also supervise your employees to assure they do not post any material on the Social Media sites or any internet sites, regarding us or the System whatsoever. We will provide you with our written standards and guidelines for using social networking sites during the initial franchise training program.

For your Business, you must have and/or purchase technology items, equipment, furniture and fixtures, products and supplies for the operation of your Business. It is estimated that all your initial expenditures from us, our affiliates or the vendors that we specify and/or approve that meet our standards and specifications will be approximately 10%-15% of your total initial purchases. During the operation of the Franchised Business, required purchases for equipment, products and services from us, our affiliates or the vendors that we specify and approve (not including royalties or labor costs) are estimated to represent approximately 80%-95% of your total monthly purchases in the continuing operation of your Business (depends on how many temporary employees you hire and the number clients or accounts you have secured).

We do not provide material benefits (for example renewal or additional franchises) to you based solely on your use of designated or approved sources. We do not belong or require you to belong to any purchasing or distribution cooperatives, although we retain the right to establish them and require your membership therein.

When you open a location for your franchise under a lease, per the Franchise Agreement, you must submit the proposed lease to us for approval before it is signed. We have the option to require that the lease (i) be collaterally assigned to us by a collateral assignment agreement in a form and substance reasonably acceptable to us in order to secure performance of your liabilities and obligations to us or (ii) contain the following terms and conditions:

1. The lessor must agree that without its further consent, the lease and your right, title and interest under the lease may be assigned by you to our designee or us (provided such assignment shall not relieve you of your obligations under the lease or cause us or our designee to have any obligations or liability under the lease).

2. The lessor must provide written notice to us (at the same time it gives such notice to you) of any default by you under the lease, and we must have, after the expiration of the period during which you may cure such default, an additional 15 days to cure, at our sole option, any such default and, upon the curing of such default, the right to enter upon the leased premises and assume your rights under the lease as if the lease had been assigned by you to us.

3. You are required to furnish copies of all insurance policies required by the Franchise Agreement and by the lease to us, or such other evidence of insurance coverage and payment of premiums as we request or permit or under the lease.

Before you open a Balance Staffing™ for business, you must obtain the insurance coverage for the Business as specified below. The insurance coverage must be maintained during the term of the Franchise Agreement and provide evidence of insurance to us that insurance has been obtained from a responsible carrier or carriers acceptable to us;

1. Comprehensive General Liability Insurance, including broad form contractual liability, broad form property insurance, personal injury, advertising injury, completed operations and fire damage coverage, in the amount of $1,000,000 per occurrence and $2,000,000 aggregate;

2. Property and casualty insurance that covers you for damages or losses to the Business with a minimum policy limit of $1,000,000 per occurrence or an amount we reasonable specify;

3. "All Risks" coverage for the full cost of replacement of the Business premises and all other property in which we may have an interest with no coinsurance clause;

4. Automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than $1,000,000 for hired and non-owned coverage including uninsured motorist with a minimum of $100,000 limit or what is in accordance with your state guidelines;

5. Business Interruption insurance in such amount as will reimburse you for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent business owners (including lost royalties, system advertising and other fees due to us and/or our affiliates), or attributable to prevention of access to the Business, with coverage for a period of interruption of 180 days and such longer period as we may specify periodically. Business interruption insurance is required with liability limits of amounts we may reasonably specify which will relate to the right to be reimbursed for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent business owners;

6. Professional Insurance Liability that covers you for damages that you create that do not result in property or bodily injury with a minimum policy limit of $1,000,000 per occurrence and $2,000,000 aggregate or an amount we reasonably specify;

7. Product and Completed Operations Liability Insurance that covers you for damages that result in injury from products that you distribute with a minimum policy limit of $1,000,000 per occurrence and $2,000,000 aggregate or an amount we reasonably specify;

8. Crime Liability Insurance for employee dishonesty that covers you for loss of money, securities and other assets resulting from dishonesty, theft or fraud with a minimum policy limit of $1,000,000 per occurrence and $2,000,000 aggregate or an amount we reasonably specify;

9. Workers' compensation insurance as described above in amounts provided by us and applicable law or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation to injured workers, subject to the conditions set forth in the Franchise Agreement;

10. Employer liability insurance that covers you and your Business against claims made by employees for work-related bodily injury or disease, other than liability imposed on you and your Business by workers compensation law;

11. Employment practices liability insurance that covers you and your Business against claims made by employees, former employees or potential employees for discrimination, wrongful termination, sexual harassment and other employment related obligations;

12. Tenant's liability insurance;

13. Any other Insurance required by the state or locality in which the Business is located and operated, in such amounts as required by statute; and

14. Other insurance coverage, as we, your state or local government, or the landlord may reasonably require.

With regard to any construction, renovation or remodeling of the Business, you may be required to maintain builder's risk insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers satisfactory to us. All of the policies must name us and our affiliates, as additional insured and must include a waiver of subrogation in favor of all those parties.

All insurance coverage shall be taken out in your name and shall name us an additional insured and be placed with insurers designated by us or acceptable by us. You must furnish us with certified copies of each of the insurance policies described above on the earlier of the opening of your Business or 180 days following the date that the Franchise Agreement is executed (whichever comes first). You must purchase "A" rating insurance policies. Each such policy shall provide that it cannot be canceled without 30 days' prior written notice to us and that we shall receive at least 30 days' prior written notice of its expiration or possible earlier termination. You shall promptly refer all claims or potential claims against you or us to each of us and our insurer.

The cost of insurance purchased in accordance with our specifications will represent less than 7% of your total purchases in connection with the establishment of your Business and approximately 50%-60% of your total purchases in the operation of your Business. These percentages do not include workers' compensation insurance that will vary with the payroll amount and category of employees.

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	Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Sections XII.S, XII.T and XX.C of Franchise Agreement	Items 7, 11 and 12
(b) Pre-opening purchases/leases	Section VIII, IX.B, and XII.S of Franchise Agreement	Item 7 and 8
(c) Site development and other pre-opening requirements	Sections VIII, X.E, XII.T, XX.C of Franchise Agreement	Items 6, 7, 11
(d) Initial and ongoing training	Section XX.A of Franchise Agreement	Item 11
(e) Opening	Section IX.B, and XII.G of Franchise Agreement	Item 11
(f) Fees	Sections IX and X of Franchise Agreement	Items 5, 6 and 7
(g) Compliance with standards and policies (Operations Manual)	Sections XII.A, XII.H of Franchise Agreement	Item 8, 11 and 16
(h) Trademarks and proprietary information	Sections XV and XVI of Franchise Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Section XII.I of Franchise Agreement	Items 8 and 16
(j) Warranty and customer service requirements	Section XII.H of Franchise Agreement	Items 8 and 16
(k) Territory development and sales quotas	Section VI of Franchise Agreement	Item 12
(l) On-going product/services purchases	Section XII.I of Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Section XII.E and Section XII J of Franchise Agreement	Item 11
(n) Insurance	Section XIII of Franchise Agreement	Items 6 and 7
(o) Advertising	Sections X.B, X.C, XII.I, XII.L and XX.J of Franchise Agreement	Items 6, 7, and 11
(p) Indemnification	Section XVIII of Franchise Agreement	Item 6
(q) Owner's participation/management/staffing	Sections XII.F, XII.K of Franchise Agreement	Items 11 and 15

Obligation	Section in Agreement	Disclosure Document Item
(r) Records/reports	Section XIV of Franchise Agreement	Item 6 and 11
(s) Inspections/audits	Sections XII.Q, XIV.B of Franchise Agreement	Item 6 and 11
(t) Transfer	Section XXII of Franchise Agreement	Item 6 and 17
(u) Renewal	Section VII.B of Franchise Agreement	Item 6 and 17
(v) Post-termination obligations	Section XXIV of Franchise Agreement	Item 17
(w) Non-competition covenants	Section XIX.C, XIX.D, and XIX.E of Franchise Agreement	Item 17
(x) Dispute resolution	Section XXV.C and XXV.D of Franchise Agreement	Item 17

ITEM 10
FINANCING

Neither we, nor our affiliate currently offers, directly or indirectly, any financing arrangements to you. Neither do we guarantee your note, lease, or any other obligation. We may assist franchisees in obtaining financing in the future or make other financing arrangements available to you by referring you to third-parties and we do not guarantee that you will qualify or obtain financing from any third-party. If we do refer you to third-parties, you will be free to accept or reject such financing.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS & TRAINING

Except as listed below, we need not provide any assistance to you under the Franchise Agreement.

Before you open your Business, we will:

(1) Provide you with written guidelines for site selection. You must, on your own initiative and at your own expense locate, obtain and occupy the site and negotiate the lease for your Business. Unless indicated otherwise, all references to "lease" include a sublease and any master lease. You must select the site for your Business within the protected territory provided in the Franchise Agreement (as described in Item 12). We currently do not own the site and lease it back to you. You may not sign a lease for the site (or contract to purchase the premises, if applicable) in which you wish to operate your Business until you have obtained our written approval. Additionally, you must not invest any money for the site in which you have not received our written approval. We must accept the site if we feel in our total discretion that it meets or exceeds our standards, but our acceptance does not ensure that your Business will be profitable at the approved location. If we do not approve the site you will have a second opportunity to locate a site. If we do not approve the second site, we may terminate the Franchise. The factors that we consider in acceptance of the site include population density, demographics, traffic patterns, convenience, adequate parking, safety, zoning ordinances, neighborhood and physical characteristics of the premises such as size and layout. We evaluate each proposed site and accept or reject each one on a case-by-case basis and will notify you by email or any other form of written communication of our acceptance or rejection of any proposed site within 30 days after we receive your request (Franchise Agreement, Sections XII.S and XX.C).

Neither we nor any of our employees have special expertise in selecting sites; we make no representations that your Business will be profitable or successful by being located at the approved site. Any approval is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience.

(2) Insert the accepted site on your Franchise Agreement. However, the acceptance of a location and entering it on your Franchise Agreement by us is conditioned upon our determination, in our reasonable judgment, that:

(i) The site which you have submitted for the Business is within your allocated Territory (as defined in Item 12) and is suitable based on criteria we establish periodically; and

(ii) You and your Owners are in compliance with the Franchise Agreement.

(3) Approve your execution of the lease for your Business. You must submit the lease to us for our approval at least ten days before you sign the lease agreement. You must send us a signed copy of the lease within five days of both parties signing the lease. We do not offer legal services to you and you should consult your independent legal counsel for a legal review of the lease. The Franchise Agreement does not provide any time period for our approval or disapproval of your lease (Franchise Agreement, Sections XII.S and XX.C).

(4) Offer you guidance when obtaining licenses, certifications and applying for permits and registrations if required by your locality to operate the Business. It is your responsibility to comply with all laws, ordinances and regulations as you are ultimately responsible for obtaining all necessary approvals, certifications, licenses, permits and registrations to operate your Business (Franchise Agreement, Sections XII.C, XII.T, and XX.A).

(5) Inform you of our mandated specifications, architectural and design plans, signage, décor, designs and layouts for the Business at the accepted location. We may provide you with suggested plans and guidelines for the layout and design of your Business and you may need to hire an architect to create a complete set of drawings based on your building size and local permitting requirements. You will be required to conform your site to local zoning ordinances, regulations, fire, health and building codes. We may, if needed, review your final set of drawings. It is your responsibility to comply with all laws, ordinances, regulations, zoning and building codes for your Business (Franchise Agreement, Sections XII.T and XX.D).

(6) Arrange for workers' compensation insurance for your temporary employees (Franchise Agreement Sections X.G, XII.H, XII.I and XX.A).

(7) Provide you with: a written list of approved equipment, products and services you are authorized to use, offer, sell and perform (as described in Item 8); a written list of approved vendors and suppliers to purchase equipment, products, supplies and services from. We will also train you on strategies for purchasing such items for the operation of your Business. You are responsible for the cost, delivery, installation and maintenance of these items as they are necessary for the operation of your Business. You are required to purchase all items listed above either from us, our affiliates and/or our approved vendors (Franchise Agreement, Sections XII.H, XII.I, XX.A, XX.H, and XX.I).

(8) Provide you with specifications for all equipment and technology items (as described in Item 8) necessary to operate the Business. You are obligated to purchase, use and upgrade all equipment, technology items and any third-party software necessary for the operation of your Business. We will deliver the specifications, but not the above items, and you are responsible for purchasing and installing these items (Franchise Agreement Sections XII.I, XX.A and XX.H).

(9) Provide you with all recommended guidelines when hiring your internal employees, internal independent contractors (if you choose to hire independent contractors) and temporary employees. You are responsible for all day-to-day activities, including hiring, training, disciplining and/or firing your internal employees and internal independent contractors. At no time will you, your internal employees and use of internal independent contractors or agents be deemed an employee of ours. You are still responsible for all your internal employees and use of internal independent contractors you hire, determining their compensation, determining their benefits, tax withholding social security contribution withholding, Medicare withholding, and their behavior during the operation of your Business. You are also responsible for all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline and supervision of your temporary employees; however, all record keeping, withholding income tax, Social Security contributions, Medicare contributions, unemployment fund contributions for your temporary employees will be provided us (Franchise Agreement, Sections XII.F, XX.A and XX.E).

(10) Offer certain training programs designed to assist you and your business management staff in the operation of your Business. We may provide continuing education to any new manager of your Business. We may require that you, any Owner and any manager(s), complete supplemental and refresher training programs during the term of the Franchise Agreement (Franchise Agreement, Section XX.A).

(11) Provide you with a self-study program (and related materials) immediately after executing the Franchise Agreement intended to help you prepare for our initial training program. We will provide you with our initial training program no earlier than sixty days before your Business is opened for operation, designated to assist you and your management staff in the operation of your Business, at no additional charge. The initial training program is designated for you, one Owner (if you are an Entity), one manager or any combination thereof (a total of three people). If more than three people attend the training, we may impose a training fee of $250 per person for each day of training (Franchise Agreement, Sections XII.V and XX.A).

(12) Advise you of operating challenges faced by other Balance Staffing™ franchised or company-owned business disclosed by reports submitted to us or inspections made by us. We may furnish to you such guidance and assistance in connection with the operation of your Franchise, as we deem appropriate. Such guidance and advice will include: how to secure clients and/or accounts; how to execute services, suggested rates for services, efficiencies to manage high volume, level of service standards, guidelines for hiring internal employees, temporary employees and independent contractors (if you choose to hire independent contractors) and operating procedures utilized by other franchises or company-owned businesses including new equipment, products and services; advertising, marketing and promotional strategies; record keeping, accounting methods and general operating procedures. Additional guidance and assistance may be made available to you at your written request and in our sole discretion at fees and charges established by us (Franchise Agreement, Sections XX.A, XX.E, XX.J, and XX.K).

(13) Loan to you during the term of the Franchise Agreement one copy of our confidential Operations Manual, which may include one or more Manuals and other written materials for the operation of a Balance Staffing™ Business, containing mandatory and suggested specifications, standards and operating procedures required by us and information relative to your other obligations under the Franchise Agreement. We have the right to add to, and otherwise modify, the Operations Manual to reflect changes in authorized equipment, products and services you can use, sell and offer as well as changes in specifications, standards and operating procedures of a Balance Staffing™ business. You must keep the Operating Manual confidential and current, and may not copy any part of the Operating Manual. The Operations Manual contains 219 pages and the table of contents of the

Operations Manual as of our last fiscal year end is included with this Disclosure Document as Exhibit E (Franchise Agreement, Section XX.G).

(14) Approve or disapprove samples of all local advertising, marketing and promotional materials not prepared or previously approved by us which are submitted by you (Franchise Agreement, Sections XII.H, XII.L and XX.J).

(15) Deliver to you a web page for your Franchise operations that will include application functionality and portals online for additional training, ongoing news bulletins and templates for advertising materials to support your Business (Franchise Agreement, Sections IX.A and XX.B).

(16) Approve or disapprove any promotions, edits, changes or updates to your web page. All modifications to your web page must be performed by us, our affiliates or approved vendors (Franchise Agreement Sections VI, XII.L and XX.B).

During your operation of the Business, we may:

(1) Provide additional on-site supervision and assistance as we deem necessary and in our discretion. Additional visits are for the purpose of advising you with respect to operational and sales matters related to a Balance Staffing™ Business. You will be responsible for the transportation, room and board and miscellaneous expenses incurred by our personnel during the visits, which will take place per the terms of the Franchise Agreement, or at your request, and at times and dates selected by us (Franchise Agreement, Section XX.A).

(2) Provide to you and your personnel, Balance Staffing™ Franchise continuing education meetings at locations designated by us, which we expect to be at our headquarters with a fee not to exceed $250 per person per day plus our expenses which can vary from area to area. We reserve the right to increase the per day fee in a reasonable amount based on reasonable criteria (Franchise Agreement, Section XX.A).

(3) Conduct quarterly meetings or an annual convention at such place as shall be designated by us (Franchise Agreement, Section XX.A).

(4) Establish a franchisee elected peer group whose main purpose is to mentor and support each other.

(5) Provide to you an intranet system, free of charge, to answer questions from you or your staff (during regular business hours, Pacific Time Zone). In addition, you will be able to send us questions and suggestions using Internet email (Franchise Agreement, Sections XII.H and XX.A).

During your operation of the Business we will:

(1) Continue to consult with you at no additional charge regarding: equipment and product specifications in addition to approved equipment, products and services you are authorized to use, purchase and sell; sales and marking strategies, methods and techniques; level of service standards, industry developments, advertising, marketing and promotional programs. We will offer assistance, advice, guidance and experience to you to resolve operational problems that you may encounter outside the scope of the Operations Manual (Franchise Agreement, Sections XII.W and XX.A).

(2) Provide you with updated and approved lists of: equipment, products and services that you are authorized to use, offer, sell and perform in your Business (as described in Item 8); approved vendors and suppliers that you are allowed to use to purchase such items from. We will provide you with such standards, specifications and guidelines, but not the actual items as you are responsible for

purchasing these items and using such services. We will continue to review and approve or disapprove any piece of equipment, product, supply, service, vendor or supplier you wish to use, offer, sell or perform in the operation of your Business (Franchise Agreement, Sections XII.H, XII.I, XX.H and XX.I).

(3) Provide you with updated suggested rates for services and prices for products (if we authorize you to sell products in the future). We will establish minimum and maximum rates and/or prices you can charge to the extent allowed by law. We will continue to research new offerings for the System as we deem necessary (Franchise Agreement XX.K).

(4) Maintain workers' compensation insurance for your temporary employees and perform all payroll processing for your temporary employees, billing and collections for your Business (Franchise Agreement Sections X.F, X.G, XII.H and XX.A)

(5) Review and approve all advertising, marketing and promotional materials in addition to any promotions, edits, changes or updates to your web page that you submit to us (Franchise Agreement, Section XII.H, XII.I, XII.L, VII.V, XX.B and XX.J).

(6) Provide continuing education to you and we may provide continuing education to any new manager of your Business as noted in paragraph 13 (iii) below. We may require that you, any Owners and any manager(s) supplemental and refresher training programs during the term of the Franchise Agreement (Franchise Agreement, Sections XII.V and XX.A).

(7) Offer assistance in establishing and using administrative, record keeping and accounting procedures in accordance with our Operations Manual, and various policies communicated by us to you in writing from time to time (Franchise Agreement, Sections XIV.A and XX.A).

(8) Provide you with all update and upgrade requirements for your technology items (as described in Item 8) and related software in response to changes in the Operations Manual or changes in our policies that are communicated to you in writing. You are required to purchase such items to operate your Business. The costs for such items are approximately $8,000 to $15,000 (see Item 7). We estimate that the annual cost of technology items and related software and/or hardware upgrades to be approximately $500 per year. If we develop proprietary software in the future, we will provide you with update and upgrade requirements; however, we are not obligated to provide any upgrades to any third-party software programs. We are not obligated to provide maintenance or repairs to any technology item, hardware or software that you use in the operation of your Business. We do not install any software that you purchase or license. We reserve the right to have independent access to all information that you store in any computer, laptop, tablet or software used for the Business (Franchise Agreement, Sections XII.H, XII.I, XX.A and XX.H).

(9) Reserve the right at our discretion to institute, maintain, and administer a System Advertising Fund (referred to as the "Fund") to support ongoing technology and new equipment, product or service development to be made available to franchisees, and such national advertising (including media production costs) as we, in our sole discretion, may deem appropriate to promote Balance Staffing™ name to benefit all franchised businesses as described in Item 6. But, we do not use any monies in the Fund to solicit new franchisees. We will direct all such programs and will have sole discretion over the creative concepts, materials and endorsements and media used in such programs, and the placement or allocation of such programs. The source of the advertising will come from our in-house advertising department or may in the future from a national or local advertising agency. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. The advertising programs may be

either national, regional or local at our sole discretion. We are not obligated to spend a specific dollar amount on advertising in your territory (Franchise Agreement, Section X.B).

(i) We will retain .6% of your Revenues per calendar month for the System Advertising contribution, paid to us, as designated in the Franchise Agreement. We may raise, discontinue or reduce the contribution, but your total contribution will not exceed 2% of your Revenues per month in any calendar year for the term of the Franchise Agreement. Contributions will be retained by us and the difference in Revenues after your invoices are collected will be remitted to you on the twenty-fifth day of the month (for the prior month) which will start immediately once your Business is deemed open for operation, then continues for the term of your Franchise (as described in Item 6). Refer to Item 6 for the definition of Revenues.

(ii) The contributions to the Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including conducting evaluation of new equipment, services, technologies, product development, market research, media production costs, preparing advertising, promotion and marketing materials, and collecting and accounting for contributions to the Fund. Usage of the Fund will include ongoing development of the national website and development of new equipment, products, supplies and services to be made available to franchisees. The media in which advertisements may be disseminated include print ads, signs, billboards, internet, radio and television and may be conducted on a regional or national basis. We may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Balance Staffing™ franchises in that year, and the Fund may borrow from us or others to cover deficits; or invest any surplus for future use.

(iii) In the future, we may form a franchisee-elected Franchisee Advisory Council or cooperative whose sole purpose is to advise on Fund usage and advertising policies. We retain all operational and decision-making authority concerning advertising and the Franchise Advisory Council will serve only in an advisory capacity. The membership of any Franchise Advisory Council will be national in scope. The Franchise Advisory Council will not be separately incorporated and, therefore, it will not have any written documents. If one is formed, we will have the power to select and approve the members and to form, change, dissolve or merge the Franchise Advisory Council as described below.

(iv) Neither we nor any Franchisee Advisory Council undertake any obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Fund by franchisees operating in such geographic area or that you or your Business will benefit directly or in proportion to your contribution to the Fund. Neither the Fund nor we shall be liable to you with respect to the maintenance, direction, or administration of the Fund, including without limitation, with respect to contributions, expenditures, investments or borrowings, except for acts constituting willful misconduct. When the Fund is established and activated, all Balance Staffing™ businesses owned by us, or any Owners must contribute to the Fund in the same proportion as all franchisees.

(v) Any businesses we own will vote in the same manner as franchisee members. We administer the Fund, which is not audited. If contributions paid into the Fund are not spent in the fiscal year in which they accrue, we can use the remaining amounts for the same purposes in future years. All interest earned on monies contributed to the Fund may be used to pay advertising and technology development costs before other assets of the Fund are expended. Fund

contributions are not used to sell additional franchises. We will prepare an annual un-audited statement of monies collected and costs incurred by the Fund and furnish it to you upon written request. All financial statements will be available 120 days after the end of our fiscal year and we will provide you with the financial statement if requested. We reserve the right not to spend all of the funds in the Fund in any one year and such funds may be accrued into the next year. The Fund has not been established before the date of this Disclosure Document.

(vi) We expect to receive advertising and promotional allowances and fees from third party vendors and advertisers who enter into cooperative advertising programs with franchisees and us. For example, suppliers may pay promotional allowances for joint advertising promotional material. We may disclose the identity of vendors who pay the promotional allowances to you upon request. In addition, if we require you to buy items from a vendor who pays these allowances, we may place the funds in the Fund or spend it on related promotions. Our obligation to provide advertising and marketing will be limited in cost to the amount of contributions and promotional allowances from third parties actually paid into the Fund.

(10) We do not now, but may require you to join, participate in and pay into, one or more franchisee marketing councils for your region, determined by the penetration area of local advertising media used (for example, the area of a regional newspaper's circulation). Because we have not yet formed any franchisee marketing councils, we do not know how the area or the membership of any franchisee marketing council will be determined. Because we have not formed any franchisee marketing councils, we have not determined whether or not any of our company-owned businesses will be contributing to any advertising spent by any franchisee marketing council. In the event that we choose to establish a franchisee marketing council, we will be responsible for administering it. If we do create any franchisee marketing councils, they must operate in accordance with bylaws (or an operating agreement if it is a limited liability company). If we do create any franchisee marketing councils, the franchisee marketing council will prepare annual financial statements that you can review. We will have the right to form, dissolve, and merge any specific franchisee advisory council. We will administer any franchisee marketing council. Even though we have not yet formed any franchisee marketing councils, we may require that all franchisees within close proximity to a consumer show, convention or exhibition where product and services are being sold to participate in the cost and benefit of the event.

(11) You are not required to spend any minimum amount each month on local advertising and promotion for your Business.

You will not use any independent advertising or sales promotion programs in any media (including electronic) without our prior review and written approval. We will approve the materials you submit to us within 30 days, if we do not respond within such period all such materials will be deemed automatically disapproved. You will make reasonable efforts to participate in and cooperate with all advertising programs selected by us or by any approved group of franchisees, except that you need not follow or maintain any sales price or suggested pricing. You are responsible for any expenses of this independent advertising.

Unless we approve otherwise in writing, you may not establish a separate Website, and you will only have one Website, as we designate and approve, within our website. The term "Website" includes: anything on the Internet as well as other electronic sites (such as social networking sites like Facebook, Twitter, LinkedIn, Pinterest, Yelp, blogs and other applications). You must comply with our requirements regarding selling, advertising, discussing or disseminating any information, or otherwise having a presence on a Website, regarding the Business. However, if we approve a

separate Website for you (currently franchisees are authorized to participate on Yelp, Facebook and Instagram), we will provide you with guidelines for establishing and maintaining such Websites and each of the following provisions will apply: (i) you may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, you must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work (except for social networking sites) must be performed by us, our affiliates or approved vendors (as described in Item 8); (iii) you must not use or modify a Website (except for social networking sites) without our prior written approval; (iv) you must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; (v) if we require, you must establish hyperlinks to our website and other Websites; and (vi) we may revoke our approval at any time by providing written or email notice to you of such revocation.

(12) We estimate that there will be an interval of 180 days between the signing of the Franchise Agreement and the opening of your Business. Factors that may affect this length of time include: obtaining any licenses or certifications as required by your state to operate your Business; securing a location for your Business that is approved by us, negotiation of a lease agreement, leasehold improvements and build-out, time of year you open the Business, satisfactory completion of our initial training program by you (or one of your Owners if you are an Entity) and one other manager (you must have a minimum of one operations manager, of which can be but does not need to be you or one of the Owners of your Franchise) and securing workers' compensation insurance for the temporary employees of your Business. You have 90 days to acquire a lease, at your expense, for commercial real estate that is properly zoned for the use of your Business under the Franchise Agreement. You must submit to us, in the form we specify, a copy of the location plan and other such information or materials we may require, together with an option contract, letter of intent, or other evidence satisfactory to us that confirms your affirmative prospects for obtaining the location. We will have 30 days following receipt of this information and materials from you to approve or disapprove the proposed site for your Business and will notify you of the same by email or any other form of written communication. We reserve the right to extend the period for you to acquire a lease as described above based on our reasonable judgment that you will likely find a location. Failure to secure a lease and/or open your Business for operation within the timeframes mentioned above, will constitute a default under the Franchise Agreement, for which we may terminate the Franchise Agreement. Such default notice, under which we may terminate the Franchise Agreement, shall be given to you in writing.

(13) Before the opening of your Franchise, yourself, any Owner and proposed manager you designate are required to attend our twelve-day Franchisee training program at our corporate headquarters in Stockton, California unless headquarters is moved. We maintain a regular calendar for the training program and the trainings are held approximately six to twelve times per year (or more frequent if needed). The training program is included in your Initial Franchise Fee for up to three individuals. You are responsible for all costs associated with attending the program such as travel, room and board.

(i) If any proposed manager does not satisfactorily complete our training program, we will notify you and you may then select and enroll a substitute manager in our training program. If, during the training program we determine, in our sole discretion, that you (or your managing partner, member or shareholders) are not qualified to manage a Balance Staffing™ Business, you can appoint someone else to be trained at your expense. If that person does not satisfactorily complete our training, we have the right to terminate the Franchise Agreement. The criteria that we will use to determine whether or not we deem you (or your

managing partner, member or shareholders) qualified to manage a Balance Staffing™ Business includes, but is not limited to, lack business experience, personality makes it difficult for you to obtain clients or you do not have the appropriate state licenses or certifications to operate a Balance Staffing™ franchise. We will send you a written termination notice upon our determination of qualification.

(ii) After the completion of our training program by you and your management team, we can upon your request provide training to any new manager of your Business for which an additional training fee of up to $250 per person per day may be required. The trainee(s) will be responsible for all costs related to attending training such as travel, room and board. In addition, we have the right to require that you (or such managing partner, member or shareholder) and any manager complete supplemental and refresher training programs during the term of the Franchise Agreement, to be furnished at our corporate headquarters (currently in Stockton, California). There may be an additional cost for a supplemental and refresher training program. You are responsible for all costs associated with attending such training opportunities we may provide for you such as travel, room and board.

(iii) After the opening of your Business, we will provide to you and your personnel, access to information and support through our intranet system. Support may also be available from our professionals, and we may provide refresher training or continuing education programs either through phone, web based ("webinars"), video or at locations designated by us (most likely at our headquarters). Such refresher or continuing education sessions (other than by phone, webinars or video) may have a registration charge to you which will not exceed more than $250 per person per day plus our expenses. You are responsible for costs associated with you attending the programs such as travel, room, board and related expenses or our expenses if we come to you. The programs will normally not exceed one day, and we expect to have annual programs subject to special need. The content will cover particular aspects including but not limited to: sales presentations, processes and how to acquire accounts, service standards, methods and techniques for performing services; best practices for hiring temporary employees and independent contractors (if you choose to hire independent contractors), trends in the industry, operational guidelines, safety, website and software developments, advertising and marketing strategies, administration and so forth. We may conduct an annual convention at such place as shall be designated by us for all franchisees but will most likely be at our headquarters. A registration fee for each participant may be required which we will work in good faith to maintain at our cost, and you will be responsible for costs associated with attending the convention such as travel, room and board. The registration fee for conferences will not exceed $500 per person. The fees charged above may be increased a reasonable amount based on the increase of actual costs incurred by us.

(iv) Within 60 days before you anticipate opening of your Business for operation, we will provide training to you as noted in the following training schedule. This training curriculum for our initial training program is fully detailed in the Operations Manual and will change periodically. Our training team will include directors from our Tavernier corporate office, members of our website development team, members from our approved vendors, suppliers, and service providers.

TRAINING SCHEDULE: AT CORPORATE OFFICES

Balance Staffing™ Franchise Training Program includes an Operations Manual, presentations, demos and hands-on training. This training curriculum is fully detailed in the Operations Manual and will change periodically.

TRAINING PROGRAM

The Operations Manual will detail all aspects of Franchise operations presented in training and serve as an ongoing reference. Updates to the Operations Manual will be made available to you through various means including online. All of the training sessions will be taught by a combination of John Moss who has over 20 years of staffing and business management experience; Craig Renzulli who has over 20 years of staffing and sales management experience; Tyson Scott who has over 20 years of staffing and operations experience all of whose backgrounds are described in Item 2. Occasionally, different guest speakers may make an appearance at the training program to provide information about various pieces of equipment, products, supplies and services used and offered by us. For example, some speakers may be our employees, franchisees, vendors or industry experts.

Subject	Classroom Hours	On the Job Training Hours	Instruction	Location
The Balance Staffing™ Philosophy, Culture, Standards and Values*	2 Hours		Presentation, Demos and Examples	Corporate headquarters in Stockton, California or as we otherwise specify
Overview of Approved Services, Accounts and Vendors	4 Hours		Operations Manual, Presentation and Various Speakers	Corporate headquarters in Stockton, California or as we otherwise specify
Regulatory Overview	2 Hours		Presentation, Operations Manual and Various Speakers	Corporate headquarters in Stockton, California or as we otherwise specify
Recruiting, Screening and Hiring Personnel	7 Hours	24 Hours	Operations Manual, Presentation, Various Speakers, Role Play and On the Job Training	Corporate headquarters in Stockton, California or as we otherwise specify
Sales Presentation Training, Estimating and Pricing Guidelines	5 Hours	12 Hours	Operations Manual, Presentation, Demos, Various Speakers, Role Play and On the Job Training	Corporate headquarters in Stockton, California or as we otherwise specify
Daily Operations, Managing Efficiencies, Safety and Security		12 Hours	Operations Manual, Presentation, Various Speakers and On the Job Training	Corporate headquarters in Stockton, California or as we otherwise specify
Customer Service, Managing Expectations and Managing Risk	3 Hours	8 Hours	Operations Manual, Presentation, Various Speakers and On the Job Training	Corporate headquarters in Stockton, California or as we otherwise specify
Technology and Software Training**	2 Hours	8 Hours	Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Stockton, California or as we otherwise specify
Networking, Advertising and Marketing Your Business	2 Hours		Marketing Plan Creation, Presentations, Operations Manual and Various Speakers	Corporate headquarters in Stockton, California or as we otherwise specify
Recommendations for Managing Employees and Various Human Resource Topics	6 Hours	12 Hours	Presentation, Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Stockton, California or as we otherwise specify
Record Keeping, Payroll and Administrative Responsibilities	2 Hours	4 Hours	Presentation, Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Stockton, California or as we otherwise specify
Total Hours***	40 Hours	80 Hours		

*Prior to attending our initial training program, you are expected to complete approximately 12 hours of self-study at your own pace utilizing materials and videos we provide to you.

**Additional software and record keeping training may be provided to you and performed by our approved vendors after the initial training above is completed.

***The actual hours of classroom and on-the-job training may vary. For example, it may take less time to cover a subject in a smaller class than in a larger class and depending on your experience.

Additional Assistance:

In addition to the initial training program mentioned above, we will provide up to 2 days of either pre-opening or grand opening assistance and guidance to you at your location for sales, marketing and operational assistance at our cost. For your second and subsequent Business that you open, we will (at your option) provide the same type of assistance and guidance at your location; however, you will be responsible for all costs and expenses incurred by us, including, but not limited to, compensation for our staff and travel expenses. We will provide you with invoices for amounts you owe us, and we may require you to pre-pay all or a portion of our expenses.

Ongoing Training:

We will provide you with announcements and/or newsletters that will contain ongoing training relating to your Business. We will also provide you with access to additional or refresher training programs that may be conducted through the telephone, webinars or video training at no cost to you. In very rare instances, we may periodically require that you or your Owners (if you are an entity) and/or managers complete additional training or refresher training programs to correct, improve and/or enhance the operations of your Business. Such additional or refresher training programs may be conducted through the telephone, webinars, video training or at annual conferences. Anyone attending additional or refresher training programs (training other than by telephone, webinars or video training) will be subject to an additional training fee and all costs associated with attending the training program such as travel, room and board (as described in paragraph 13 (iii) above).

ITEM 12
TERRITORY

You must operate your single Balance Staffing™ Business within the specific area identified in your Franchise Agreement. You will not receive an exclusive territory and you may face competition from other franchisees, company-owned businesses we operate or from other channels of distribution or competitive brands that we control. You are awarded a protected territory ("Territory") of a defined population with a minimum of 50,000 jobs which means it may be more that such amount and you must operate your Franchise within the Territory. We reserve the right to grant a Territory that is larger or smaller than the job population defined above, in order to account for more densely or sparsely populated areas. We will determine your Territory based on the most recently published data from the U.S. Census Bureau (or other sources as we may indicate to you). You will have the only Balance Staffing™ business within your Territory. All services must be performed within your Territory. You may also conduct business at off-site events (such as: job fairs, community events, expos, trade shows, etc.) to promote services and sell products (if we authorize you to sell products in the future) as long as such events are within your Territory. However, given unique circumstances, you may be able to conduct business at off-site events or perform services in unassigned geographic areas outside your Territory so long as you have written permission by us. We shall approve or deny your request to either conduct business at off-site events or to perform services in unassigned geographic areas outside your Territory, which approval is in our sole discretion, within three business days of receipt of your written request and will respond by email or any other form of written communication (as further described below). In addition, you must not perform Target Marketing outside your Territory, as described below, and can directly market and solicit clients only within the accepted Territory that has been entered in your Franchise Agreement or made part of by an addendum attached to your Franchise Agreement.

We cannot establish either a company-owned business, franchise nor license another to locate a Balance Staffing™ business within your Territory identified in your Franchise Agreement during the term of the Franchise Agreement.

Your licensed Territory is determined by zip code, job population, demographics of the surrounding area, our own assessment of business potential (such as number of: industries, large employers (as defined by the Small Business Administration), non-farming jobs, etc. that are in the area), competition, market penetration or other conditions important to the successful operation of a Balance Staffing™ Business, as we deem appropriate and as identified in your Franchise Agreement. Your licensed Territory is determined by us once a Search Area is chosen and that Territory will not be altered even if there is a population increase or decrease. Your Territory will not be affected by your sales volume, market penetration, or number of clients you service. Certain franchise territories, such as major metropolitan areas may have smaller territories of densely populated areas. We must consent to a site within your protected Territory in which you intend to operate the Business in writing before you open for operation. Relocation of your Business requires our written acceptance. Our consent to your relocation is based on the following factors: job population, business potential, traffic patterns, proximity to major roads, demographics of the surrounding area, market penetration or other conditions important to the successful operation of a Balance Staffing™ Business, as we deem appropriate and as identified in your Franchise Agreement.

Establishments of additional Balance Staffing™ Businesses requires our written acceptance. You must sign a separate Franchise Agreement for each additional Business. You have no rights to operate your Business out of any other site other than the site accepted by us (however your recruiters are authorized to operate out of their home office as described below) or to operate any additional Businesses. If other geographical areas are unassigned, we have the right to sell or assign it, or part of it, at any time, without notice to you and you might not have the right of first refusal or option to buy the territory that was formally unassigned. You must submit a separate application for each Franchised Business to be established by you. You must pay the fee for each additional acquisition mentioned in Item 5 and be in compliance with all of the terms and conditions of the Franchise Agreement. We will evaluate your proposed location of any additional Balance Staffing™ Business based on the criteria mentioned in Items 11 and 12 above.

The Territory described above will affect where you and our other franchisees may solicit business, provide services, sell products (if we authorize you to sell products in the future) and solicit business. You are encouraged to directly market for clients and/or accounts located within your Territory to promote services and sell products (if we authorize you to sell products in the future). You can perform services for anyone so long as such services are performed from within your Territory. If we authorize you to sell products in the future, you may sell products to anyone from anywhere even if such clients are within another franchisee's territory so long as your sales do not result from any direct solicitation activities by you and the products you sell are being sold from your Business or at off-site events within your defined Territory. In addition, in the future, we may allow you and other franchisees or company-owned businesses (including our one Licensee) to promote services and sell products (if we authorize you to sell products in the future) through alternative channels of distribution (such as on Websites). If you are granted permission to promote services and/or sell products through an alternative channel of distribution, per our written approval, all services must be performed within your Territory, and you may sell products to anyone from anywhere without compensation to the other franchisee or company-owned business. We, other franchisees and company-owned businesses (including our one Licensee) reserve the same right to promote services and/or sell products through alternative channels of distribution (such as on Websites) to anyone from anywhere (so long as such services are performed within their respective areas) without compensation to you. Therefore, although you may be the only Balance Staffing™ business physically located in your Territory, you do not receive an exclusive territory. You are prohibited from soliciting and marketing in general to clients and/or accounts by any means outside of your respective Territory and must not specifically engage in target marketing ("Target Marketing") of clients within the Territory of another Balance Staffing™ business (franchise and/or a company/affiliate owned business). Target Marketing means a concerted effort by a franchisee to solicit and obtain clients and/or accounts through any type of

advertisement or marketing, directed at all or a portion of another franchisee's territory. We will use commercially reasonable efforts to enforce this requirement regarding Target Marketing if you or any other franchisee violates it.

If you are asked to conduct business at an off-site event (such as: job fair, community event, expo, trade show, etc.) to promote services and/or sell products (if we authorize you to sell products in the future) or perform services in another geographical area in which there is another franchisee or company-owned business (or our one Licensee), you must immediately refer that request to the Balance Staffing™ business in that geographical area or directly to us. If the other franchise or company-owned business (or our one Licensee) gives you written permission to conduct business at such off-site event or determines it is in the best interest of the client for you to perform services, then you can proceed to conduct business at such off-site event or immediately perform services for the client and/or account. If there is not a Balance Staffing™ business in the geographical area where you wish to conduct business at an off-site event or to perform services, then you must submit a request to us asking to conduct business at such off-site events or perform services and upon our written approval you can proceed. We shall approve or deny your request to conduct business at such off-site events or to perform services in other areas not owned by other franchisees or us, which approval is in our sole discretion, within three business days of your written request. Our response to your request will be made by email or any other form of written communication. Approval may be revoked in our sole discretion. However, you must be prepared to immediately cease conducting such off-site events and/or performing services in that unassigned area when it is otherwise assigned or franchised. We and other franchisees must refer off-site events, clients and/or accounts that are within your Territory to you and also reserve the same right to sell products to anyone who comes from anywhere and also to perform services for clients and/or accounts who may be within your defined Territory if it is determined to be in the client's or account's best interest.

If during the time of the Franchise Agreement, you are unable to promptly and properly provide services to any of your clients or accounts due to excessive work or other cause, you must refer that client and/or account to another franchise in the System, company-owned location or to us (however not to any Licensee even if there is a Licensee in that area). If you fail to refer off-site events, clients or accounts as set forth herein, we will have the right to terminate the Franchise Agreement. For any default of the Franchise Agreement, as an alternative to termination, we may modify or completely eliminate any rights that you may have with respect to your protected status of the Territory, effective ten days after delivery of written notice to you. In addition, we may modify or eliminate completely, the Territory (Franchise Agreement Sections VI, XII.H and XXIII.F).

Your recruiters are authorized to have a home office. A recruiter's home office is defined as a secondary workspace located in a recruiter's principal residence from which the recruiter conducts business and communications. Your recruiter's home office is not considered a Business site so long as the recruiter does not advertise the home office in any way as an authorized Balance Staffing™ location and does not meet any client and/or third party at their home. Your recruiters may list their respective mobile phone number and will be required to have your Business telephone number and your Business address on their business cards, stationery and other business forms as a direct contact so long as such information meets our standards and guidelines.

We encourage all Balance Staffing™ businesses, when owned by different individuals, to work out a referral relationship and an advertising strategy if they are within close proximity of each other (defined as being within a ten-mile radius of each other). We must be notified of all such arrangements.

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to perform services and sell products (if we choose to sell products in the future) to any business or organization which owns, manages, controls or otherwise has responsibility for locations in more than one area whose presence is not confined within any one particular franchisee's territory regardless of the contract amount of products (if applicable) to be provided or services to be performed (a "National Account"). After we sign a contract with a National Account, we may, at our option, provide you the option to perform services or provide products (if applicable) to businesses under the National Account contract. If we choose, or if you choose not to perform services or provide products to the National Account, we may direct the National Account to seek such services and products from another

franchisee or company-owned location even if the National Account is located within your Territory without compensation to you.

We reserve the right to issue binding policies to coordinate marketing councils and/or advertising cooperative programs. For example, we may require that all franchisees within close proximity to job fairs, community events, trade shows or exhibitions where employment-related services or products are being offered or sold to participate in the cost and benefit of the show. We intend to direct and coordinate all franchisee Internet advertising. All such programs and policies are our proprietary trade secrets. In such programs, we will require the client that is acquired through such programs, to be served by the closest or other franchisee in which the client is located and may or may not require franchisees to do so at a minimum price or pay a reasonable referral fee.

Any rights not expressly granted to you are reserved to us. Such rights reserved to us include, but are not limited to the right to:

(1) Advertise, market and sell Balance Staffing™ branded and trademarked services and products (if we decide to sell products in the future) in your Territory;

(2) Advertise, offer and promote any services and products (if we choose to sell products in the future) to promote the System through the Internet and/or other similar venues no matter where the person is based to fulfill the demand in your Territory;

(3) Offer or distribute anywhere services, products (if we choose to sell products in the future) to anyone from anywhere through any alternative or other channel of distribution, other than local business operations (franchised or owned by us) providing services and products under the Marks and System and on any terms and conditions we deem appropriate. We have this right whether or not we are using the Marks or System or are acting inside or outside the Territory designated on your Franchise Agreement;

(4) Develop, manufacture, produce and distribute any labeled product that has been branded with our Mark or logo or different branded products through any outlet located anywhere regardless of its proximity to your Business (including, by way of illustration, office supply stores, over the Internet and/or electronic media and similar venues) and on any terms and conditions we deem appropriate. If we decide to distribute products, you will receive no compensation from us for such sales inside your Territory unless agreed otherwise in writing by us;

(5) Implement advertising cooperative programs which may allow us or others to offer services, solicit or sell to anyone located anywhere. We also reserve the right to issue mandatory policies to coordinate such advertising cooperative programs;

(6) Own and/or operate ourselves or authorize others to own and/or operate (a) any business located outside the Territory as designated on your Franchise Agreement, whether or not using the Marks and/or System, (b) any business anywhere, whether using the Marks and /or System or not, which is not substantially similar to the business franchised to you under the Franchise Agreement and/or (c) any business anywhere which does not use the Marks; and

(7) Acquire, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere, including arrangements in which we are acquired, and/or company-owned, franchised or other businesses (including your Franchise Business) are converted to another format, maintained under the System or otherwise. If we acquire or merge with a business similar to a Balance Staffing™ business within your Territory, we will make commercially reasonable efforts to maintain the protected status of your Territory. You will fully participate in any

conversion subject to any person/entity merging with, or acquiring us, reimbursing you for reasonable costs directly related to the conversion.

We are not responsible for paying any compensation to you concerning the sale of any services or of products (if we choose to sell products in the future) by us over the Internet or other similar venues, by alternative means of distribution, advertising cooperative programs, outlets, businesses that are not substantially similar to the Franchised Business or any business that does not use the Marks. For clarity, the Franchise Agreement grants you no rights to promote, offer and/or provide services; sell or distribute products through any alternative channels of distribution (other than our approved list of channels of distribution) without our permission or share in any of the proceeds from our activities through alternative channels of distribution.

We have not established, and do not presently intend to establish, other franchises or company-owned businesses except as disclosed in Item 1 of this Franchise Disclosure Document, offering similar services or selling products under a trade name or trademark different from our Marks.

ITEM 13
TRADEMARKS

Under the Franchise Agreement, we grant you the nonexclusive right to use the Marks in connection with the operation of your Franchise. Our principal trademark is "Balance Staffing™" along with the design, as it appears on the first page of this Disclosure Document. We have the right to use and to license others to use the Marks and under any other trade name, trademarks, service marks and logos currently used or that may hereafter be used in the operation of the Business. You must use the Marks only for the operation of your Franchise and in the manner authorized by us.

The design and word mark "Balance Staffing™" is pending registration on the Principal Register of the United States Patent and Trademark Office (referred to as "USPTO") bearing the serial number 88759049 dated January 14, 2017 owned by our parent Balanced Managed Services, LLC and is sublicensed to you. The design and word mark "Balance Staffing™ More Than a Resume" is also pending registration on the USPTO bearing the serial number 90245671 dated October 9, 2020 also owned by our parent Balanced Managed Services, LLC and is sublicensed to you. We also claim common law rights in our trademarks based on our prior use. We do not yet have a federal registration for our trademarks. Therefore, our trademarks do not have many of the legal benefits and rights as a federally registered trademark. If our right to use the trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or material litigation involving the Marks. We have not yet filed an affidavit of use because our trademarks were recently filed and do not need an affidavit. We intend to maintain and renew all of our trademark registrations.

There are no agreements that limit our right to sublicense you the Marks, other than a perpetual, exclusive, non-transferable, worldwide, royalty free license to use, sub-license, and display the Marks from Balanced Managed Services, LLC pursuant to a trademark license agreement. The trademark license agreement may be modified or terminated if we fail to follow the quality standards of Balanced Managed Services, LLC. The trademark license agreement may be modified or terminated if we fail to follow the operating, merchandising and advertising policies, and such other quality standards that are established by Balanced Managed Services, LLC. In addition, Balanced Managed Services, LLC has the right to substitute alternative trademark for license at any time. Therefore, you may have to change the trademarks that you use in operating your franchise business at your expense. The trademark license agreement will remain in effect for as long as we offer franchises, unless we are in default of the trademark license agreement.

Upon termination of the trademark license agreement for any reason, we and franchisees must discontinue all use of the Marks in any form, remove the Marks from our website or any of our franchisees' web pages, modify any and all identification of the Franchised Business with, or reference to, the Marks, and refrain from making any subsequent representation, advertisement or published statement or product sales using, or in reference to, the Marks, or the business previously conducted using the Marks, and take such action as shall be necessary to change any corporate name, assumed name or equivalent registration which mentions or refers to the Marks, or any mark similar thereto.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Marks, or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. We have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation, USPTO proceeding or other administrative proceeding.

We are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or protect you against claims of infringement or unfair competition with respect to them. The Franchise Agreement does not require that we participate in your defense or indemnify you for expenses or damages if you are a party to a judicial or administrative proceeding involving one of the Marks or if the proceeding gets resolved unfavorably to you. Although we are not contractually obligated to protect the Marks of your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously (Franchise Agreement Section XV.B).

You may not, without our written consent which is in our sole discretion, commence or prosecute, or seek leave to intervene in, any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions with respect to a reasonable time after notice by us. You, in connection with the use of a new or modified Mark, may be required, at your own expense, to remove existing signs from your Business, and to purchase and install new signs including all signage and graphics on your vehicles (if you choose to use your vehicle to promote the Business) in addition to all marketing and advertising materials. We have no liability to you.

There are no infringing uses actually known to us as of the Issuance Date of this Disclosure Document that could materially affect your use of the Marks in the State of California or in any other state. You should understand that there could be other businesses using trademarks, trade names or other symbols similar to our Marks with superior rights to our rights. Before starting business, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise in order to avoid the possibility of having to change your business name.

All your usage of the Marks granted under the Franchise Agreement is nonexclusive, and we retain the right, among others: (a) to use the Marks in connection with offering services and selling products (if we authorize you to sell products in the future); (b) to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees and our one Licensee; (c) to develop and establish other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you as described Item 12.

All your usage of the Marks and any goodwill you establish are to our exclusive benefit and you retain no right or rights in the Marks on the termination or expiration of your Franchise Agreement. You may not use the marks as a part of any corporate or trade name, nor may you use any trade name, trademark, service mark, emblem or logo other than the Marks, as we may designate periodically. You must prominently display the Marks on such items and in the manner we designate. You must obtain such fictitious or assumed name registrations as we require or under applicable law. You must also prominently display in your Business that we are not a joint employer of

your internal employees or independent contractors (if you choose to hire independent contractors for internal use) and that you are solely responsible for all employment-related decisions and matters. You must also identify yourself as the owner of your Franchise by placing your name on the business and on all checks, invoices, receipts, contracts and other documents that bear any of the Marks, and on all printed materials your name must be followed by the phrase "A franchise of Balance Staffing™" or such other phrase as we occasionally direct.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights or have any pending patent or copyright applications which are material to this Franchise; however, we claim common law trade secret and copyright protection for several aspects of our System, services, methods, strategies, techniques, third-party software, forms, business procedures, photographs, video presentations, website, manuals, workbooks and all related materials including advertisement and promotional materials although such materials may not have been registered with the United States Copyright Office. If we do obtain copyright registration on any of the above materials, we intend to renew our registrations. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in your Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the United States Copyright Office or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of our copyrighted materials or trade secrets, or claim by any person of any rights in any copyright or trade secret which you become aware. We have the sole discretion to take such action, as we deem appropriate and the right to exclusively control any litigation, United States Copyright Office proceeding or other administrative proceeding. We may require you to discontinue use or modify any materials that may in our opinion infringe on the copyright, trade secret, or patent rights of any other person or business.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any copyrighted materials or trade secrets, and/or use one or more additional or substitute copyrighted materials or trade secrets, you must comply with our directions with respect to such modification, substitution, or discontinuation within a reasonable time after notice by us. We have no liability to you concerning substitution or modification of copyrighted materials or trade secrets.

We possess certain confidential information including knowledge of our: services methods, processes, strategies and techniques for recruiting, interviewing and hiring temporary employees; insurance requirements and procedures, vendor and supplier relationships, rate and fee strategies, efficient administrative and operational procedures, ongoing training programs, procedures for safety and quality control; recommended build out specifications with décor, color scheme and signage; our website, intranet system, third-party software, Operations Manual, photographs, video presentations, forms, contracts, record keeping and reporting methods; proprietary sales presentations, account acquisition and retention programs; advertising, marketing and promotional strategies and materials in addition to systems and knowledge of, and experience in, the operation and franchising of Balance Staffing™ business (the "Confidential Information"). We will disclose Confidential Information to you during our initial franchise training program, seminars, workshops, continuing education sessions and conventions sponsored by us; in our Operations Manual, and in guidance furnished to you during the term of your Franchise Agreement.

If you or your partners, members, managers, directors, shareholders, employees, agents or independent contractors, develop or create any new service, product, piece of equipment, program, video presentation,

photograph, concept, technique, formula, method, process or improvement in the operation or promotion of your Business, you are required to promptly notify us with all necessary related information, without compensation. However as a matter of corporate policy, we may create an incentive program to reward you, your partners, members, managers, directors, shareholders, employees, agents or independent contractors for any new service, product, piece of equipment, program, video presentation, photograph, concept, technique, formula, method, process or improvement that we implement throughout the System. You and if you are an Entity, then one of your Owners acknowledges that any such new service, product, piece of equipment, program, video presentation, photograph, concept, technique, formula, method, process or improvement will become our property and we may use or disclose such information to other franchisees as we deem appropriate.

The Franchise Agreement provides that you will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of your Balance Staffing™ Business during the term of your Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would constitute unfair competition. You also agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of your Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or electronic form; and (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosures to internal employees and independent contractors of your Franchise and any other business(es) owned by you and if you are an Entity any of your Owners, and the use of nondisclosure and noncompetition clauses in employment agreements with your Owners, internal employees and independent contractors.

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

The Franchise Agreement provides that your Business must at all times be under your direct, day-to-day, full-time supervision (or if you are an Entity such as a limited liability company, partnership or corporation then a managing Owner of such Entity, approved by us) or the non-owner manager of your Business who is approved by us. This person must have successfully completed our training program and must use his/her best efforts in the operation of a Balance Staffing™ Business.

You are required to retain a manager ("Operations Manager") for the operation and management of your Business and you must retain a minimum of one full time recruiter within 30 days once your Business is open for operation and you must have a minimum of one full time recruiter on staff for the entire term of the Franchise Agreement. The Operations Manager and the recruiter may, but need not, be you or one of the Owners of the Business. The Operations Manager must meet all of our standards and criteria for such positions as set forth in the Operations Manual. The Operations Manager need not have any set percentage of the equity of the Franchised Business. Your Operations Manager must devote all of his or her time and effort to the personal supervision of the Business. This individual and their replacements must also satisfy the applicable training requirements as outlined in the Franchise Agreement (Franchise Agreement Section XII.F).

If we, in our sole discretion, find that your Operations Manager is not properly performing his or her duties, we will advise you and you must immediately take steps to correct the situation. However; we are not responsible for the hiring, discipline, or termination of any Operation Manager that you employ. Upon termination of employment of your Operations Manager and/or recruiter, you must appoint a successor Operations Manager within 60 days and a successor recruiter within 30 days. Any replacement Operations Manager (who we may disapprove in our sole and absolute discretion) and recruiter must be trained by you in accordance with our standards. To clarify, any replacement Operations Manager and recruiter is to be trained by you at your expense.

Our approval of an Operations Manager other than you is conditioned upon the Operations Manager entering into a confidentiality and restriction of like business agreement containing provisions like those contained in the Franchise Agreement and Schedule 8 of the Franchise Agreement against engaging in competing businesses and use/disclosure of our confidential business information during the tenure of employment with you and for a period of three years following employment by you. You will provide us with executed copies of the same upon request.

If you are an Entity, each of your Owners that holds more than 10% interest in the Franchise Business must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, agree to be bound by the confidentiality provisions and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Guaranty of Obligations is attached as Schedule 5 of the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Due to the differing nature of markets across the United States, and because climate and geographic areas will vary, you will have a wide variety of possible locations in which to conduct business operations with our approval. You may not use the Balance Staffing™ Business for any other purpose than the operation of a Balance Staffing™ business, unless otherwise approved by us in writing. Alternative operation sites that may be approved can include for example incorporating your Business operations within the premises of an existing business.

You must comply with all of our standards and specifications relating to: offering, selling and performing services; purchasing equipment, products, supplies, technology items, software, advertising and marketing materials, promotional items, miscellaneous forms and other items and services to be used, offered or sold in the Business (See Item 8).

You are required to offer only the approved services as specified by us which includes: temporary or flexible staffing services, temp-to-hire staffing services, direct hire staffing services, executive search services and payroll services in addition to offering other staffing and recruitment-related -related services and/or products if we authorize you to sell products in the future) as expressly authorized by us in writing or in the Operations Manual, or developed by us as a result of your pre-market entry study to meet the needs of your unique market, and any updates to be incorporated in the Operations Manual periodically. You must not deviate from our standards and specifications without first obtaining our written consent. We will provide you with a written list of services and products (currently we do not authorize you to sell products) you are authorized to use, offer, perform and sell during our initial training program in addition to guidelines and recommendations when hiring internal employees, temporary employees and independent contractors (if you choose to hire independent contractors). As to each category of employment you must: offer all services and sell only the products (if we authorize you to sell products in the future) we specify; perform services within your defined Territory; use only the forms, agreements, vendors and suppliers for services we specify; sell such products (if we authorize you to sell products in the future) from your Business or off-site events within your defined Territory; and you acknowledge that we allow you to sell products to anyone from anywhere so long as such sales do not result in Target Marketing (as described in Item 12). If we authorize the sale of products in the future, we, other franchisees and company-owned businesses (and our one Licensee) reserve the same right to sell products to anyone from anywhere without compensation to you. You acknowledge that this may create competition and you will not receive any compensation from us, other franchisees or company-owned businesses (including our one Licensee) if products are sold to clients who live within your Territory.

You can provide services and sell products (if we authorize you to sell products in the future) at any rate or fee and/or price you establish; however, we will suggest rate, fee and pricing strategy and will establish minimum and maximum rates, fees and/or prices at which you may provide services and sell products to the extent allowed by federal and state laws. You may offer additional services and products (if we authorize you to sell products in the future) that are unique to your area in an effort to blend in with your community; however, you must obtain our

written approval before such services and products are offered and the time to approve or deny your request is 30 days (as described in Item 8). You must discontinue offering, selling and using any service or product we may disapprove in writing at any time, whether such service or product is currently in use. We may change and/or modify the types of services and products we authorize you to offer, perform, sell and use at any time. There are no limits on our right to do so. You may not offer or perform any services or sell any products (if we authorize you to sell products in the future) that have not been specifically approved by us in writing; and you may not independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights to sell any products or equipment inside or outside your Territory without our written consent.

In addition, you acknowledge that we may, in our discretion, allow you and other franchisees or company-owned businesses (including our one Licensee) to promote services or sell products (if we authorize you to sell products in the future) through an alternative channel of distribution (such as on the Internet or Websites) provided you adhere to our standards. You acknowledge that this may create competition and you will not receive any compensation from such sales made by other franchisees or company-owned locations (including our one Licensee). If we authorize you to promote services and/or sell products (if we authorize you to sell products in the future) through alternative channels of distribution, all services must be performed within your Territory and all products sold must be from your Business or at off-site events within your Territory. Unless otherwise approved by us in writing, you are not authorized to promote services or sell any products on the Internet or in any other media, whether known or hereinafter invented.

You must participate in any loyalty program or rewards program we establish. You may not create or issue your own rewards or loyalty program unless otherwise approved by us.

You must maintain all proper certifications, permits and licenses to operate a Balance Staffing™ Business to provide services and sell products (if we authorize you to sell products in the future) in your area. You must not engage in any trade, practice or other activity that is harmful to our goodwill or reflects unfavorably on our reputation, that constitutes deceptive or unfair competition, or that is in violation of any applicable law or regulation.

You are encouraged to directly advertise and market to promote and offer services and sell products (if we authorize you to sell products in the future) within your Territory. If we authorize you to sell products in the future, we place no restrictions upon your ability to sell products to anyone from anywhere provided you do so from your Business or at off-site events within your Territory and in accordance with our standards. However, you are prohibited from Target Marketing, performing services or conducting business at off-site events in other geographical areas outside your Territory or through any alternative channels of distribution without our permission (see Item 12).

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. "FA" refers to the Franchise Agreement.

Provision	Section in the Franchise Agreement	Summary
a. Length of the Franchise Term.	FA Section VII.A.	FA – five years

Provision	Section in the Franchise Agreement	Summary
b. Renewal or extension of the term.	FA Section VII.B.	FA – up to one five year renewal term if you meet certain term requirements.
c. Requirements for franchisee to renew or extend.	FA Section VII.B	FA – Written notice for you to renew, full compliance, not in default under Franchise Agreement, performance standards satisfied, satisfied monetary obligations, sign then current form or new Agreement which may differ substantially from original franchise agreement, execute general release, satisfy any then current qualifications and training requirements, upgrade Business and pay renewal fee.
d. Termination by you.	Section XXIII.D	FA – If we have materially failed to comply with terms of the Franchise Agreement after 60 days' notice.
e. Termination by us without cause.	Not Applicable	We cannot terminate your FA without cause.
f. Termination by us with cause.	FA -Section XXIII.B and XXIII.C	FA - We can terminate if you breach a material provision of the FA or fail to open the Business.
g. "Cause" defined; curable defaults.	FA – Section XXIII.B	FA-Violation of health or safety laws upon 72 hrs notice; five days for failure to pay amounts owed; 60 days for all other defaults.
h. "Cause" defined; noncurable defaults.	FA- Section XXIII.C	Failure to open the Business, you fail to attend and satisfactorily complete the initial training program; you fail to submit financial statements, tax returns, you use our names or marks on the internet without our prior written consent; you engage in unfair business practices; abandonment or surrender of control of Business; misrepresentation or omission in application; felony conviction; unauthorized assignment or improper assignment upon death or disability; loss of possession of Business; failure to pay taxes or liens; dishonest or unethical conduct; assignment for benefit of creditors; you fail to satisfy a final judgment within 30 days; and bankruptcy.
i. Your obligations on termination / non-renewal	FA – Section XXIV	FA -Cease operating franchised business cease use of confidential information and Marks; deliver property containing the Marks; cancel assumed or similar name registrations; pay outstanding amounts and damages; deliver manuals; assign phone numbers; comply with covenants.

Provision	Section in the Franchise Agreement	Summary
j. Assignment of contract by us.	FA – Section XXII.C.	No restriction on our right to assign.
k. "Transfer" by you-defined.	FA – Section XXII.B.	Includes transfer of the contract and business assets by you.
l. Our approval of transfer by you.	FA – Section XXII.B. and XXII.E	FA – We have the right to approve all transfers by you.
m. Conditions for our approval of transfer.	FA – Section XXII.C and XXII.E.	FA – Full compliance; transferee qualifies; all amounts due are paid in full; completion of training by transferee; transfer fee paid; transferee agrees to be bound by all terms of Franchise Agreement; you sign and deliver other required documents, including a release.
n. Our right of first refusal to acquire your business.	FA – Section XXII.C and XXII.E.	FA – We have the right to acquire your Business under the same terms you are offering to a third party.
o. Our option to purchase your Business.	FA – Section XXIII.C and XXII.E.	FA – You must notify us if you plan to transfer your Business to a third party. After we have been notified, we will notify you whether or not we will purchase your Business. We have the right to match any offers.
p. Your death or disability.	FA – Section XXII.D.	FA – Franchise must be assigned to approved buyer within six months.
q. Non-competition covenants during the term of the Franchise.	FA – Section XIX.C	FA – No involvement in any competitive temporary staffing business anywhere within twenty miles of any company-owned business or other franchises.
r. Non-competition covenants after the franchise is terminated or expires	FA – Section XIX.C	FA – No interest in competing temporary staffing business for two years within twenty miles of any company-owned business or other franchises.
s. Modification of the Agreement.	FA – Section XXV.J.	FA – No modification except by written agreement. Operations Manuals are subject to change.
t. Integration / merger clause.	FA – Section XXV.J.	FA – Only terms of the Franchise Disclosure Document and Franchise Agreement are binding subject to state law. Notwithstanding the prior sentence, nothing in the Franchise Agreement or any related agreement is intended to disclaim any representations Franchisor has made in the entire Franchise Disclosure Document. Any representations made outside of the disclosure document or the franchise agreement may not be enforceable.

Provision	Section in the Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation.	FA – Sections XXV.C and XXV.D.	FA – Arbitration and mediation in San Joaquin County, State of California (subject to State law).
v. Choice of forum.	FA – Section XXV.G.	FA – Litigation in San Joaquin County, State of California (subject to state law) or the United States District Court of California.
w. Choice of law.	FA – Section XXV.G.	FA – State of California laws apply (unless prohibited by laws of state where Franchise is located).
x. Liquidated Damages	FA – Section XXIV.H	FA- If the Franchise Agreement is terminated prior to its expiration date, you shall be obligated to pay within thirty days of termination or expiration of the Franchise Agreement, a sum determined by adding together the average Royalty Fee payments and average System Advertising Fund Fee payments that was paid to us during the previous twelve months for either the remaining term (or renewal term) of the Franchise Agreement or two years (whichever comes first). If you have not made twelve months of payments to us, then the number of payments you have made will be used to calculate the average of such Royalty and System Advertising Fund Fee payments.

ITEM 18
PUBLIC FIGURES

We currently do not use any public figure to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information

or projections of your future income, you should report it to the franchisor's management by contacting John Moss, 2800 N. Cherryland Avenue, Stockton, California 95215, (209) 474-1379, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
System wide Outlet Summary
For Fiscal Years 2019 thru 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Company-Owned*	2019	5	7	+2
	2020	7	11	+4
	2021	11	13	+2
Licensee	2019	9	9	0
	2020	9	9	0
	2021	9	9	0
Total Outlets	2019	14	16	+2
	2020	16	20	+4
	2021	20	22	+2

* As of January 31, 2020, there was one Licensee given the right to offer limited services in his nine existing businesses under a License Agreement between the Licensee and our affiliate Balanced Managed Services, LLC. ("BMS") as identified in Item 1. As soon as we are able to offer franchises (and only then) this Licensee may be offered the opportunity to terminate their License Agreement and become a Balance Staffing™ franchisee. This Licensee's address, telephone number and locations are listed in Exhibit H of this Disclosure Document. BMS no longer offers License Agreements.

Table 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Fiscal Years 2019 thru 2021

State	Year	Number of Transfers
California	2019	0

	2020	0
	2021	0
Total	2019	0
	2020	0
	2021	0

Table 3
Status of Franchise Outlets
For Fiscal Years 2019 thru 2021

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
CA	2021	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets*
For Fiscal Years 2019 thru 2021

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2019	0	1	0	0	0	1
	2020	1	0	0	0	0	1
AZ	2021	1	0	0	0	0	1
	2019	4	1	0	0	0	5
	2020	5	3	0	0	0	8
CA	2021	8	1	0	0	0	9
	2019	0	0	0	0	0	0
	2020	0	1	0	0	0	1
NV	2021	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
TX	2021	1	1	0	0	0	2
	2019	5	2	0	0	0	7
	2020	7	4	0	0	0	11
Totals	2021	11	2	0	0	0	13

* "Company-Owned Outlets" includes thirteen non-franchised business locations operated by an affiliate, Balanced Managed Services, LLC. These business locations are not part of the franchise system. They may be sold to others or to a franchisee in the future.

** Our fiscal year end is December 31. As of the date of this Disclosure, our parent operated 11 non-franchised business at the locations listed below:

Balance Staffing™
2750 N. Cherryland Avenue
Stockton, California 95215

Balance Staffing™
2142 Bering Drive
San Jose, California 95131

Balance Staffing™
19 Quail Run Circle
Salinas, California 93907

Balance Staffing™
1524 J. Street
Modesto, California 95354

Balance Staffing™
3920 S. Rural Road
Tempe, Arizona 85282

Balance Staffing™
1114 Olivewood Drive
Merced, California 95348

Balance Staffing™
7950 Anderson Square
Austin, Texas 78757

Balance Staffing™
331 Ford Street
Watsonville, CA 95215

Balance Staffing™
200 South Virginia 8th Floor
Reno, NV 89501

Balance Staffing™
1201 Airway Blvd Suite B
El Paso, TX 79925

Balance Staffing™
4048 Tennant Station
Morgan Hill, CA 95037

Balance Staffing™
7311 Greenhaven Dr. #187
Sacramento, CA 95831

Balance Staffing™
500 North Church St. #512
Las Cruces, NM 88001

Table 5
Projected Openings
For the Period Ending December 31, 2021

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Current Fiscal Year	Projected New Company Owned Outlets in the Current Fiscal Year
Arizona	0	1	0
California	0	1	0
Texas	0	1	0
Totals	**0**	**3**	**0**

A list of the names of all franchisees and the addresses and telephone numbers of their Balance Staffing™ business are listed as Exhibit G to this Disclosure Document. A list of the name and last known home address and telephone number of every franchisee who has had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during Fiscal Year 2020 or who has not communicated with us within 10 weeks of our application date is attached as Exhibit I, if any.

If you buy this Franchise, your contact information may be disclosed to other buyers while you are a franchisee and when you leave the franchise system.

At this time, there are no previously owned Balance Staffing™ franchised outlets for sale.

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

At this time, there are no trademark specific franchisee organizations representing Balance Staffing™ franchisees, and no such trademark specific franchisee organization has asked us to be included in this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Our independent and reviewed, financial statements for the period from our date of formation February 3, 2020 to December 31, 2020 and from January 1, 2021 to December 31, 2021, are attached to this Disclosure Document as Exhibit J. Our fiscal year end is December 31. We have not been in business for three years or more and therefore cannot include all financial statements required by the Federal Trade Commission franchise rules for our last three fiscal years.

ITEM 22
CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Franchise Agreement - Exhibit A
- Schedule 1 – Authorization for Pre-Arranged Payments
- Schedule 5 – Individual Guaranty
- Schedule 7 – Collateral Assignment of Lease
- Schedule 8 – Confidentiality and Non-Compete Agreement

State Addenda – Exhibit D
Option Agreement – Exhibit F

ITEM 23
RECEIPTS

Included as the last document of this Disclosure Document (Exhibit K) and/or as a separate executable form, is a Receipt to be signed by you. This Receipt must be signed and dated and delivered to us at least 14 calendar days before signing of the Franchise Agreement or payment of any fee by you.

EXHIBIT A

FRANCHISE AGREEMENT

Between

Balance Staffing Franchise, LLC

and

_____

Franchisee

FRANCHISE AGREEMENT

Between

Balance Staffing Franchise, LLC

2800 N. Cherryland Avenue
Stockton, CA 95215
Direct: (209) 474-1379
Web: www.BalanceStaffing.com

and

_____
_____
_____

Collectively referred to as "Franchisee"

Balance Staffing Franchise, LLC
FRANCHISE AGREEMENT

TABLE OF CONTENTS

Page

I. FRANCHISEE'S ACKNOWLEDGEMENT OF BUSINESS RISK AND ABSENCE OF GUARANTEE 2

II. FRANCHISEE'S ACKNOWLEDGMENTS CONCERNING RECEIPT AND THOROUGH EVALUATION OF AGREEMENT 3

III. NO PROJECTED OR FORECASTED FRANCHISE SALES, PROFITS OR EARNINGS 3

IV. RELATIONSHIP OF THE PARTIES 3
A. Franchisee is an Independent Contractor 3
B. Franchisor is Not in a Fiduciary Relationship with Franchisee 4

V. FRANCHISE GRANT 4

VI. TERRITORY 5

VII. TERM AND RENEWAL OF AGREEMENT 11
A. Term 11
B. Renewal 11

VIII. FRANCHISEE'S INITIAL INVESTMENT 12

IX. FRANCHISEE'S INITIAL FRANCHISE FEE / TIMING FOR OPENING 12
A. Initial Franchise Fee and Payment 12
B. Time Limit for Starting Business 12
C. Cooperation Required 13
D. Establishing Additional Franchise Businesses 13

X. OTHER FEES 13
A. Royalty Fees 13
B. System Advertising Fee 14
C. Electronic Funds Transfer 15
D. Electronic Mail Fee 15
E. Software Fees and Ongoing Support 15
F. Payroll Processing, Billings and Collections Fee 16
G. Workers Compensation Insurance Fee 16

XI. FINANCING ARRANGEMENTS 17

XII. GENERAL OBLIGATIONS OF FRANCHISEE 17
A. Follow Operations Manual and Directives of Franchisor 17

TABLE OF CONTENTS
continued

Page

B. Operate Franchised Business Only 17
C. Comply with Laws 17
D. Maintain Confidentiality of Proprietary Information 19
E. Maintain and Renovate the Business 19
F. Maintain Competent Staff 20
G. Open Business within Time Limit 21
H. Operate Business in Strict Conformity to Requirements 21
I. Use of Approved Equipment, Products, Supplies and Vendors 25
J. Use Approved Design and Signage 31
K. Participation in the Operation of the Business 31
L. Advertising the Business 31
M. Maintain Regular Business Hours 32
N. Maintain Uniform Operating Standards 32
O. Telephone Number of Business and Web Page 33
P. Disclose Discoveries and Ideas to Franchisor 33
Q. Permit Franchisor to Enter the Business 34
R. Additional Requirements for Corporate Franchisee 34
S. Site Selection 36
T. Development and Construction of the Business 37
U. Training 38
V. Ongoing Training and Support 39

XIII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE 39
A. Overall Coverage Required 39

XIV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO ACCOUNTING AND RECORDS 40
A. Bookkeeping, Accounting and Records 40
B. Franchisor's Right to Audit 42
C. Method of Payment 42
D. Submission of Financial Statements 42
E. Disclosure of Financial Statements 43

XV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO USES OF NAMES AND MARKS 43
A. Names and Marks are Owned by Franchisor 43
B. Franchisee is Licensed to Use Names and Marks 44
C. Franchisee Will Not Challenge Franchisor's Rights in Its Use of the Names and Marks 45
D. Ownership of Intellectual Property 46

XVI. SPECIFIC OBLIGATIONS OF THE FRANCHISEE RELATING TO CONFIDENTIALITY OF PROPRIETARY INFORMATION 47
A. Franchisee Shall Learn Proprietary Matters 47
B. Franchisee's Internal Employees Will Not Disclose Confidential Information 48
C. Relationship with Former Franchisees 48

TABLE OF CONTENTS
continued

Page

D. Injunctive Relief is Available to Franchisor....49
E. Franchisor's Patent Rights and Copyrights....49
F. Franchisee Shall Not Contest the Franchisor's Ownership Right to Any Confidential Information, Trade Secrets, Patents or Copyrights....49

XVII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO TAXES, PERMITS AND LAWSUITS....51
A. Franchisee Must Notify Franchisor of Lawsuits....51
B. Franchisee Must Pay Taxes Promptly....51
C. Franchisee May Contest Tax Assessments....51

XVIII. SPECIFIC OBLIGATION OF FRANCHISEE RELATING TO INDEMNIFICATION....51

XIX. MISCELLANEOUS COVENANTS OF FRANCHISEE....52
A. Covenants are Independent....52
B. Franchisee's Principals....52
C. Franchisee Will Not Compete Against Franchisor....52
D. Exception to Covenant Not to Compete....53
E. Franchisee Will Not Divert Business....53
F. Franchisor Is Entitled to Injunctive Relief....53
G. Covenants Are Enforceable Independent of Claims....54
H. No Right of Set-Off....54
I. Disclosure of Contact Information in FDD....54

XX. OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE AND SERVICES....54
A. Training Programs....54
B. Web Page....57
C. Site Selection....58
D. Business Layout and Design....58
E. Hiring Internal Employees, Independent Contractors and Temporary Employees....59
F. No Warranties Other than in Writing....59
G. Operations Manuals....60
H. Selecting Vendors....60
I. Availability of Equipment, Products and Supplies....60
J. Advertising and Promotion....61
K. Suggested Rates and Fees for Services....61
L. Business Planning Assistance....62

XXI. VARYING STANDARDS....62

XXII. RELOCATION, ASSIGNMENT, TRANSFER, SALE OR REPURCHASE OF FRANCHISED BUSINESS....63
A. Relocation....63
B. General Requirements for Assignment by Franchisee....63

TABLE OF CONTENTS
continued

Page

C. Transfer, Sell or Assignment by Franchisor and Franchisor's Right of First Refusal ...65
D. Transfer Upon Death or Mental Incapacity ...67
E. Transfer, Sale or Assignment to a Third Party ...68
F. Resale Assistance of Franchised Business ...69

XXIII. TERMINATION OF FRANCHISE ...69
A. Impact of Statutes Upon Franchise Agreement ...69
B. Termination by Franchisor with Right to Cure ...69
C. Termination of Franchise without Right to Cure ...70
D. Termination by Franchisee ...73
E. General Effect of Termination ...74
F. Territory Modification as An Alternative to Termination ...74

XXIV. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION ...74
A. Franchisee Shall Cease Using Names and Marks ...74
B. Franchisee Shall Cease Operating Business and Refrain from Notifying Temporary Employees, Clients and/or Accounts ...74
C. Franchisee May Not Adopt Confusingly Similar Names and Marks ...75
D. Franchisee Shall Cancel Assumed Names and Transfer Phone Numbers ...75
E. Franchisee Shall Transfer or Terminate Domain Name and Web Page ...75
F. Franchisee Must Return Operations Manual and Other Materials ...75
G. Franchisor May Purchase Assets ...75
H. Franchisee Must Pay Monies Owed to Franchisor; Liquidated Damages ...76

XXV. ENFORCEMENT ...76
A. Franchisee May Not Withhold Payments Due Franchisor ...76
B. Severability and Substitution of Valid Provisions ...77
C. Mediation ...77
D. Arbitration ...77
E. Rights of Parties are Cumulative ...78
F. Judicial Enforcement, Injunction and Specific Performance ...78
G. California Law Applies ...78
H. Attorney Fees ...79
I. Binding Effect ...79
J. Entire Agreement/Integration/No Other Agreements/Manual(s) May Change ...79
K. Force Majeure ...79

XXVI. NOTICES ...79

XXVII. COUNTERPARTS ...79

XXVIII. TIME IS OF THE ESSENCE ...80

XXIX. APPROVALS AND WAIVERS ...80

XXX. AUTHORITY ...80

TABLE OF CONTENTS
continued

Page

XXXI. FURTHER REPRESENTATIONS AND WARRANTIES BY THE FRANCHISEE 80

SIGNATURE PAGE…….. 82

SCHEDULE 1: AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS….. 83

SCHEDULE 2: PRE EXISTING BUSINESSES……... 84

SCHEDULE 3: EXECUTIVE ORDER 13224 AND RELATED CERTIFICATIONS…… 86

SCHEDULE 4: ADA & RELATED CERTIFICATIONS……. 87

SCHEDULE 5: FRANCHISE AGREEMENT: INDIVIDUAL GUARANTY…….. 88

SCHEDULE 6: STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPLES……. 91

SCHEDULE 7: COLLATERAL ASSIGNMENT OF LEASE…….. 92

SCHEDULE 8: CONFIDENTIALITY AND NON-COMPETE AGREEMENT……..95

Balance Staffing Franchise, LLC
FRANCHISE AGREEMENT

PARTIES

THIS FRANCHISE AGREEMENT ("Agreement") is made by and between Balance Staffing Franchise, LLC, a California limited liability company, hereinafter known as "BSF" or "Franchisor" and the person or entity named above, hereinafter known as "you" or "Franchisee." If the Franchisee is a corporation or limited liability company, partnership or other entity, certain provisions of this Agreement also apply to Franchisee's shareholders, members, partners or owners. Any such entity may be referred to as an "Entity" and those who own the Entity may be referred to as "Owners." For ease of reference, Balance Staffing Franchise, LLC will also be referred to as "we," "us" or "our" in this Agreement. The persons signing as Franchisee or Guarantors may be referenced to herein individually as "you" or "yours" or collectively as "Franchisee". We and the Franchisee (sometimes collectively referred to as the "Parties" and individually as a "Party") are entering into this Agreement to evidence the agreement and understanding between the Parties as follows:

RECITALS

WHEREAS, we have developed standards, specifications, business techniques and procedures (the "System") to operate a full-service employment agency that offers a one-stop solution for temporary, temp-to-hire and direct hire services for skilled, unskilled trade and professional businesses in all sectors. Each Balance Staffing™ business will cover employment needs for businesses from a wide range of sectors offering: temporary or flexible staffing services (such as staffing for: special projects, immediate, seasonal demand, short or long term assignments), temp-to-hire staffing services (such as staffing for a defined period of time with the option of converting the individual to permanent status), direct hire staffing services (such as the placement of an individual to be hired directly with a company) and executive search services (all of which is collectively referred to as "Services") at any Balance Staffing™ franchised location and other locations at our discretion (hereinafter referred to as the "Franchise," "Business" "Franchise Business" or "Franchised Business"); and

WHEREAS, we identify our System by means of certain trade names, service marks, trademarks, logos, emblems, trade dress, and other indicia of origin, including but not limited to the mark "Balance Staffing™" and all other trade names, service marks, trademarks and trade dress as are now designated (and may in the future be designated by us in writing) for use in connection with the System (the "Names and Marks" or "Names" or "Marks"); and

WHEREAS, we have entered into an exclusive license ("License Agreement") with Balanced Managed Services, LLC for the right to use and sublicense to our franchisees the Names, Marks and other property in connection with the operation of a Balance Staffing™ business; and

WHEREAS, we continue to develop, use, and control the use of such Names and Marks to identify for the public the source of services and products marketed thereunder and under our System, and to represent the System's high standards of consistent quality, appearance, and service; and

WHEREAS, we have established substantial goodwill and business value in its Names and Marks, expertise and System; and

WHEREAS, we have the right to license the System, including expertise for conducting and operating a business under the Marks; and

WHEREAS, Franchisee desires to obtain a franchise from us for the right to use the Names, Marks and the expertise for operating a Balance Staffing™ business, and to obtain the benefits and knowledge of our System including, but without limitation our: unique Services, specific strategies, methods, processes, techniques and procedures when recruiting, interviewing and hiring temporary employees; insurance requirements and procedures, vendor and supplier relationships, rate and fee strategies, efficient administrative and operational procedures, ongoing training programs, procedures for safety and quality control; our operations manual, website, intranet system and franchise web page housed within our national website; strategies for acquiring clients and accounts, sales presentations, advertising, marketing and promotional materials; record keeping and accounting methods, and in general a style, method and procedure of business operation utilizing our Names and Marks as a Franchisee; and

WHEREAS, Franchisee recognizes the benefits to be derived from being identified with and licensed by us, and Franchisee understands and acknowledges the importance of our high standards of quality, appearance, and service and the necessity of operating the Business in conformity with our standards and specifications.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the Parties hereto, intending to be legally bound, do hereby agree as follows:

I. FRANCHISEE'S ACKNOWLEDGEMENT OF BUSINESS RISK AND ABSENCE OF GUARANTEE

Franchisee (and each Owner) hereby represents that Franchisee has conducted an independent investigation of our Business and System and recognizes that the business venture contemplated by this Agreement involves business risks, and that its success will depend upon Franchisee's abilities as an independent businessperson. We expressly disclaim the making of, and Franchisee acknowledges that it has not received any, warranty or guarantee, express or implied, as to the potential volume, revenues, gross income, margins, profits or success of the Business contemplated by this Agreement. Franchisee further acknowledges that none of our employees, or agents has any authority to make any statement, warranty, or guaranty of the potential volume, revenues, gross income, margins, profits or success of the Business contemplated by this Agreement, and that we have expressly instructed all of our employees not to make any warranty, guaranty, statement, or representation regarding the potential volume, revenues, gross income, margins, profits or success of the Business contemplated by this Agreement. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that we have advised Franchisee to have this Agreement reviewed by an attorney. Franchisee hereby releases us, our employees, shareholders, members, directors, managers, our affiliated companies and agents from liability based on such representations or agreements, to the extent permitted by law or regulation.

The Franchisee acknowledges that we have not made, and do not hereby make, any representation or warranty as to potential revenues, income, margin, gross income, profits, volume or success of the Franchise or merchantability, performance, accuracy of informational content, system integration, quality of any computer programs that we may provide the Franchisee, condition, fitness or suitability for the Franchisee's purposes of any component of the System, or any other representation or warranty with respect to the System. We shall not be liable to Franchisee for, nor shall Franchisee's obligations hereunder be affected by, any loss, claim, liability, cost, damage or expense of any kind caused, or alleged to be caused, directly or indirectly, by the System, or by an inadequacy of the System for any purpose, or by any defect in, the use or maintenance of, any repairs, servicing or adjustments of, or any interruption or loss of

service or use of, the Business, or any loss of business, profits, consequential or other damages of any nature.

II. FRANCHISEE'S ACKNOWLEDGMENTS CONCERNING RECEIPT AND THOROUGH EVALUATION OF AGREEMENT

Franchisee acknowledges having received, read, and understood this Agreement, the Franchise Disclosure Document and all attachments. Franchisee further acknowledges that we have accorded Franchisee with ample time and opportunity to consult with independent legal counsel and other advisors of its own choosing concerning the potential benefits and risks of entering into this Agreement. Franchisee acknowledges that Franchisee has received a completed copy of this Agreement, attachments and schedules (collectively referred to as the "Schedules") referred to herein, and agreements relating hereto, as well as the entire Franchise Disclosure Document, at least 14 calendar days prior to the date on which this Agreement was executed or money was paid by Franchisee for the franchise.

Franchisee acknowledges that it has read and understands this Agreement, the Schedules and any agreements relating thereto, and that Franchisee has been advised by our representative to consult with an attorney or advisor of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement prior to its execution.

Franchisee acknowledges that any statements, oral or written, by us or our agents preceding the execution of this Agreement were for informational purposes only and do not constitute any representation or warranty by us. The only representations, warranties and obligations we have made are those specifically set forth in the Franchise Disclosure Document and this Agreement. Franchisee must not rely on, and the Parties do not intend to be bound by, any statement or representation not contained therein.

Franchisee acknowledges that we will not provide or designate locations for Franchisee, we will not provide financial assistance to Franchisee and we have made no representation that we will buy back from Franchisee any equipment, products, supplies, technology items (such as: computers, laptops, flat screen televisions, alarm system, printers, modems, etc.), furnishing and fixtures, signage (if applicable) purchased by Franchisee in connection with the Business, except where we are otherwise required by law or regulation to buy back such items upon expiration or termination of this Agreement.

III. NO PROJECTED OR FORECASTED FRANCHISE SALES, PROFITS OR EARNINGS

Franchisee, and each Party executing this document hereto, acknowledges that neither we nor any of our officers, directors, employees or agents have made, and Franchisee has not received or relied upon, any express or implied oral, written, or visual information, representations, assurances, warranties, guarantees, inducements, promises or agreements concerning the actual, average, projected or forecasted franchise sales, revenues, profits, earnings or likelihood of success that Franchisee might expect to achieve from operating the Business (defined as "Financial Performance Representations"). Furthermore, we do not authorize any agent, officer, director or employee of us to make any Financial Performance Representations.

IV. RELATIONSHIP OF THE PARTIES

A. Franchisee is an Independent Contractor

During the term of this Agreement, and any renewals or extensions hereof, the Franchisee shall hold itself out to the public as an independent contractor operating its business pursuant to a franchise from us. Franchisee agrees to take such affirmative action as may be necessary, including, without limitation, exhibiting multiple public notices of that fact, the content and display of which we shall have the right to specify. For example, such notices shall be provided on letterhead, business cards, bank account names,

bank checks, and signs at the place of business. Franchisee is responsible for collecting and remitting Social Security, Medicare, unemployment contributions and/or any other mandated county, state or federal obligations on behalf of its internal employees. Franchisee acknowledges that we have no responsibility to ensure that Franchisee's Business is developed and operated in compliance with all application of laws, ordinances and regulations and that we shall have no liability in the event the development or operation of the Business violates any law, ordinance or regulation.

B. Franchisor is Not in a Fiduciary Relationship with Franchisee

It is understood and agreed by the Parties hereto that this Agreement does not establish a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either Party as an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. In addition, we shall not have any fiduciary relationship to the Franchisee by virtue of the facts that we may operate a System Advertising Fund (as defined in Section X.B of this Agreement).

It is understood and agreed that nothing in this Agreement authorizes the Franchisee, and the Franchisee shall have no authority, to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt, bond, indenture, promissory note or other obligation in our name; and that we shall in no event assume liability for, or be deemed liable hereunder or thereunder as a result of any such action; nor shall we be liable by reason of any act or omission of the Franchisee in its conduct of the Business or for any claim or judgment arising therefrom against the Franchisee or us.

Franchisee represents, warrants and agrees as follows: the Franchisee is duly organized and is in good standing in all jurisdictions where legally required in order to carry on its business, has duly authorized the execution, delivery and performance of this Agreement and all other documents contemplated hereby, which are, or upon signing, will be binding on the Franchisee, do not and will not contravene any other instrument or agreement to which the Franchisee is a party, and there is no pending litigation, tax claim, lien, encumbrance or mortgage, proceeding or dispute that may adversely affect the Franchisee's financial condition or impair its ability to perform its obligation under the terms of this Agreement.

It is understood that Franchisee will have sole responsibility for its internal employees and internal use of independent contractors (if Franchisee chooses to hire independent contractors) and all acts of its internal employees and internal independent contractors in addition to all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, Social Security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment (as described in Section XII.F). Franchisee must disclose to each of its internal employees and independent contractors (used for internal use) in writing, in a form approved by us in advance, that we are not a "joint employer" of the Franchisee's internal employees or its internal independent contractors. Franchisee is also responsible for all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline and supervision of its temporary employees. However, Franchisee acknowledges and agrees that all record keeping, withholding income tax, Social Security contributions, Medicare contributions, unemployment fund contributions for its temporary employees will be provided by us. Franchisee acknowledges that we do not control the Franchisee's personnel policies, including establishing wage and hour requirements, hiring, firing, setting wages, disciplining, supervising and record keeping of its internal employees and use of internal independent contractors.

V. FRANCHISE GRANT

We hereby grant to Franchisee, upon the terms and conditions herein contained and subject to this Agreement, the right, license, and privilege, and Franchisee hereby accepts a franchise under the terms and conditions set forth herein for the right to operate a Balance Staffing™ Business that has been assigned a

protected territory (referred to as the "Territory") for the entire term of this Agreement, as set forth in Section VI, with the right to use solely in connection therewith our Names and Marks, Services, advertising and marketing methods, and our System, as all may be changed, improved and further developed from time to time only in the accepted territory as set forth in Section VI and provided the Franchisee shall adhere to the terms and conditions hereof.

It is understood and agreed that, except as expressly provided herein or any other agreement is executed, this franchise grant does not include the right of Franchisee to sub franchise.

Except as provided in this Agreement, Franchisee shall be free to use the materials provided by us in the manner that Franchisee, in Franchisee's sole and absolute discretion, deems most appropriate for the operation of a Balance Staffing™ Franchise, provided that Franchisee shall not violate any applicable law, regulation, or provision of this Agreement in exercising such discretion.

VI. TERRITORY

Franchisee is not granted an exclusive territory. The Territory is a protected marketing territory as defined in this Agreement. The Franchise Business shall be: within the State of _____ in the county(ies) of _____. If the actual Franchise Business address has not yet been chosen, the initial Territory will be within an area referred to as the "Search Area".

The "Search Area" is: _____ The final Territory will be defined from the actual Franchise Business address once chosen.

The specific location ("Accepted Location") from where the Business will be operated will be:

_____

The Territory is defined by the following numbered zip codes:

_____._____._____._____._____._____.

_____._____._____._____._____._____.

_____._____._____._____._____._____.

_____._____._____._____._____._____.

The total population for the above zip codes is: _____

Franchisee must operate the Business, offer and perform all Services and sell products (currently we do not authorize franchisees to sell products but may do so in the future) within the Franchisee's Territory. If the Parties do not select a Territory (area in which franchisee wants to conduct business) prior to the signing of this Franchise Agreement, then it shall be entered at a later date, under the terms of this Agreement. Failure of Franchisee to secure a lease for the Business within ninety (90) days of execution of this Agreement and/or failure to open its Business for operation within one hundred and eighty (180) days after the execution of this Agreement will permit us to terminate this Agreement, as provided in Section XXIII.C. The Territory, under the terms of this Agreement, is a defined population with a minimum of fifty thousand (50,000) jobs, but it could be more. We reserve the right to, in our sole discretion, change, modify or grant a territory that is larger or smaller than the population described above, in order to account for more densely or sparsely populated areas. The Territory will be determined with the approval of us at the time of the execution of the Agreement. Franchisee may conduct business at off-site events (such as:

job fair, community event, expo, trade show, etc.) to promote Services and/or sell products (if we authorize Franchisee to sell products in the future) as long as such events are within Franchisee's Territory. However, Franchisee may be able to conduct business at off-site events or perform Services in unassigned geographic areas outside its Territory with written permission by us. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within three (3) business days of receipt of Franchisee's written request and will respond by email or any other form of written communication (as described below).

If not determined when this Agreement is executed, Franchisee is responsible for selecting the site and location for the Business within the Search Area specified above and in accordance with this Agreement. Unless otherwise approved by us in writing, Franchisees Accepted Location must be within its Territory as identified in this Section VI.

The size of the Territory (as described above) will be determined by zip codes, job population, demographics of the surrounding area, business potential (such as the number of: industries, large employers (as defined by the Small Business Administration), non-farming jobs, etc. that are in the area), competition, market penetration or other conditions important to the successful operation of a Franchised Business as we deem appropriate. The boundaries of the Territory described above is determined by: zip codes, population base, density of population, growth trends of population and major topographical features which clearly define contiguous areas such as: rivers, mountains, major freeways and underdeveloped land. We determine the size and boundaries of the protected Territory.

During the term of this Agreement, we shall not establish or license another party or entity to establish, a Balance Staffing™ business within the Territory outlined above. If Franchisee decides to open additional Businesses and buys the rights to additional Franchises, then those separate franchise agreement(s) will dictate the terms of the applicable territory (a separate Franchise Agreement is required for each additional Business as defined in Section IX.D of this Agreement).

We must consent to the site for the Business within the Territory in writing, especially prior to Franchisee becoming obligated to a lease or purchase agreement (if applicable). Franchisee may not operate the Business out of any other location or operate any business other than its Accepted Location that has been set forth in this Agreement or made a part hereof by an addendum attached to this Agreement. However, Franchisee's recruiters are authorized to operate out of their home office. A recruiter's home office is defined as a secondary workspace located in the recruiter's principal residence from which the recruiter conducts business and communications. A recruiter's home office is not considered a Business location so long as the recruiter does not advertise its home office in any way as an authorized Balance Staffing™ location and does not meet any client or third party at its home. Franchisee's recruiters may list their respective mobile phone numbers and will be required to have Franchisee's Business telephone number and Business addresses on their business cards, stationery and other business forms so long as such information meets our standards and guidelines as outlined in our manuals and other written materials.

Franchisee is encouraged to directly advertise and market within its Territory to promote and offer Services and sell products (if we authorize Franchisee to sell products in the future). However, Franchisee is prohibited from promoting Services and selling products (if we authorize Franchisee to sell products in the future) through any alternative channels of distribution (such as on Websites as defined below) without our written approval. If Franchisee submits a request and is granted permission to promote Services and/or sell products (if applicable) through an alternative channel of distribution, per our written approval, Franchisee must perform all Services within its Territory and may sell products (if applicable) to anyone from anywhere without compensation to the other franchisee, company-owned business or our licensee (we have granted one independent licensee, hereinafter referred to as "Licensee"). Our response to Franchisee's request will be made within thirty (30) days after we receive it, otherwise the request will be deemed disapproved. We, other franchisees, company-owned businesses and our one Licensee reserve the same right to promote Services and sell products (if we authorize the sale of products in the future) in those alternative channels of distribution to anyone from anywhere (so long as such Services are performed

within their respective areas) without compensation to Franchisee. Also, if in the future, we authorize Franchisee to sell products, Franchisee can sell products to anyone from anywhere so long as all products are sold from the Accepted Location or off-site events within Franchisee's Territory and such sales do not result from any direct solicitation activities by Franchisee. To clarify, Franchisee is prohibited from soliciting, directly advertising, promoting and marketing in general to anyone by any means outside Franchisee's Territory and cannot perform any target marketing ("Target Marketing") into any other Territory of another franchisee, Licensee or company-owned business. The term "Target Marketing" means a concerted effort by a Franchisee to solicit and obtain clients and/or accounts by any type of advertising or marketing directed at all or a portion of another franchisee's territory, company-owned business, Licensee's business or unassigned area. We shall use commercially reasonable efforts to address any Franchisee that violates this policy. Failure of Franchisee to refrain from Target Marketing, as described above, may result in termination of this Agreement as specified in Section XXIII.C.

Franchisee may be granted permission to conduct business at off-site events (such as: job fair, community event, expo, trade show, etc.) to promote Services and/or sell products (if we authorize Franchisee to sell products in the future) or perform Services in geographical areas outside its Territory (as outlined below) as long as such activities do not result from any direct solicitation activities by Franchisee. If Franchisee is asked to conduct business at an off-site event or perform Services in another geographical area (outside the Territory) in which there is another franchisee, company-owned business or Licensee, the Franchisee must immediately refer the request to conduct business at such off-site event or perform Services to the Balance Staffing™ business in that geographical area or to us. If the other Balance Staffing™ business (whether a franchise, company-owned business or Licensee), gives Franchisee written permission to conduct business at such off-site event or determines it is in the client's or account's best interest for Franchisee to perform Services, then Franchisee can immediately proceed. If there is not another Balance Staffing™ business in that geographical area, then Franchisee must submit a written request to conduct business at such off-site event or perform Services to us and upon our approval Franchisee can proceed. We shall approve or deny Franchisee's request to conduct business at off-site events to promote Services and/or sell products (if we authorize Franchisee to sell products in the future) or perform Services in the unassigned geographic areas, which approval is in our sole discretion, within three (3) business days of receipt of Franchisee's written request. We will respond to Franchisee's request by email or any other form of written communication. If we fail to respond to Franchisee's request within said three (3) business day period, Franchisee's request shall be deemed denied. If we approve Franchisee's request to conduct business at off-site events to promote Services and/or sell products (if we authorize Franchisee to sell products in the future) or perform Services in geographic areas that are unassigned, Franchisee can proceed provided once that area is sold or we have begun to operate in that area, Franchisee must no longer conduct such event or perform Services in that area. We reserve the right to sell or assign it, or part of that geographical area, at any time, without notice to another franchisee and Franchisee may not have the right of first refusal or an option to buy the territory that was formally unassigned. We and other franchisees and company-owned businesses must refer off-site events, clients and/or accounts within Franchisee's Territory to Franchisee and reserve the same right to perform Services to clients and/or accounts who are within Franchisee's Territory if it is determined to be in the customer's or account's best interest.

If during the term of the Franchise Agreement, Franchisee is unable to promptly and properly perform Services and/or provide products (if we authorize Franchisee to sell products in the future) due to excessive work or any other cause, Franchisee must refer that client or account to another franchise, company-owned business or us (however not to any Licensee even if there is a Licensee in that area). If Franchisee fails to refer off-site events, clients and/or accounts as described herein, we will have the right to terminate this Agreement, Section XXIII.C. For any default of this Agreement which triggers our ability to terminate, as an alternative to termination, we have the right, in our sole discretion, to modify or completely eliminate any rights Franchisee may have with respect to the protected status of the Territory, effective ten (10) days after delivery of written notice to Franchisee.

Franchisee acknowledges that it is in Franchisee's best interest to refer prospective clients and/or accounts to other franchisees in Balance Staffing™ system or us when, because of distance or excessive work, or for other reasons, Franchisee cannot promptly or properly perform Services or provide products (if we authorize Franchisee to sell products in the future) to such clients or accounts. Franchisee agrees that Franchisee will not undertake any work that Franchisee is not capable of performing promptly and properly. If Franchisee is prevented by the terms of this Section VI from accepting more clients and/or accounts, Franchisee will refer such prospective clients and/or accounts to one or more other franchisees or company-owned businesses (however not to any Licensee even if there is a Licensee in that area) who are closest to those clients or accounts not being served or to us. Any referral that is provided to franchisees by us, the Franchisee will not be required to pay any type of referral fee.

We encourage Balance Staffing™ franchises, when owned by different individuals, to work out a referral relationship and an advertising strategy if they are within close proximity of each other (generally defined as being within a ten (10) mile radius of each other). We must be notified in writing of all such arrangements and give our approval.

We may, from time to time, establish certain programs for the benefit of franchisees and the System whereby Balance Staffing™ franchisees will be permitted to offer Services and products (if we authorize the sale of products in the future) in accordance with the specifications described in any particular program established by us. Currently in effect is our National Account program. The National Account program is defined as follows:

a) The term "National Account" means a special class of clients which may include but are not limited to large businesses, national organizations or non-profit organizations with outlets located in multiple territories and government agencies who on their own behalf or through agents, franchisees or other third parties owns, manages, controls or otherwise has responsibility for buildings or common-services in more than one location whose presence is not confined within any one particular franchisee's Territory regardless of the aggregate contract amount of the Services and/or products (if we authorize Franchisee to sell products) the Franchisee wishes to perform or provide. Any dispute as to whether a particular client is a National Account shall be determined by us in our sole and absolute discretion and our determination shall be final and binding;

b) We shall have the exclusive right, unless otherwise specifically delegated in writing, on behalf of ourselves, Franchisee and/or any other franchisees utilizing our Marks, to negotiate and enter into agreements or approve forms of agreement to use the facilities of a National Account or to offer Services and products (if we authorize the sale of products in the future) to a National Account, including any affiliate, company owned or franchised locations within the Territory;

c) Following the execution of a contract with or the acceptance of a bid by a National Account which contemplates the provision of Services or products (if we authorize Franchisee the sale of products in the future) to one or more National Account locations within the Territory, we will, if Franchisee is qualified and not in default under any terms of this Agreement and any Schedules, provide Franchisee the option to perform Services and/or offer such products (if applicable) pursuant to the terms and conditions of the National Account contract or on such terms and conditions as we in our sole discretion determine;

d) If Franchisee elects not to provide Services and/or products (if we authorize Franchisee to sell products) to a National Account in conformity with the terms and conditions of the National Account bid or contract, or fails to make an election within the time specified by us, of being offered the opportunity by us, we shall have the right, exercisable in our sole discretion, to:

i. Provide directly or through any other affiliate, franchisee or company-owned business utilizing our proprietary marks, Services and/or products (if applicable) to the National Account location(s) within the Territory on the terms and conditions contained in the National Account bid or contract; and/or

ii. Contract with another party to provide such Services and/or products (if applicable) to the National Account location(s) within the Territory on the terms and conditions contained in the National Account bid or contract between us and the National Account, utilizing our proprietary marks or any trademarks, service marks or trade names.

e) Neither the direct provision by us (or a franchisee, affiliate or agent of ours) of Services or products (if we authorize the sale of products in the future) to National Accounts as authorized in (i) above, nor if we contract with another party to provide such Services and/or products as authorized in (ii) above, shall constitute a violation of Section VI of this Agreement relating to the protected status of the Territory, even if such Services and/or products are performed or delivered within the Territory. Franchisee disclaims any compensation for Services performed or products sold by others in the Territory pursuant to this section.

Franchisee's rights in the Territory are exactly (and only) as expressly set forth in this Section VI. Except as expressly provided in this Agreement, Franchisee has no right to exclude, control or impose conditions on any specific locations, operation, or otherwise of present or future Balance Staffing™ (or any other brand) units or distribution channels of any type, franchised or company-owned, regardless of their location or proximity to the Business and whether or not they provide Services or products (if we authorize the sale of products in the future) to anyone within the Territory. Franchisee does not have any rights with respect to other and/or related businesses, services equipment and/or products, in which we or any related persons or entities of ours may be involved, now or in the future.

Any rights not expressly granted to the Franchisee are reserved to us. Such rights reserved to us include but are not limited to the following:

1) Own and/or operate ourselves, and/or authorize others to own and/or operate:

a) Any kind of business in the Territory which is not substantially similar to a Balance Staffing™ business, whether or not using Balance Staffing™ Marks and System and on any terms and conditions we deem appropriate; and

b) Any kind of business outside of the Territory, including, without limitation, Balance Staffing™ businesses, whether or not using Balance Staffing™ Marks and System;

2) Develop, manufacture, distribute and sell Balance Staffing™ labeled and branded (or any other brand) products, (whether or not competitive) to anyone located anywhere (including within the Territory) using any channel of distribution (including, but not limited to, office supply stores, over the Internet and/or electronic media and similar venues and other channels of distribution such as television, mail, catalog sales, wholesale to unrelated retail outlets or over the Internet);

3) Develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using Balance Staffing™ System and/or the Marks, and award franchises under such other concepts for businesses located and/or operating anywhere;

4) Acquire, be acquired by, sell our assets, sell our stock, membership interests or units, or partnership units to, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), located anywhere. Such transactions may include (but are not limited to) arrangements involving competing businesses and brand conversions (to or from Balance Staffing™ Marks and System). You agree to participate at your expense in any such conversion as instructed by us;

5) We may choose in our Business Judgment (as defined in Section XXI of this Agreement) to advertise, sell and offer Services or products (if we choose to sell products in the future) through the Internet and other similar venues (no matter where the client is located) to promote the System. The Internet is a channel of distribution we reserve to ourselves exclusively, and Franchisee may not independently market on the Internet or conduct e-commerce without our prior written consent; and

6) Acquire any Websites utilizing a domain name incorporating our Marks and one or more of the words: balance, center, direct, employ, expert, firm, hire, labor, place, quality, recruit, solution, specialist, staff or temporary. The term "Website" includes the Internet as well as other electronic sites (such as social networking sites including, but not limited to, Facebook, Twitter, LinkedIn, Pinterest, Yelp, and blogs). Franchisee shall not establish a Website on the Internet using any domain name containing the words listed above or any variation thereof. Franchisee acknowledges that we have all right, title and interest in and to such domain names, websites, and content, as we shall designate in the Operations Manual. Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information, or otherwise having a presence on a Website, regarding the Business. If we approve a separate Website (currently all franchisees are authorized to participate on Yelp, Facebook and Instagram), then each of the following provisions will apply: (i) Franchisee may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, Franchisee must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work must be performed by us, our affiliates or approved vendors; (iii) Franchisee must not use or modify a Website without our prior written approval; (iv) Franchisee must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; and (v) if we require, Franchisee must establish hyperlinks to our website and other Websites; and (vi) neither Franchisee nor any of its employees shall post any information regarding us or the System, on any Website or any internet site, without our prior written approval, nor any disparaging statement either during or after termination or expiration of the Agreement. Further Franchisee shall monitor its employees to avoid them making any such postings. We retain the right to pre-approve Franchisee's use of linking and framing between the Franchisee's web page and all other Websites. The Franchisee shall within five (5) days, dismantle any blogs, frames and links between the Franchisee's web page and any other Websites, if and as requested by us.

We may provide Franchisee with options, rights of first refusal or similar rights to acquire additional franchises in other areas or areas contiguous to the Territory. Franchisee's Territory may be altered during the initial term, but only: (i) by mutual consent in writing from both Franchisee and us; (ii) at the time of transfer or renewal as a condition to transfer or renewal; or (iii) for any default of this Agreement which triggers our ability to terminate as described above.

VII. TERM AND RENEWAL OF AGREEMENT

A. Term

The franchise herein granted for a Balance Staffing™ Franchise, shall be for a term of five (5) years commencing from the date of execution and acceptance (the "Effective Date") of this Agreement by us and subject to earlier termination as herein provided.

B. Renewal

Franchisee shall have the option to renew this Agreement for one additional term of five (5) years each, provided we are still offering franchises at that time, and further subject to the following conditions, all of which must be met prior to renewal:

1. Franchisee shall give us written notice of its election to renew not more than twelve (12) months and not less than six (6) months prior to the end of the then current term. We will respond to Franchisee's written notice to renew no later than thirty (30) days after receipt of such notice by email or any other form of written communication;

2. Franchisee must not currently be in default under any provision of the Agreement, any amendment hereof or successor hereto, or any other agreement between us and Franchisee, and Franchisee shall have complied with all the terms and conditions of all such agreements during the terms thereof;

3. Franchisee's right to renew is contingent on satisfactory performance of and full compliance with this Agreement and any renewal agreement. We may refuse to renew or extend the franchise if: (a) Franchisee has failed to use its best efforts to operate the Franchised Business to our satisfaction, as determined by us at our sole discretion; (b) the Franchise is terminable by law, regulation, or under this Agreement; (c) Franchisee fails to give timely written or email notice of its exercise of its renewal option; (d) we are withdrawing from franchising in the geographic market Franchisee serves; (e) Franchisee fails to satisfy our then-current standards for new franchisees; or (f) Franchisee has been in default of this Agreement more than three (3) times during the entire five (5) year term of this Agreement.

4. Franchisee shall have satisfied all monetary obligations owed by Franchisee to us and our affiliates, if any, and shall have timely met these obligations throughout the previous term;

5. Franchisee shall execute, before the renewal term, our then-current form of Franchise Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ substantially from the terms of this Agreement. We will not charge Franchisee any renewal fee, which renewal may be for the same protected area as outlined in Section VI, or Territory, above;

6. Franchisee shall comply with our then-current qualification and training requirements;

7. Franchisee must execute a general release, in a form prescribed by us as described in Section XXII.B of this Agreement, of any and all claims against us and our affiliates, and their respective officers, directors, agents and employees, if such release is not in conflict with any local, state or federal laws; and

8. Franchisee shall upgrade, remodel and/or refurbish the Business (both inside and outside) in order to meet our then-current standards. All signage, equipment and technology items

(computers, laptops, flat screen televisions, alarm system, printers, modems, etc.) located at the Business must be updated to meet our then-current requirements. All remodeling, modernization, redecoration, or replacements will be completed at Franchisee's expense in accordance with our specific standards and specifications.

VIII. FRANCHISEE'S INITIAL INVESTMENT

Franchisee's initial investment will vary depending upon the size of Franchisee's facility, build-out expenses, location of the Business, time of year Franchisee starts operating the Business, amount of equipment, products and supplies Franchisee purchases; if Franchisee purchases additional equipment and technology items, number of internal and temporary employees Franchisee hires, implementation of a marketing plan, Franchisee's management skills, economic conditions, competition in the surrounding area and other factors.

Franchisee hereby certifies that he or she has reviewed the estimated initial investment and start-up costs as detailed in the Franchise Disclosure Document and has sufficient cash resources available to meet said expenses. These start-up costs include the franchise fee.

IX. FRANCHISEE'S INITIAL FRANCHISE FEE / TIMING FOR OPENING

A. Initial Franchise Fee and Payment

By executing this Franchise Agreement, the applicant agrees to become a Franchisee and pay an Initial Franchise Fee in the amount of twenty thousand dollars ($20,000) for a Balance Staffing™ business. This Initial Franchise Fee includes the right to operate a single Balance Staffing™ Business within a protected territory that has a population with a minimum of fifty thousand (50,000) jobs, determined by zip code and census (with the final agreed upon Territory as described in Section IV of this Agreement). The Initial Franchise Fee includes a web page housed within our national website that will include application functionality, access to a self-study program (and related materials) to be completed prior to Franchisee attending our initial training program, a comprehensive twelve (12) day initial training program at corporate headquarters, our proprietary operations manual (along with other materials) and up to two (2) days of assistance and guidance for either pre-opening or grand opening assistance.

The Initial Franchise Fee is due upon execution of this Franchise Agreement. The Initial Franchise Fee is uniform as to all persons currently acquiring a Franchise and is non-refundable. The Initial Franchise Fee shall be paid in a lump sum in United States funds and shall be deemed fully earned upon the opening of the Business for the deliverables as described above in Section IX.A.

B. Time Limit for Starting Business

The Franchisee shall maintain the Business in accordance with the provisions and requirements of Section XII hereof and must secure a lease that has been approved by us (as described in Section XII.S) within ninety (90) days of the execution of this Franchise Agreement ("Effective Date") and open the Business for operation (the "Opening") within one hundred and eighty (180) days of the date of execution of this Franchise Agreement. The Opening requires that Franchisee has qualified for and has obtained all necessary licenses and permits needed to provide Services. We may, in our discretion, grant Franchisee one sixty (60) day extension within which to secure a lease and/or open the Business.

Upon Franchisee's failure to (i) agree on a Territory and/or acquire a lease within ninety (90) days from the Effective Date; and/or (ii) timely satisfy the Opening requirement within one hundred eighty (180) days from the Effective Date; then we may, at our sole discretion, terminate the Franchise and this Agreement and retain all fees paid by Franchisee, without breach of this Agreement by us as specified in Section XXIII.C.

During the term of this Agreement, the Accepted Location shall be used exclusively for the purpose of operating a franchised Balance Staffing™ business. In the event the Business shall be damaged or destroyed by fire or other casualty, or be required to be repaired, Franchisee shall commence the required repair of the Business within thirty (30) days from the date of such casualty or notice of such governmental requirement (or such lesser period as shall be designated by such governmental requirement) and shall complete all required repairs as soon as possible thereafter, in continuity, but in no event later than ninety (90) days from the date of such casualty or requirement of such governmental notice. The minimum acceptable appearance for the restored Business will be that which existed just prior to the casualty; however, every effort should be made to have the restored Business include the then-current image, design, and specifications of a Balance Staffing™ business.

As between us and the Franchisee, the Franchisee shall bear the entire risk of any damage, loss, theft, or destruction to the Business from any cause whatsoever or requisition of the Business by any governmental entity or the taking of title to the Business by eminent domain or otherwise (collectively, "Loss"). The Franchisee shall advise us in writing within ten (10) days of any such Loss. No such Loss shall relieve the Franchisee of the obligation to pay Royalty Fees and all other amounts owed hereunder. In the event of any such Loss, we, at our option, may: (a) if the Loss has not materially impaired the Business (in our reasonable Business Judgment), require that the Franchisee, upon our demand, place the Business in good condition and repair reasonably satisfactory to us as mentioned above; or (b) if the Loss has materially impaired the Business and it is substantially destroyed, (in our sole judgment), we may require the Franchisee to repair the existing Business or find an alternative location within the Territory within ninety (90) days or soonest possible timeframe according to Franchisee's lease. We may extend this period an additional thirty (30) days at our discretion and failure of Franchisee to comply may result in termination of this Agreement. Upon termination, the Franchisee must return to us the System (including all materials), and we have the first right of refusal to purchase all Assets (as described in Section XXIV.G), but any such purchase price will be reduced to account for the Loss the Franchisee incurred.

It is understood and agreed that, except as expressly provided herein or any other agreement that is executed, this Agreement includes no right of Franchisee to sub-franchise.

C. Cooperation Required

Franchisee shall cooperate reasonably with us to ensure that the various actions occur, which is necessary to obtain acceptance by us of the Business location. In particular, Franchisee shall furnish any pertinent information as may be reasonably requested by us regarding Franchisee's business and finances.

D. Establishing Additional Franchise Businesses

If Franchisee desires to establish and operate additional Balance Staffing™ businesses, we may in our sole discretion, grant Franchisee the right to operate a second Business (and any additional Businesses thereafter) for a reduced Franchise Fee of ten thousand dollars ($10,000) each. Franchisee must meet minimum conditions: (a) Franchisee must have satisfied our then-current qualifications and training requirements; (b) Franchisee must execute our then-current franchise agreement for each franchise; and (c) the Franchisee must not currently be or have been in default of any terms of this Agreement plus any other requirements to purchase an additional franchise.

X. OTHER FEES

A. Royalty Fees

In addition to the Initial Franchise Fee described in Section IX above, the following recurring or isolated payments are required to be made by the Franchisee. The Franchisee shall pay to us a "Royalty Fee" of three and a half percent (3.5%) of Revenues for each calendar month which begins once the

Business is deemed open for operation. Franchisee's Business is deemed open for operation either immediately after Franchisee completes the initial training program or once we start billing Franchisee's clients (whichever comes first). The Royalty Fee is due on the twenty-fifth (25th) day of each calendar month (for the prior month). We will remit to Franchisee the difference in Revenue after Franchisee's invoices have been collected (after Franchisee's 3.5% Royalty Fee have been deducted) on the 25th day of each calendar month for the entire term of this Agreement. The Royalty Fee is uniform as to all persons currently acquiring a Balance Staffing™ Franchise and is nonrefundable. If the Franchise Agreement is terminated, Franchisee may be required to continue such royalty payments as described in Section XXIV.H.

As used in this Agreement, "Revenue" shall include the gross amount, billed to all of Franchisee's clients for all Services rendered including temporary personnel wages plus markup dollars in addition to all revenue accrued from the performance of Services and sale of products (if we authorize you to sell products in the future) in, at, upon, about, through or from the Business, whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to the Business. The performance of Services and sale of products (if we authorize you to sell products in the future) on any alternative channels of distribution (if we authorize any such activity in the future, for example on the Internet, mobile devices, etc.) or away from the Accepted Location (such as at off-site events) is also included in computing Revenue. Revenue also includes fair market value for any service or product Franchisee receives in barter or exchange for its Services or products in addition to all insurance proceeds and/or condemnation awards for loss of sales, profits or business. However, Revenue shall not include: (i) service fees for credit card transactions; (ii) revenues from any sales taxes or other add on taxes collected by Franchisee for transmittal to the appropriate taxing authority; and (iii) the amount of refunds Franchisee in good faith gives to clients and client refunds of previous payments Franchisee made.

B. System Advertising Fee

Franchisee will pay a System Advertising Fee equal to point six percent (.6%) of Revenues per calendar month. The System Advertising contribution will be retained by us and the difference in Revenue after Franchisee's invoices have been collected (after Franchisee's .6% System Advertising Fee has been deducted) will be remitted to Franchisee at the same time and under the same terms as the Royalty Fee described above. The System Advertising Fee begins at the same time that the requirement to pay the Royalty Fee commences and continues for the term of the Agreement (as defined in Section X.A) and the difference in Revenue after Franchisee's invoices have been collected (after the .6% System Advertising Fee has been deducted) will be remitted to Franchisee on the 25th day of each calendar month and continues for the term of this Agreement. The System Advertising Fee can be increased by us and such increase will not exceed two percent (2%) of Franchisee's Revenue per month in any calendar year. If we increase the System Advertising Fee, Franchisee will be given ninety (90) days' notice prior to such increase.

The System Advertising Fee will be deposited into our System Advertising Fund (the "Fund") for ongoing technology, new equipment and product development, and such national advertising (including media production costs) or public relations programs as we, in our sole discretion, may deem appropriate to promote the mark Balance Staffing™. The Fund may also be used for local franchisee group advertising or marketing and Franchisee advisory council expenses; local, regional, national or international advertising or marketing; administration of advertising and marketing (including salaries, accounting, collection, legal and other costs), related expenses and any media (including media production costs) or agency costs. We will direct all such programs, and will have sole discretion over the creative concepts, materials, endorsements and media used in such programs, and the placement or allocation of such programs. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. Balance Staffing™ businesses owned or operated by us will contribute to the same basis to the Fund.

We may disclose the identity of vendors who pay promotional allowances to us upon request and only after Franchisee's signing an appropriate non-disclosure agreement. If we require Franchisee to buy items from a vendor who pays these allowances, we may do one of the following: (i) place all or some of the allowances in the Fund or (ii) spend them directly on related advertising. This does not apply to fees we receive from purchases that are not required to be made by Franchisee from a specified source. We are not obligated to spend more on advertising and marketing than the amount of the Fund. Any unspent balance in the Fund at the end of the year may be carried over to later years and used for the purposes described in this Agreement. Neither we nor any of our shareholders, members, managers or directors has any fiduciary duty to the Franchisee regarding any System Advertising Fund.

Franchisee's failure to pay required System Advertising Fees is a material breach of this Agreement, subjecting Franchisee to all remedies at law and as set forth in this Agreement. We may remove Franchisee from advertising or marketing materials without notice if Franchisee fails to timely remit its System Advertising Fee.

C. Electronic Funds Transfer

We will remit to Franchisee the difference in Revenue after Franchisee's invoices have been collected and the Royalty and System Advertising Fees have been deducted via electronic transfer and require Franchisee to remit other fees or amounts due to us hereunder also via electronic funds transfer or other similar means utilizing our approved computer system or otherwise. Franchisee agrees to comply with procedures specified by us and deliver and execute such documents including the attached Schedule 1 "Authorization Agreement for Prearranged Payments" for direct credits and debits from Franchisee's business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure Franchisee shall authorize us to initiate credit and/or debit entries to a designated checking or savings account for payments of Royalty and System Adverting Fees and other fees or amounts payable to us and any interest and related processing fees charged due thereon.

D. Electronic Mail Fee

Franchisee will be required to access, use and operate electronic mail (email addresses) for the operation of its Business. Franchisee will be responsible for the costs of electronic mail accounts (email addresses) and ongoing fees provided by a third-party vendor. The current fee for electronic mail ongoing usage is currently ten to twenty dollars ($10-$20) per month for each email address. On the twenty-fifth (25^{th}) day of each calendar month, we will retain from Franchisee's Revenues (after Franchisee's invoices have been collected) whatever amount Franchisee owes us for the amount equal to the number of electronic mail addresses Franchisee has for its Business.

The use of all electronic mail may require Franchisee to sign a third-party license agreement. It is Franchisee's responsibility to install, maintain and upgrade any hardware and software necessary to access and operate electronic mail (email) at its own expense. We, at our sole discretion, may change such electronic mail requirements (including approved vendors) at any time and will provide Franchisee with ninety (90) days' written notice to implement such changes. Franchisee acknowledges that Franchisee must comply with such changes in electronic mail requirements at its own expense. If Franchisee fails to comply with our electronic mail requirements within the timeframe stated above, such failure may be deemed a material breach of this Agreement subjecting Franchisee to all remedies at law, and equity, as well as set forth in this Agreement.

E. Software Fees and Ongoing Support

Franchisee is required to use specific third-party talent management software for the operation of the Business. This software is specific to the staffing industry and is a comprehensive talent management platform that accepts all applicants, tracks all applicants, performs timekeeping, incorporates payroll and

reporting functionality and integrates with other third-party software. The fee for the ongoing usage and support of the talent management software is currently one hundred and twenty-five to one hundred and fifty dollars ($125-$150) per user per month. On the twenty-fifth (25th) day of each calendar month, we will retain from Franchisee's Revenues after Franchisee's invoices have been collected whatever amount Franchisee owes us for the software fee and number of users.

It is Franchisee's responsibility to install, maintain and upgrade any hardware and networking functionality necessary to operate the software at its own expense. The use of the talent management software, as described above, may require Franchisee to sign a third-party license agreement. Franchisee and us will have control over the use of this software which is necessary for us to provide payroll functions for the temporary employees of Franchisee's Business. Franchisee acknowledges that software fees may be changed in response to any increase in the United States Consumer Price Index; if we or our vendors make more functionality and/or features available; or if we or our vendors believe that conditions in the overall economy or in the market for such software functionality warrant any change in fees. We, at our sole discretion, may change such software requirements (including fees, programs, codes and/or vendors) at any time and will provide Franchisee with ninety (90) days' written notice to implement such changes. Franchisee acknowledges that Franchisee must comply with such changes in software requirements at its own expense. If Franchisee fails to use such operating software and/or fails to comply with our software fee requirements as stated above, such failure will be deemed a material breach of this Agreement as described in Section XXIII.C of this Agreement.

F. Payroll Processing, Billings and Collections Fee

We and/or our affiliates will perform all payroll processing for the temporary employees of Franchisee's Business and perform all billing and collections functions for Franchisee's Business. In exchange for such services, Franchisee agrees to pay us two percent (2%) of its Revenues per month. On the twenty-fifth (25th) day of each month, we will retain from Franchisee's Revenues (after your invoices have been collected) whatever amount Franchisee owes us for the payroll, billing and collection services. We may change the payroll processing, billing and collection requirements and fees upon ninety (90) days' written notice and Franchisee will be required to adhere to the new requirements and fees at its own expense. Payroll, billing and collection fees may be changed in response to any increase in the United States Consumer Price Index, if we choose to offer additional features or if we believe that conditions in the overall economy or in the market for services warrant any change in fees. The payroll, billing and collection fee is collected only by us. If Franchisee fails to use or fails to comply with our payroll, billing and collection services and/or related fee requirements, such failure will be deemed a material breach of this Agreement as described in Section XXIII.C of this Agreement.

G. Workers Compensation Insurance Fee

Franchisee is required to use our national workers compensation insurance program which enables Franchisee to take advantage of our favorable workers compensation insurance rates for its temporary employees. We will pass on the workers compensation insurance premiums and other expenses for Franchisee's Business and such costs will be deducted from Franchisee's Revenues (after Franchisee's invoices have been collected) on the twenty-fifth (25th) day of each month. We may change workers compensation insurance requirements upon ninety (90) days' written notice and Franchisee will be required to adhere to the new requirements at its own expense. However, we cannot control any increase in fees. Workers compensation insurance fees may be changed in response to any increase in the United States Consumer Price Index, if Franchisee has any claims related to its Business, if the insurance carriers believe that conditions specific to Franchisee's Business or in the overall economy or in the market for such insurance warrant a change in fees. The workers compensation insurance fee is collected only by us. If Franchisee fails to use or fails to comply with our national workers compensation insurance program and/or related fee requirements, such failure will be deemed a material breach of this Agreement as described in Section XXIII.C of this Agreement.

XI. FINANCING ARRANGEMENTS

Franchisee hereby acknowledges that financing is the responsibility of the Franchisee. We do not finance or guarantee the obligations of the Franchisee for a Balance Staffing™ Business. The Initial Franchise Fee is due and payable upon execution of this Agreement and as set forth in Section IX.A of this Agreement.

XII. GENERAL OBLIGATIONS OF FRANCHISEE

A. Follow Operations Manual and Directives of Franchisor

Franchisee agrees that use of our System and adherence to our Operations Manual (the "Operations Manual" or "Manual"), in compliance with our standardized design, specifications for performing Services, selling products (if we authorize Franchisee to sell products in the future) and uniformity of the Business are essential to the image and goodwill thereof. The Manual contains mandatory and suggested specifications for the Business, standards and operating procedures and further define Franchisee's obligations under this Agreement. We may change or add to the Manual to reflect changes in our image, specifications and procedures and methods of operation and will lend Franchisee copies of any changes or additions. Franchisee shall cooperate and assist us with any consumer or marketing research program that we may institute from time to time. Franchisee's cooperation and assistance shall include, but not be limited to, test marketing new Services, equipment or products, purchasing a reasonable quantity of products or equipment to be tested, providing communication with us regarding such testing programs, the distribution, display and collection of surveys, comment cards, questionnaires, evaluations and similar items.

B. Operate Franchised Business Only

Franchisee shall use the System and the Names and Marks provided to Franchisee by us for the operation of the Business and shall not use them in connection with any other line of business or any other activity. Neither Franchisee, nor any of its internal employees or independent contractors (if Franchisee chooses to use independent contractors), may conduct any other business other than that authorized pursuant to this Agreement, without our prior written approval. Neither Franchisee, nor any of its internal employee or independent contractors, may conduct any activity in the Business or in connection therewith which is illegal or which could result in damage to our Names and/or Marks or our reputation and goodwill. Franchisee will not allow the Franchised Business to be used for any immoral, unethical, unauthorized or illegal purpose.

Franchisee must conduct all business through Balance Staffing™ Business unless otherwise approved by us in writing. Franchisee must disclose to us any pre-existing businesses and if Franchisee is converting their existing business into a Balance Staffing™ Business. Franchisee agrees to sign and deliver to us, along with a signed copy of this Agreement, the attached Schedule 2 "Pre-Existing Businesses" attached to this Agreement.

C. Comply with Laws

Franchisee shall comply with all federal, state and local laws, ordinances, zoning laws, transportation laws, health and safety ordinances, laws and regulations that may be required for full and proper operation of the Business franchised under this Agreement in Franchisee's state of operation. It is Franchisee's responsibility to know all such laws and requirements in its state. Franchisee must secure and maintain in force all required licenses, permits, bonds and certificates relating to the operation of a Balance Staffing™ Business and must at all times operate the Business in full compliance with all applicable laws, ordinances and regulations (including without limitation, regulations relating to fictitious name registrations, sales tax permits, fire clearances, safety, truth in advertising, occupational hazards, health, laws relating to non-discrimination in hiring and accessibility, workers' compensation, harassment and

unemployment insurance. Copies of all subsequent inspection reports, with the conduct of a Balance Staffing™ Business which indicates the Franchisee's failure to meet or maintain governmental standards, or less than substantial compliance by the Franchisee with any applicable law, rule or regulation, shall be forwarded to us within five (5) days of the Franchisee's receipt thereof. Franchisee agrees to defend, hold harmless and indemnify us under Section XVIII of this Agreement for any claim that arises out of Franchisee's operation of its Business which includes any claims arising out of Franchisee's failure to comply with laws as described above.

In addition, Franchisee must also comply with all consumer protection laws and regulations, including compliance with federal and/or state solicitation, telemarketing (for example, the "do not call" registry), email solicitation, privacy and consumer credit and collection laws are generally applicable to all businesses that sell directly to the end-user. Such laws include but are not limited to: wage and hour laws, labor laws, Workers' Compensation and unemployment laws, laws relating to non-discrimination in hiring and accessibility, zoning laws, transportation laws, fire codes and building construction, health and safety ordinances, Equal Employment Opportunity Commission ("EEOC"), Federal Trade Commission ("FTC"), laws and regulations relating to occupational hazards and health ("OSHA") and other laws and/or regulations that may be required for full and proper operation of the Business franchised under this Agreement in Franchisee's state of operation. There are also many state and local laws and regulations detailing how to define independent contractors for different purposes, such as tax, effect of applicable employment laws, unemployment compensation and workers' compensation that Franchisee is responsible for knowing.

It is Franchisee's sole responsibility and absolute obligation to research all applicable federal, state and local laws and regulations governing the operation of a Balance Staffing™ Business. Our standards may exceed any and all of the requirements of any laws and regulations. We make no representations or assurances as to what licenses, permits, bonds, certifications, authorizations or otherwise will be required for Franchisee in the Franchisee's state or Territory in connection with a Balance Staffing™ business. We may provide assistance and guidance to Franchisee when obtaining permits, certifications, bonds and authorizations; however, it is Franchisee's sole responsibility to identify and obtain all permits, certifications, bonds and authorizations necessary for operation. Franchisee agrees to maintain high standards of honesty, integrity, fair dealing and ethical conduct in all business activities.

Franchisee shall agree to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224 and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the Franchised Business as may be required by law. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that Franchisee's indemnification responsibilities as provided in Section XVIII pertain to Franchisee's obligations hereunder. Franchisee agrees to sign and deliver to us, along with a signed copy of this Agreement, the attached Schedule 3 "Executive Order 13224 and Related Certifications."

A Balance Staffing™ business is designed, constructed and is to be operated in compliance with all local, state and federal laws, including (without limitation) the American with Disabilities Act ("ADA"). Even though we may have designed the space, Franchisee is responsible for compliance with all applicable federal, State and local laws and regulations concerning access by customers with disabilities. Any required modifications to the Business must first be approved by us and are Franchisee's sole responsibility and expense. Franchisee agrees to execute and deliver to us an ADA Certification in the form attached to this Agreement as Schedule 4 before Franchisee opens the Business and to confirm and certify that the Business and any proposed renovations comply with the ADA requirements.

D. Maintain Confidentiality of Proprietary Information

Neither Franchisee nor any of its owners, members, managers, partners, shareholders, officers, directors, agents, or employees, except as required in the performance of the duties contemplated by this Agreement, may disclose or use at any time, whether during the terms of this Agreement or thereafter, any confidential and proprietary information disclosed to or known by Franchisee or any such person as a result of this Agreement. Such information, includes, but shall not be limited to, confidential matters, trade secrets, such as our: Services, methods, processes, strategies and techniques for recruiting, interviewing and hiring temporary employees; insurance requirements and procedures, vendor and supplier relationships, rate and fee strategies, efficient administrative and operational procedures, ongoing training programs, procedures for safety and quality control; recommended build out and design specifications with furnishings, décor, color scheme and signage; guidelines for hiring internal employees, independent contractors (if Franchisee chooses to use independent contractors for its Business) and temporary employees; website, intranet system, third-party software, Operations Manual, photographs, video presentations, forms, contracts, record keeping and reporting methods; proprietary sales presentations, account acquisition and retention programs; advertising, marketing and promotional materials in addition to any products (if we develop or choose to sell products in the future), proprietary information conceived, originated, discovered or developed by Franchisee or by any employee of Franchisee which is not generally known in the trade or industry about our Services including any information relating to discoveries, ideas, purchasing, accounting, website development and design, marketing or the offering and selling of our Services and products, if we choose to sell products in the future, (collectively referred to as "Confidential Information" and further defined in Section XVI.A of this Agreement).

Franchisee further acknowledges that the Confidential Information was unknown to Franchisee prior to negotiation for and execution of this Agreement and that the unique and novel combination of "know how" and methods developed by us and licensed to Franchisee for the operation of a Balance Staffing™ Business are particular to the staffing industry conducted by a Balance Staffing™ Business. Franchisee agrees to take all steps necessary, at Franchisees expense, to protect against the disclosure and dissemination of the Confidential Information to any other person both during the term of this Agreement and subsequent to the termination or expiration of this Agreement without our prior written consent.

Franchisee further agrees that it will not contest in any litigation, arbitration, mediation or in any other matter that our ownership rights to any or all of the above Confidential Information.

E. Maintain and Renovate the Business

Franchisee shall at all times maintain the Business in a clean, orderly condition and in first class repair in accordance with all maintenance and operating standards set forth in the Manual. Franchisee shall make, at Franchisee's expense, all additions, repairs, replacements, improvements and alterations that may be determined by us to be necessary so that the facilities which are viewed by the public will conform to the uniform corporate image, as may be prescribed by us from time to time. Franchisee shall undertake and complete such additions, repairs, replacements, improvements and alterations within the time and under the terms and conditions, which may be reasonably specified by us.

If at any time, in our sole and absolute discretion, the general state of repair, appearance or cleanliness of the Business or its fixtures, furnishings or signage does not meet our current standards, Franchisee expressly agrees that we have the right to notify Franchisee, specifying the action Franchisee must take to correct the deficiency. If Franchisee does not initiate action to correct such deficiencies within ten (10) days after Franchisee receives notice from us, and then does not continue in good faith and with due diligence, a bona fide program to complete any required maintenance and refurbishing, we have the right, in addition to all other remedies, to enter the premises of the Business and do any required maintenance or refurbishing on Franchisee's behalf, and Franchisee agrees to reimburse us on demand for any expenses we incur.

Franchisee shall maintain and refurbish the Business at its expense, to conform to our design, trade dress, color schemes, and presentation of Marks consistent with our designated image, including, without limitation, remodeling, redecoration and modifications to existing improvements.

F. Maintain Competent Staff

We will create and make available to Franchisee and its managing partners, members or shareholder training programs and other selected training materials as we deem appropriate. Franchisee must staff a position to have day-to-day supervision for the operation and management of the Business (referred to as "Operations Manager"). Franchisee's Business must be personally managed on a full-time basis by an Operations Manager who has successfully completed our mandatory training and meets our then-current standards. The Operations Manager may, but need not, be Franchisee or one of the Owners of the Business; however, this does not relieve Franchisee of its responsibility. Franchisee's Operations Manager must be readily and continuously available to us. Franchisee will keep us advised, in writing, of all management personnel involved in the Business. Upon termination of Franchisee's Operations Manager, Franchisee must hire another Operations Manager within sixty (60) days. Franchisee must replace and train a replacement Operations Manager (who we may disapprove in its sole and absolute discretion) in accordance with our training program at its expense. Replacement Operations Managers may attend our training program for a fee and subject to space availability. Currently the fee is two hundred and fifty dollars ($250) per person per day as described in Section XX.A of this Agreement. Franchisee is responsible for all our travel expenses (travel, room, board and food expenses) if we train its Operations Manager at Franchisee's location; and Franchisee is responsible for all travel expenses for its Operations Manager if training is at our corporate headquarters. We have the right to require that Franchisee's Operations Manager be at the Business for any inspection we, our affiliates or third parties conduct.

Franchisee acknowledges that it is Franchisee's sole and absolute responsibility to hire and train its internal employees such as: all recruiters and administrative staff, etc. ("Internal Employees") to promote and/or perform Services and sell products (if we authorize Franchisee to sell products in the future) according to our standards as outlined in the Operations Manual and Section XX.E of this Agreement. Franchisee is also required to hire a minimum of one full time recruiter within thirty (30) days once the Business is open for operation and must keep one full time recruiter on staff for the entire term of this Agreement. The recruiter may, but need not, be the Franchisee or one of the Owners of the Business. Franchisee will keep us advised, in writing, of any changes to its full-time recruiter involved in the Business. Upon termination of Franchisee's full-time recruiter, Franchisee must hire another full-time recruiter within thirty (30) days. Franchisee must replace and train a replacement full time recruiter at its expense. Failure of Franchisee to have one dedicated recruiter that is either the Franchisee or one of its Owners or to hire and maintain a minimum of one full time recruiter as described above may result in termination as described in Section XXIII.C.

As Franchisee hires Internal Employees and independent contractors (if Franchisee chooses to hire independent contractors for internal use), Franchisee can negotiate any rate for such services that is consistent with applicable federal and state laws and regulations. Franchisee is solely responsible for all its Internal Employees, use of internal independent contractors, employment decisions and functions including hiring, firing, establishing wage and hour requirements, disciplining, supervising and record keeping. Franchisee acknowledges that at no time will Franchisee or any of its Internal Employees or independent contractors (for internal use) be deemed to be employed by us. Franchisee will be required to hire temporary employees for its Business according to our standards. Franchisee will be responsible for all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline and day-to-day supervision of its temporary employees; however all payroll, record keeping, withholding income tax, Social Security contributions, Medicare contributions, unemployment fund contributions for Franchisee's temporary employees will be provided by us. Therefore, Franchisee's temporary employees will be considered employees of both the Franchisee and us.

Franchisee must not use unethical tactics to recruit Internal Employees, independent contractors (for internal use) and its temporary employees. Franchisee shall properly hire Internal Employees (subject to applicable employee protection laws), independent contractors (if Franchisee chooses to use independent contractors for internal use) and temporary employees which include carefully screening its Internal Employees, independent contractors and all temporary employees by the use of background checks, before employing them, to ascertain fitness for employment. Specifically, Franchisee must use its best efforts, including taking every action required by applicable laws related to background checks of persons working in or representing the Business, to ensure that no person is employed who has a record of child molestation or abuse, immoral conduct, drug, alcohol or substance abuse; criminal behavior or any other pattern of conduct which might jeopardize the welfare of the clients or reflect adversely on our reputation or the System. Franchisee will indemnify us (as described in Section XVIII) for all claims arising out of or relating to Franchisee's Internal Employees, use of independent contractors and acts of Franchisee's Internal Employees, independent contractors and temporary employees.

Franchisee will not require its Internal Employees, independent contractors (if Franchisee chooses to hire independent contractors) or its temporary employees to wear uniform dress bearing our Names and Marks while working at job sites for the Business and while servicing clients and accounts. Franchisee acknowledges that we currently do not have such standard however we may, in our sole discretion, implement some type of uniform dress or name badge standard in the future and if we do, we will give Franchisee ninety (90) days written notice to comply with such new standard. Franchisee understands that if we implement such a uniform dress or name badge standard in the future, Franchisee will be required to comply with such standard at its own expense.

G. Open Business within Time Limit

Time is of the essence. Franchisee must secure a lease within ninety (90) days of executing this Agreement and open a location for its Franchise within one hundred and eighty (180) days after execution of this Agreement which includes having obtained our approval prior to opening, subject to Section IX.B of this Agreement. Prior to opening, Franchisee shall complete, to our satisfaction, all preparations of the Business, in accordance with specifications set forth in the Operations Manual and other written materials, and as required by local governmental agencies, including: the acquisition of all equipment, products, supplies, furnishings and fixtures (if operating out of a location), technology items (such as: such as computers, laptops, printers, modems, etc.), software, complete the self-study program we provide to Franchisee completion of the franchisee training program and provision to us of all required local information, artwork and photos for the completion of the Franchisee's web page.

H. Operate Business in Strict Conformity to Requirements

Franchisee shall offer and perform Services and operate the Business in strict conformity with such standards, techniques, and procedures as we may from time to time prescribe in the Operations Manual, or otherwise in writing, and shall not deviate without our prior written consent. In addition, Franchisee agrees to purchase all technology items (such as: computers, laptops, flat screen televisions, alarm system, printers, modems, etc.) and agrees to operate, service, repair, maintain and clean all such items according to our standards as outlined in the Operations Manual. Franchisee must keep all technology items in clean and good working order at all times and may be required to purchase only approved parts to repair its technology items from our approved vendors and suppliers. All maintenance to the technology items that cannot be completed by Franchisee must be performed by our approved vendors. Unless otherwise agreed by us in writing, in no event shall Franchisee use any computers or laptops that are more than ten (10) years old. Franchisee agrees to replace all technology items at Franchisee's expense as such items (i) become obsolete or inoperable; or (ii) if, in our sole discretion, replacement is necessary because of new functionality, change in software, change in methods of service or because of health or safety considerations. Franchisee has ninety (90) days after Franchisee receives written notice from us to either remove or replace such technology items. Failure of Franchisee to remove, replace and/or maintain its

technology items as described above may result in termination as described in Section XXIII.C of this Agreement.

Franchisee is required to offer and perform only approved Services and sell approved products (if we authorize Franchisee to sell products in the future) in the manner and style we specify, which may, from time to time, be amended or modified in writing, designated and approved by us. All Services must be performed within the Franchisee's Territory, however if we authorize Franchisee to sell products in the future, Franchisee can sell products to anyone who comes from anywhere so long as such sales do not result in Target Marketing as described in Section VI of this Agreement. Prior to opening the Business for operation, Franchisee must adequately supply its Business with an assortment of equipment, products and supplies; and use all such equipment, products and supplies in accordance with our specifications (as described in Section XII.I). Franchisee will be required to offer all Services, participate in all programs (such as our national workers compensation insurance program ("National Workers Compensation Program") and abide by the policies for such programs as developed by us. The term "National Workers Compensation Program" is a program developed by us and managed by us that enables franchisees to take advantage of our favorable workers compensation rates for temporary employees. Franchisee is required to allow us to manage such program and adhere to the requirements of this program at its own expense, as described in Section X.G of this Agreement.

We will provide Franchisee with a written list of all Services and programs Franchisee is required to offer in its Business during the initial training program. Nothing in this Agreement shall be construed to be a promise or guarantee by us as to the continued existence of a particular Service, program or product (if we authorize Franchisee to sell products in the future); nor shall any provision herein imply or establish an obligation on the part of us to reinstate any Service, program or product (if we authorize Franchisee to sell products in the future) discontinued by us or for any liability to Franchisee for any loss revenue incurred by Franchisee as a result of our decision to discontinue a particular Service, program or product (if we authorize Franchisee to sell products in the future). Franchisee agrees that we have the right, in our sole discretion, to change, modify, add or discontinue any approved Service, program or product (if we if applicable) Franchisee is authorized to offer, perform or sell and specifications for such at any time, in our sole discretion. Franchisee promises to promptly accept and implement, in the operation of the Business, all such additions, modifications and changes at Franchisee's expense within ninety (90) days of receiving such notice. Additional services, programs or products Franchisee desires to sell, offer or use, in its Business must be authorized in writing by us (as described below and in Section XII.I). Failure of Franchisee to adhere to our approved Services, programs and products (if we authorize Franchisee to sell products in the future) that Franchisee is authorized to use, offer, perform and/or sell according to our standards and specifications and/or to adhere to any additions, modifications or changes to such standards and specifications after receiving written notice from us (as described above) will be considered to be in breach of this Agreement and we, in our sole discretion, may terminate this Agreement as described in Section XXIII.C.

Franchisee cannot implement, offer, perform or sell any other service or product unless approved by us in writing. We will respond to Franchisee's request to implement, offer, perform or sell a new service, or product (if we authorize Franchisee to sell products in the future) by email or any other form of written communication within thirty (30) days from the date the request is received. Such approval or disapproval shall be made by e-mail or any other form of written communication. We shall have the right to require, as a condition of our approval and review, that Franchisee submit to us all materials and supporting documentation describing the service or product Franchisee wishes to implement, offer, perform and/or sell in its Business. The cost of such investigation for approval shall be paid by the Franchisee (if applicable) and we shall not be liable for denying Franchisee's request. Failure of Franchisees to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C.

Franchisee will be required to accept credit and debit cards and may choose to use other payment systems and check verification services as specified by us, which we may change from time to time.

Franchisee shall also offer for sale, and will honor for clients, any incentive, coupon, rewards or loyalty programs, which we may institute from time to time, and Franchisee shall do so in compliance with our standards and procedures for such programs to the extent permitted by the laws of Franchisee's state. These programs may include, without limitation, membership programs, maintenance programs, repetitive use for service and/or product programs, co-op programs and other local and national activities. Franchisee's full and complete participation in such programs are required. Except as otherwise provided herein, compliance and participation shall be at Franchisee's expense.

Franchisee agrees to fully comply with all mandatory specifications, standards, operating procedures and rules in effect which may change from time to time relating to offering and performing Services, participating in programs (such as our Workers Compensation Insurance Program), selling products (if we authorize Franchisee to sell products in the future), using specific third-party software, adhering to our payroll, billing and collection services in addition to maintaining the appearance of the Business and all its equipment, technology items, furniture, fixtures, décor and signage. Franchisee is prohibited from offering Services and selling products (if we authorize Franchisee to sell products in the future) through alternative channels of distribution (such as on Websites); however, if given permission to do so, as described in Section VI, Franchisee must adhere to our Website standards as outlined in the Operations Manual. If Franchisee is given permission, which we are not obligated to grant, all Services must be perform within its Territory and all products (if we authorize Franchisee to sell products in the future) sold over the Internet must be sold and shipped directly from the Accepted Location or at off-site events within its Territory (as described in Section VI). Other than having a presence on Yelp, Facebook and Instagram, Franchisee is not permitted to sell or offer Services or products (if we authorize Franchisee to sell products in the future) in any other media or alternative channels of distribution, whether known or hereinafter invented. If Franchisee attempts to offer or sell Services and/or products through any alternative channel of distribution (as described above) without our prior written permission such action will be considered a breach of this Agreement and may result in termination of this Agreement as described in Section XXIII.C.

Franchisee is encouraged to accept the referral of any client and/or account from another franchisee, company-owned business, our Licensee or us who desires Services or products (if we authorize Franchisee to sell products in the future) from Franchisee (so long as all Services are performed within Franchisee's Territory unless otherwise given permission to do otherwise and all products are sold from the Accepted Location or at off-site events within its Territory and Franchisee does not perform any Target Marketing, as described in Section VI of this Agreement). If Franchisee chooses not to accept the referral, then we may provide Services and/or products (if applicable) directly or through another franchisee or third-party without compensation to Franchisee. We encourage all Balance Staffing™ businesses, when owned by different individuals, to work out a referral arrangement. Franchisee can perform Services to anyone outside of Franchisee's Territory if there is not a franchise or company-owned business in that area and only upon our written approval, as described in Section VI of this Agreement, provided once that area is sold or we have begun to operate in that area, Franchisee must no longer perform Services in that area. We shall use commercially reasonable efforts to deal with any Balance Staffing™ business that violates this policy.

Franchisee must respond promptly to all inquiries and complaints in order to achieve client satisfaction. If Franchisee does not provide clients and/or accounts with satisfactory service and or fails to resolve complaints at the time complaint is registered or if Franchisee violates operating standards or this Agreement, we may, in addition to our other remedies, complete the services and bill the Franchisee or client for such services. Franchisee shall reimburse us for any expense incurred. In addition, there may be other System oriented programs designed to promote to the public the quality of service provided by a Balance Staffing™ business that we may wish to implement on a system-wide basis and advertise and market. Franchisee shall be required to participate in the then-current specials or promotions as may be developed by and as may be modified periodically by us, in our sole discretion.

We may institute various programs designed to verify client satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including (but not limited to) a toll-free number, online surveys, comment cards, secret shoppers or otherwise. We will share results of such programs with Franchisee as they pertain to Franchisee's Territory and Franchisee will reimburse us for all costs associated with any and all such programs in the event that Franchisee is not in compliance with this Agreement and the System.

Franchisee recognizes that one of our primary methods of communication with franchisees is through email, mobile texting, announcements and/or memos we may periodically publish and distribute through an intranet system provided to franchisees on our website. Franchisee is responsible for knowing all of the information contained in the emails, mobile texts, announcements, memos and the intranet system and complying with any standards and specifications provided within them. We may establish and change the standards and specifications for the operation of your Business through our announcements, memos and intranet system. If we establish an intranet system on our website, we will have no obligation for the hosting of the intranet system (for example if hosting company goes down or shuts down the intranet system for maintenance or security reasons) or to maintain the intranet system indefinitely and may dismantle it at any time without notice and without liability to Franchisee and the following will apply:

1. We will establish policies and procedures for use of the intranet system. These policies, procedures and other terms of use may address the issues such as (i) restrictions on the use of abusive, slanderous or otherwise offensive language in electronic communications; (ii) restrictions on communications between or among franchisees that endorse or encourage breach of any agreement with us; (iii) confidentiality of materials that we transmit; (iv) password protocols and other security procedures; (v) grounds for suspending, or revoking Franchisee's access to the intranet system; (vi) restrictions on copyright and other intellectual property infringement matters; and (vii) a privacy policy governing our access to and use of electronic communications that franchisees submit on the intranet system. Franchisee acknowledges that as administrator of the intranet system, we can access and view any communication that anyone posts on the intranet system. Franchisee further acknowledges that the intranet system and all communications that are posted to it will become our property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

2. Upon receipt of notice from us that the intranet system has become operational, Franchisee agrees to purchase and install all necessary additions to their computers and to establish and continually maintain electronic connection with the intranet system that allows us to send messages to and receive messages from Franchisee. Franchisee's obligation to maintain connectivity with the intranet system will continue until expiration or termination of this Agreement.

3. We may use part of the System Advertising Fund that we collect under this Agreement to develop, maintain and further develop the intranet system.

We may require Franchisee to join and participate in industry specific, local or national associations. Such associations include, but are not limited to Franchisee's local Chamber of Commerce and Better Business Bureau or an administrative services organization. These associations are deemed invaluable and necessary for the continued growth of the Business. Franchisee is responsible for all membership fees and any related costs. We reserve the right to require Franchisee to join and participate in other professional organizations as we deem appropriate in its sole discretion. Franchisee's full and complete participation in such programs and associations are required. Except as otherwise provided herein, compliance and participation shall be at Franchisee's expense.

In the marketing and operation of Franchisee's Business, Franchisee will use each of, and only, the contracts, waivers and/or other forms and/or materials as are designated by us periodically. However, Franchisee may stay subject to the landlord's lease, as long as the lease contains all of the terms and conditions required by this Agreement; the lease is adjusted to accommodate this Agreement (ideally the lease is coterminous with this Agreement but not required); and Franchisee may execute its lender's standard promissory note, personal guaranty and security agreement provided that the terms and conditions of any promissory note, personal guaranty and security agreement do not affect or impair this Agreement, or any of our rights or remedies under this Agreement. If Franchisee has two or more Owners or it is an Entity, then Franchisee must submit a copy of its Operating Agreement, Partnership Agreement, or Shareholders Agreement and bylaws, as applicable for our review prior to execution as specified in Section XII.R of this Agreement.

All advertising and promotions by Franchisee in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements of us as set forth in the Operations Manual. Franchisee shall have the right to offer and sell Services and/or products (if we authorize Franchisee to sell products in the future) at any rates or prices Franchisee may determine, except that we reserve the right to establish minimum and maximum rates and/or prices for any given Service or product (if we choose to sell and allow you to sell products in the future) nationwide to the extent allowed by federal and state laws. To clarify, Franchisee agrees we have the right, in our sole discretion, to establish minimum and maximum rates and/or prices for any Service or product (if applicable) so long as such decisions are made with the honest belief that the measure we are adopting will help everyone in the System meet competition and succeed in the marketplace. Franchisee is prohibited from heavily discounting Services and products offered for sale (if we authorize Franchisee to sell products in the future) and must adhere to our minimum and maximum pricing guidelines, except as otherwise provided by applicable federal or state laws. If Franchisee elects to offer or sell any Service and/or product (if applicable) at any price or rate recommended by us, Franchisee acknowledges that we have made no guarantee, statement, or warranty that offering such Services and/or products at the recommended rate or price will enhance Franchisee's sales or profits. Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions promulgated by us periodically.

I. Use of Approved Equipment, Products, Supplies and Vendors

Franchisee acknowledges that we have spent considerable time in determining what equipment, products, supplies, processes, methods and vendors to use in the operation of a Balance Staffing™ business. Franchisee acknowledges that Franchisee is to use only approved equipment, products, supplies, services, vendors and suppliers that includes but is not limited to: equipment (such as such as: one refrigerator, microwave, etc.), furniture and fixtures, technology items (such as computers, laptops, flat screen televisions, alarm system, printers, modems, etc.), products and supplies (such as: containers, trash receptacles, cleaning and office supplies, etc.), software, promotional merchandise, marketing materials and printed advertising materials, software providers, merchant service providers, payroll, billing and collection service providers, workers' compensation insurance providers, shows and event marketing opportunities, and vendor, co-branding, affinity programs. We may derive income through license fees, promotional fees, advertising allowances, rebates or other monies paid by approved vendors and/or suppliers. We require that Franchisee use us to process the payroll for its temporary employees and perform all billing and collections functions for its Business (as described in Section X.F of this Agreement). We do not know the precise basis of any payments received because we have never previously collected them. When we require Franchisee to use us for any services, we will exercise commercially reasonable efforts to ensure that the quality and price of such services will be comparable to the same type of services from other sources. If we require Franchise to buy any product from us, we will exercise commercially reasonable efforts to ensure that the product's price and quality will be comparable to similar products from other sources. We may take a portion of income earned from license fees, promotional fees, advertising allowances or rebates to spend on advertising or place in a separate franchise advertising account. If we require Franchisee to buy equipment, products, supplies or services from a vendor that pays

such allowances, we may spend all such fees on related advertising or place them in the advertising account Fund as described in Section X.B of this Agreement. If we do not require the purchase, we do not need to place such funds in a separate account or use them on advertising. Franchisee, agrees that we may periodically and upon written notice, add to, modify or change such approved equipment, products, supplies, services, vendors and suppliers. Franchisee agrees to promptly accept and implement, in the operation of the Business, all such additions, modifications and changes at Franchisees expense. In addition, Franchisee acknowledges that:

1. We have spent considerable time designing the decoration and outfitting of a Balance Staffing™ business with furnishings, fixtures, equipment, décor items and signage. This is part of our trade dress. Franchisee must purchase such items from us and/or our affiliates or approved vendors as specified in the Operations Manual and Section XII.T of this Agreement;

2. To ensure the consistent high quality and uniformity of Services provided by Balance Staffing™ franchised businesses, Franchisee must purchase equipment, products, supplies and use services (as described above) from us, our affiliates or those approved vendors (including manufacturers, distributors and other sources) who demonstrate to our continuing satisfaction an ability to meet our standards and specifications. We are not liable to Franchisee for any loss or damage, or deemed to be in breach of this Agreement, if we, our affiliates or approved vendors and/or suppliers cannot deliver, or cause to be delivered, Franchisee's order of the items mentioned above where such items are out-of-stock or discontinued. Franchisee is prohibited from purchasing and using equipment, products, supplies and services from unapproved vendors (including service providers) and/or suppliers who are not on our approved list without our written approval. All vendors and suppliers that Franchisee purchases from must be approved in writing by us and may be disapproved by us anytime thereafter. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Such approval or disapproval shall be made by e-mail or any other form of written communication. If Franchisee purchases or uses any equipment, products, supplies or services from any unapproved vendor (including service provider) or supplier without our permission, as described above, it may result in termination of this Agreement as specified in Section XXIII.C.

3. In approving any vendor or supplier, we may consider factors such as: cost, price, quality, composition, performance, accuracy of product claims, durability, safety, technical specifications, frequency of delivery, design, service maintenance programs, determination of quality control, value, customer service strength, prompt attention to complaints, litigation against the supplier, reputation of supplier, any product recalls instituted by the United States Consumer Product Safety Commission, the supplier's financial strength and capacity to supply franchisee's needs promptly, reliably, and cost effectively. All vendors and suppliers must be approved in writing by us and may be disapproved by us anytime thereafter. If Franchisee desires to purchase unapproved equipment, products, supplies or use the services from unapproved vendors, Franchisee must submit to us a written request for such approval. We will respond to Franchisee request within thirty (30) days from the date the request is received by email or any other form of written communication. We shall have the right to require, as a condition of our approval and review, that our representatives to be permitted to inspect the facilities of the proposed vendor or supplier and that the proposed item is delivered to us or our designee for testing. The cost of such inspection and testing shall be paid by Franchisee, vendor or supplier and we shall not be liable for damage to or for the return of any sample. We may require Franchisee's vendors to sign our pre-approved Confidentiality and Nondisclosure Agreement, guarantee our level of quality. We reserve the right to re-inspect the facilities

and to re-test the equipment, products and supplies of any approved vendor or supplier and to revoke any approval if the vendor fails to continue to meet our high standards.

4. Franchisee will not make any claims against us with respect any vendor and/or related supplier (including our affiliates) for equipment, products, supplies or services (as described above) necessary for the operation of the Business (and/or our designation of, or our relationship with, any vendor or supplier). WE MAKE NO WARRANTIES REGARDING ANY VENDOR EQUIPMENT, PRODUCTS OR SUPPLIES AND HEREBY DISCLAIM THE IMPLIED WARRANTY OF MERCHANTABILITY, THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, THE IMPLIED WARRANTY OF QUALITY OF COMPUTER PROGRAMS, THE IMPLIED WARRANTY OF SYSTEM INTEGRATION, AND THE IMPLIED WARRANTY OF INFORMATION CONTENT. FRANCHISOR MAKES NO WARRANTY THAT ANY VENDOR PROVIDED SOFTWARE WILL BE BUG FREE, VIRUS FREE, OR FREE OF TROJAN HORSES OR WORMS. FRANCHISEE HEREBY AGREES THAT SUCH DISCLAIMER IS AN ESSENTIAL PART OF THE BARGAIN, AND THAT WE WOULD NOT HAVE ENTERED INTO THIS TRANSACTION ABSENT SUCH DISCLAIMER. Any claim with respect to any vendor-related and/or similar matters shall be made only against the vendor in question. Franchisee will provide us with written notice prior to taking any action in connection with such a claim. We will use diligent efforts to assist Franchisees in resolving any disputes with vendors approved and/or designated by us.

5. Franchisee may be required to use and/or offer for sell all branded merchandise or Proprietary Products, if developed by us, which will be listed in the Operations Manual (currently not in effect). The term "Proprietary Products" is defined as all products, supplies, marketing materials and Balance Staffing™ branded products and/or equipment all of which must be purchased by the Franchisee directly either from us, our affiliates or approved vendors, unless the Franchisee has submitted and received written approval from us to use an alternate supplier. Currently we have not developed any Proprietary Products; however, if Proprietary Products are developed, we may become the only approved supplier for such items and failure to use and/or sell such Proprietary Products will result in termination of this Agreement as specified in Section XXIII.C of this Agreement.

6. Franchisee acknowledges that we currently do not require Franchisee to maintain in inventory a Minimum Representation of products or Proprietary Products. "Minimum Representation" shall be defined as the continuous maintenance of an amount of products and/or Proprietary Products meeting requirements as defined in the Operations Manual. If this requirement is implemented, Franchisee shall at all times comply with our Minimum Representation requirements and the terms of any auto-ship requirements (currently we do not have any auto-ship requirements; however, we do require that Franchisee purchase updates for all advertising, promotional and marketing materials and miscellaneous forms when designated as mandatory by us and as specified in the Operations Manual).

7. Franchisee shall not make changes to any products, Proprietary Products or any other type of equipment or any third-party products including making modifications, changing containers, packaging, labeling, promotional materials, advertising, cartons or the like without our or the manufacturer's prior written approval, which may be withheld in our or the manufacturer's sole discretion. Failure to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C.

8. Franchisee may not independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights to distribute any products, Proprietary Products

and/or any other type of equipment inside or outside of Franchisee's Territory without our written consent. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Failure to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C of this Agreement.

9. Franchisee shall not manufacture or produce any piece of equipment, product or supply that is similar to, or competes with any of our Services, Proprietary Products or third-party products, or any piece of equipment used or offered in a Balance Staffing™ business without our advanced written consent of us or manufacturer, which may be granted or denied in ours or the manufacturer's sole discretion. Violation of this shall be grounds for immediate termination as specified in Section XXIII.C of this Agreement.

10. Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at our sole option, we may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers who are willing to supply all or some Balance Staffing™ businesses with some or all of the equipment, products and services that we require for use and/or sale in the development and/or operation of the Business. In this event, we may limit the number of approved vendors with whom Franchisee may deal, designate sources that Franchisee must use for some or all equipment, products and other services, and/or refuse any of Franchisee's requests if we believe that this action is in the best interests of the System. We shall have unlimited discretion to approve or disapprove the vendors or suppliers (including service providers) who may be permitted to sell equipment, products and provide services to franchisees;

11. Franchisee agrees to purchase, use, maintain and update at Franchisee's expense all technology items (as described above) and software meeting our specifications, as we may modify them. Franchisee will be required to purchase software from us, our affiliates or our approved vendors. We reserve the right to have independent access to all information that Franchisee stores in any computer, laptop, tablet or software used for the Business. Franchisee agrees to comply with our then-current Terms of Use and Privacy Policies and any other upgrade requirements regarding all computers or laptops, tablets and software, including Internet usage. Supplier and/or licensor charges for use, maintenance, support and/or updates of such required items are the Franchisee's responsibility.

12. Franchisee may be required to use our proprietary software for the operation of the Business (currently not in effect). If we develop proprietary software and require Franchisee to use such software, we will provide Franchisee with a ninety (90) day written notice to purchase (if applicable) and use such software for the operation of the Business. We will provide all update and upgrade requirements for the proprietary software as necessary. The installation, maintenance, repairs and upgrade costs for the proprietary software will be the responsibility of the Franchisee. Usage of any propriety software ("Software"), if developed, will be subject to the following terms:

    a. Franchisee will use our Software on a computer system that: (i) meets our computer hardware specifications; and (ii) is located at the Business or on a backup system if the original computer is inoperable. Franchisee will be licensed to use our Software only for Franchisee's internal, in-house data processing and data communications purposes and only in connection with the Business and not for re-marketing or redistribution under any circumstances;

b. Franchisee acknowledges and agrees we will be the sole and exclusive owner of all right, title and interest in and to our Software, and its source code, including all trade secrets and copyrights related to the Software, subject only to the rights we expressly license to Franchisee in this Agreement. This license will not provide Franchisee with title or ownership of the Software, but only a limited right of use at the Franchisee's principal place of business, in accordance with the software's documentation. Franchisee agrees that Franchisee will not contest or otherwise seek to share, diminish or invalidate our ownership rights in our Software;

c. Franchisee will not modify the Software in any way without our prior written consent. Franchisee will promptly disclose to us all ideas and suggestions for modifications or enhancements to the Software that Franchisee conceives or develops and we will have the right to use such ideas and suggestions. All modifications or enhancements made to the Software will be our property and belong exclusively to us, without regard to the source or creator of the modification or enhancement; however, we may provide incentive programs for such contributions;

d. We will have the right at all times to access Software and to retrieve, analyze and use all the data in Franchisee's files stored on Franchisee's computers, laptops or tablets or any other type of computer system. Additionally, Franchisee will electronically transfer all files and reports to us on our request. All information that Franchisee stores in any computer, laptop or tablet shall become our confidential and proprietary information, and subject to all of the terms and conditions of this Agreement regarding our confidential information.

e. Franchisee and Franchisee's Internal Employees will not make available the Software, or portions thereof, to any person other than Franchisee's or our employees without prior written consent. Franchisee agrees that Franchisee will not: (i) copy the Software except as necessary for use in the Business; (ii) translate, reverse engineer, reverse compile, modify, alter, disassemble or create derivative works based on the Software; (iii) sublicense, rent, lease, sell or otherwise transfer the Software or any portion thereof, or any rights therein, to any person or entity. Failure to adhere to these guidelines or allowing unauthorized usage of the Software will result in termination of this Agreement as specified in Section XXIII.C of this Agreement;

f. Franchisee acknowledges and agrees that the Software, if developed, will be our valuable, proprietary product, the design and development of which took the investment of considerable time, money and the effort of skilled computer programmers. Franchisee will keep the Software and any data generated by the use of the Software confidential during and after the term of this Agreement and will maintain security precautions to maintain the secrecy of the Software and to prevent unauthorized access or use of the Software. Franchisee agrees that we will treat the Software as confidential and that the Software will contain substantial trade secrets of ours that we have entrusted to Franchisee in confidence to use only as we authorize under this Agreement. We will claim and reserve all rights and benefits afforded under copyright law, patent law, intellectual property law and other laws relating to confidential and proprietary material. Franchisee agrees not to improperly use, disseminate, or disclose the Software, and to ensure that Franchisee's employees who gain access to the Software will protect the Software against improper use, dissemination or disclosure;

g. THE SOFTWARE WOULD BE PROVIDED ON AN "AS-IS" BASIS WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY, SYSTEM INTEGRATION, QUALITY OF COMPUTER PROGRAMS, INFORMATIONAL CONTENT AND FITNESS FOR A PARTICULAR PURPOSE, QUALITY OF COMPUTER PROGRAMS, SYSTEM INTEGRATION, INFORMATIONAL CONTENT AND FITNESS FOR A PARTICULAR PURPOSE. ALL WARRANTIES AGAINST INFRINGEMENT ARE HEREBY DISCLAIMED EXCEPT WE REPRESENT THAT WE HAVE SUFFICIENT AUTHORIZATION TO LICENSE THE SOFTWARE TO FRANCHISEE. WE WILL NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE SOFTWARE MEET FRANCHISEE'S REQUIREMENTS OR THAT THE USE OF THE SOFTWARE WILL BE UNINTERRUPTED, BUG FREE, WORM FREE, TROJAN HORSE OR ERROR FREE. WE MAKE NO WARRANTIES REGARDING ANY OPEN-SOURCE SOFTWARE. In no event will we be liable to Franchisee for damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to the use of or inability to use the Software, even if we have been advised of the possibility of such damages, or for any claim by any other party. The foregoing limitations of liability are intended to apply without regard to whether other provisions of this Agreement have been breached or proven ineffective;

h. Franchisee acknowledges and agrees that Franchisee's license to the Software will terminate immediately should Franchisee fail to adhere to any of Franchisee's obligations under this license or if this Agreement expires or is terminated for any reason;

i. Franchisee acknowledges and agrees that any violation by Franchisee of the provisions of the Software license would cause us irreparable harm for which we would have not adequate remedy at law; and that, in addition to other remedies available to us, we will be entitled to seek injunctive relief against any such violation;

j. In the event Franchisee fails to adhere to any of Franchisee's obligations under this Agreement, or is no longer a franchisee of ours, or this Agreement expires or terminates for any reason, Franchisee will immediately (within five (5) days) terminate the use of the Software and destroy any and all material or information related to the Software or any data generated by use of the Software unless we specifically instruct otherwise; and

k. Franchisee must update all computer systems upon our request to optimize performance of the Software.

13. Franchisee acknowledges that neither we nor our affiliates, will have any liability and/or obligation (and neither you or any managing partners, managing members, members or shareholders will make any claims) about any loss of data, loss of information, inability to use, failures, errors or any other occurrences relating to any computer, laptop or tablet hardware and/or software without an express written warranty from us, even if recommended or specified by us. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting themselves from these problems. Franchisee must also take reasonable steps to verify that information about Franchisee's vendors, suppliers, lenders, landlords, clients and governmental agencies on which Franchisee relies, are

reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems and use of backup systems.

14. We may set standards or specifications for leases and real estate, at our discretion. We have set standards and specifications for the construction, buildout, and layout of the Business; and all furnishings, fixtures, equipment, décor items and signage used, including our subjective determinations relating to quality, value, and appearance.

Nothing in this Agreement shall be construed to be a promise or guarantee by us as to the continued existence of a particular piece of equipment or product or any service provided to Franchisee; nor shall any provision herein imply or establish an obligation on the part of us and our affiliates to sell equipment or products or provide services to Franchisee if Franchisee is in default of any payment to us, our affiliates, or any other designated vendor (including service provider) or approved supplier, or otherwise is in default under this Agreement. If Franchisee fails to pay in advance in full for each shipment of items purchased (if applicable), we or our affiliates shall not be obligated to sell such items to Franchisee.

J. Use Approved Design and Signage

In operating a Balance Staffing™ business Franchisee must adhere to our site design requirements and signage standards and utilize such signage designs (including on any vehicle if Franchisee chooses to use a vehicle to advertise the Business) in accordance with our standards and specifications or required by us. Franchisee may use an approved supplier for signage or submit an alternate supplier to us for our approval. Franchisee shall purchase or lease, subject to local building codes and regulations, such signs that provide maximum displays of our Names and Marks. Franchisee shall be solely responsible for obtaining and equipping the Business with the signage that is approved for use by us from time to time. The color, size, design, and location of said signage shall be as specified and/or approved by us. Franchisee shall not place additional signs, posters, newspaper racks, video games, juke boxes, gaming machines, gum machines, games, rides, vending machines or other similar devices and décor items in the Business without our prior written consent.

K. Participation in the Operation of the Business

Franchisee acknowledges that a Balance Staffing™ business involves hard work and sometimes long hours, similar to most small businesses that are owner operated. Franchisee acknowledges that we have not represented that this business is going to be easy for Franchisee (or any of its Owners) and agrees to participate in the day-to-day operation of the Business. Franchisee may assign the supervision of the Business to an Owner or Operations Manager once approved by us. Franchisee agrees that the Operations Manager will supervise all Internal Employees and independent contractors (if Franchisee chooses to hire independent contractors). The Operations Manager will also be responsible for providing continuing guidance, oversight, day-to-day management, instruction and properly process all reports or complaints.

L. Advertising the Business

Franchisee agrees to create a local advertising and marketing plan by which Franchisee shall place local advertising in any media it desires, provided that such advertising conforms to our standards and requirements as set forth in the Operations Manual or otherwise designated by us. Such advertising may include but is not limited to: any type of media (media advertising is further described below), telephone, mail, email (or any type of electronic network), Internet, domain name, electronic network, directory and listings of the Business per our written approval. All items mentioned are our property and on termination will revert to us. Franchisee agrees to execute any and all documents needed to perfect such reversions. Franchisee shall not advertise the Business in connection with any other business, except with our prior written approval. Franchisee shall obtain our prior approval of all unapproved advertising and promotional

plans and materials (including photographs and video presentations) that Franchisee desires to use thirty (30) days before the start of any such plans. Franchisee shall submit such unapproved plans and materials to us (by personal delivery, through the mail with return receipt if requested or any method we prescribe). Franchisee shall not use such plans or materials until they have been approved by us and shall promptly discontinue use of any advertising or promotional plans and material upon the request of us. Any plans or materials submitted by Franchisee to us, that have not been approved or disapproved in writing, within thirty (30) days of receipt, by us, shall be deemed not approved.

Franchisee will not independently advertise or promote the Business in any media (including on any Websites as defined in Section VI) without our prior written approval. If given permission, Franchisee can use any materials previously approved by us. Franchisee must submit a request to us to use unapproved materials (such as photographs of jobs or video presentations) for any type of media promotion in addition to any edits, changes or updates to Franchisees web page and all such edits, changes or updates must be performed by us, its affiliates or approved vendors. We shall approve or deny Franchisee's request, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee will participate in, at its own expense, and cooperate with all advertising and promotional programs we or any advertising group of franchisees selects, including any franchise marketing council we may implement. Franchisee is not required to follow or maintain any sales price, except that we will set minimum and maximum rates, fees and/or prices and will suggest rates, fees and prices, to the extent allowed by federal or state law.

Franchisee shall at all times use its best efforts to promote and increase recognition of the Services and products (if we authorize Franchisee to sell products in the future) offered by the Business pursuant to the System and Operations Manual, to affect the widest and best possible distribution of Services and products (if applicable) from the Business and to devote its best efforts to growing the Business.

M. Maintain Regular Business Hours

Franchisee's Business must be open for operation at a minimum 8am to 5pm Monday thru Friday, except holidays (as specified in the Operations Manual). The only exception to the above is if Franchisee is given written permission by us to operate at a lesser period; or if the hours of operation for the Business are required by the lease of the premises on which the Business is operated after an attempt to change such provision by negotiation with landlord. It is required that Franchisee maintains a telephone answering system to take messages and monitor an e-mail address for the Business.

N. Maintain Uniform Operating Standards

Franchisee understands and acknowledges that every detail of the operation of the Business is important to the Franchisee, us and other franchisees in order to develop and maintain uniform operating standards, to increase the demand for Services offered by the Business under our System and to protect our reputation, quality standards, and goodwill.

Franchisee acknowledges and agrees that the System must continue to evolve in order to reflect changing market conditions and meet new and changing consumer demands. As a consequence, changes, modifications and variations to the System's standards, Services and products (if we authorize Franchisee to sell products in the future) offered may be required from time to time to preserve and enhance the public image of the System and enhance the operational efficiency of all franchises.

Franchisee therefore agrees that we may periodically and upon written notice, add to, modify or change the System, including without limitation making changes to approved Services, programs (such as our National Workers Compensation Insurance Program) and products (if we authorize Franchisee to sell products in the future) Franchise is authorized to offer; equipment, products, services, methods, operational

strategies and techniques as used in the operation of the Business; the adoption and use of new or modified trademarks, signage, software, hiring and retention programs, sales, advertising, promotion and marketing materials. Franchisee promises to promptly accept, implement, use in the operation of the Business, all such additions, modifications and changes at its expense.

Franchisee agrees to maintain high standards of honesty, integrity, fair dealing and ethical conduct in all business activities. Franchisee will not sell any product or engage in any services, trade practices, abusive excessive, or illegal collection techniques or other activity that we determine to be harmful to the goodwill, quality standards, or to reflect unfavorably on the reputation of Franchisee or us, the Franchised Business, or the Services performed and products sold (if we authorize Franchisee to sell products in the future); or which constitutes deceptive or unfair competition, results in unfounded litigation against Franchisee's clients or otherwise is in violation of any applicable laws. The above limitations are closely related to our business image, purpose and marketing strategy of the System, and therefore any change therefrom would fundamentally change the nature of the business;

We will not require Franchisee to make any changes, modifications and variations to the System that are not required of all franchisees (unless such change, modification or variation relates only to certain franchisees due to one or more unique factors such as geographic location, local laws, regulations or customs); furthermore, we may periodically meet with representative groups of franchisees and solicit their input prior to the implementation of any material change or modification. Franchisee's failure to comply with modifications to the System within ninety (90) days of such written notice is an incurable default as described in Section XXIII.C of this Agreement.

O. Telephone Number of Business and Web Page

Franchisee understands and agrees that the telephone number(s), URL address, web page and if permitted, Website for the Business (in addition to any mobile phone numbers used for the Business) constitute a part of the System and are subject to the restrictions of this Agreement. Accordingly, Franchisee shall not change the telephone number(s), URL address, web page or Website for the Business without prior notice and our written approval. Franchisee shall advertise and publicize the telephone number(s), URL address, web page and Website for the Business in the manner prescribed by us. As stated above, all telephone numbers, URL addresses, web page, Websites, Internet or similar connections, directory and listings for the Business are our property and upon termination will revert to us.

P. Disclose Discoveries and Ideas to Franchisor

Franchisee shall promptly disclose to us all products, equipment, discoveries, methods, techniques, formulas, processes, programs, video presentations, photographs of projects, concepts, operational procedures, inventions or ideas, whether patentable or not, relating to our business, which are conceived or made by Franchisee or any Owner, agent, or employee of Franchisee solely or jointly with others, during the term of this Agreement, whether or not our facilities, materials, or personnel are utilized in the conception or making of such discoveries or ideas. Franchisee hereby acknowledges and agrees that all such products, equipment, discoveries, methods, techniques, formulas, processes, programs, video presentations, photographs of projects, concepts, operational procedures, inventions or ideas are the exclusive property of us, and that we shall have no obligation to compensate the Franchisee for any such discovery or idea. However, as a matter of corporate policy, we may, in our sole discretion, create an incentive program to reward Franchisee, its owners, employees or agents for any such new product, equipment, method, technique, formula, process, program, video presentation, photograph of a project, concept, invention or improvement that we implement throughout the System. Franchisee, its officers, directors, managers, members, partners and shareholders agree to execute all documents deemed reasonably necessary by us to assign all such patent, trade secret, trademark, copyright and intellectual property rights in any Franchisee discovery or idea to us. The term "all copyright and intellectual property rights" shall mean all means, methods, and process, by all media whether now known or hereinafter

invested, including complete and entire interactive rights and rights to derivative works. The purpose of this clause is to ensure that ideas for improvements to the System that may be generated by franchisees within the System will be distributed to the other franchisees as a benefit of belonging to the System. The Franchisee agrees to execute all documents that we deem are reasonably necessary to carry out such transfer of intellectual property rights to us.

Q. Permit Franchisor to Enter the Business

Franchisee shall permit us and our agents or representatives to enter the Business at any time without notice during normal business hours for the purpose of conducting inspections of the Business (which includes photographing and taking video or digital recordings of the operations of the Business and execution of Services for observation purposes) and to remove samples of equipment or products (if applicable), without payment, for our review to determine if such samples meet our then-current standards. We have the right to require that Franchisee's Operations Manager be at the Business for any inspection we, our affiliates or third parties conduct. In addition, we may use secret shoppers to inspect and ensure that unauthorized equipment, products and services (as described in Section XII.I) are not being used, offered or sold. Franchisee shall cooperate fully with our representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from us or our agents, and without limiting our other rights under this Agreement, shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections. In the event Franchisee fails or refuses to promptly correct any deficiency detected during such inspection, we shall have the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. The foregoing shall be in addition to any other remedies we may have pursuant to this Agreement.

R. Additional Requirements for Corporate Franchisee

If Franchisee is or becomes a corporation, limited liability company, general partnership or other organization or entity, the following requirements shall apply:

1. Franchisee shall confine its activities to the establishment and operation of the Business;

2. Franchisee's Certificate, Articles of Incorporation or Articles of Organization, Certificate of Formation, Shareholders Agreement, Operating Agreement, Partnership Agreement Business Trust Agreement, and/or Bylaws (or comparable governing documents) shall at all times provide that its activities are confined exclusively to the operation of the Business and that the issuance, redemption, purchase for cancellation and transfer of voting stock, or other ownership interest therein, is restricted by the terms of this Agreement. Franchisee shall furnish us promptly upon request copies of Franchisee's Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, Business Trust Agreement, Shareholders Agreement, and other governing documents, and any other documents we may reasonably request, and any amendments thereto, from time to time;

3. Franchisee shall maintain a current list of all owners of record and beneficial owners of any class of voting stock or other ownership interest in Franchisee and shall furnish such list to Franchisor upon request;

4. Franchisee shall maintain stop transfer instructions against the transfer on its record of any equity securities (voting or otherwise) or the certificate of any other entity evidencing ownership except in accordance with the provisions of Section XV of this Agreement. All securities or other ownership interests issued by Franchisee shall bear the following legend, which shall be printed legibly and conspicuously on each stock certificate or other evidence of ownership interest:

THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF THIS FRANCHISE AGREEMENT WITH BALANCE STAFFING FRANCHISE, LLC AS OF THE SIGNING DATE. REFERENCE IS MADE TO SAID AGREEMENT AND TO THE RESTRICTIVE PROVISIONS OF THE ARTICLES AND BYLAWS OF THIS CORPORATION (IF THE FRANCHISEE IS A LIMITED LIABILITY COMPANY, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE LIMITED LIABILITY COMPANY'S OPERATING AGREEMENT, IF THE FRANCHISEE IS A PARTNERSHIP, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE PARTNERSHIP AGREEMENT. IF THE FRANCHISEE IS A BUSINESS TRUST, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE TRUST AGREEMENT);

5. Any individual or Entity who owns ten percent (10%) or more ownership in the Franchise Business shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of this Agreement; provided, however, that the requirements of this Section XII.R. shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly-Held Corporation");

6. If Franchisee is or becomes a partnership, corporation or limited liability company, Franchisee shall furnish Franchisor a copy of its partnership agreement or comparable agreement, and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a limited liability company, Franchisee shall furnish us with a copy of its operating agreement and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a corporation, Franchisee shall furnish us a copy of its shareholders agreement, bylaws, and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a business trust, Franchisee shall furnish us a copy of its trust agreement, and any other documents we may reasonably request, and any amendments thereto, from time to time. If such change to a Franchisee is to an entity is proposed (or has occurred), we shall have the right to do any of the following: (i) require the new entity to sign the Franchise Agreement and all Owners sign guarantees; (ii) require the new entity to sign the Franchise Agreement and treat it plus all Owners as franchisees; or (iii) take no action;

7. Each individual or Entity holding a ten percent (10%) or greater ownership or beneficial ownership interest in the Franchisee's Business, directly or indirectly, (including each individual holding a fifty percent (50%) or greater interest in any limited liability company, partnership or corporation which has a ten percent (10%) or greater interest in the Franchisee's Business) shall enter into a continuing guaranty agreement, in the form attached hereto as Schedule 5 as such form may be amended or modified by us, from time to time (if such guaranty agreement is to be executed subsequent to the date hereof in accordance with the terms of this Agreement); and

8. From and after the date of this Agreement, Franchisee and its Owners shall not sell, transfer, assign, pledge, mortgage, hypothecate or encumber all or any direct or indirect

ownership interest in Franchisee without first obtaining our prior written consent, which shall be approved or denied within thirty (30) days of Franchisee's request.

S. Site Selection

Franchisee assumes all costs, liability, expense, and responsibility for locating, obtaining and developing a site for the Business to be established under the Franchise Agreement and for the build out and equipping the business at such premises. A typical Balance Staffing™ business has approximately one thousand five hundred to two thousand five hundred (1,500-2,500) square feet of space. The space for a Balance Staffing™ business must be enclosed and separate from other businesses with its own locking door, unless otherwise approved by us. Franchisee may buy or lease the required real property and improvements from any source and on terms approved by us in writing. Franchisee may not sign a lease (or a contract to purchase the premises, if applicable) for the Business until Franchisee has obtained our written approval. Franchisee must not invest any monies for a site in which Franchisee wishes to open a Business until Franchisee has obtained our written approval for the site which will be made by email or any other form of written communication. On the execution of any lease for the Business, Franchisee will deliver to us a copy of the executed lease and an option to assume the lease executed by the lessor in favor of us in a form acceptable to us. All improvements to the Business must be approved by us.

Franchisee acknowledges that we have spent considerable amount of time choosing and creating the decoration and outfitting of a Balance Staffing™ business. It is part of our trade dress. Franchisee acknowledges and agrees that the design, layout and other characteristics of the Business for Balance Staffing™ business constitute and/or contain Confidential Information and/or our trade secrets. Franchisee agrees that the Business shall be maintained and operated as follows:

1. Franchisee will maintain the Business and every component of the furnishings, fixtures, equipment, technology items and signage in good order and repair at all times as specified in the Operations Manual and may be required to upgrade such items as technology advances or in our sole discretion because of new functionality so as to always use our then-current specifications;

2. Franchisee will keep the Business fully insured as specified in this Agreement and in the Operations Manual;

3. Franchisee will keep the Business at all times in a clean and tidy condition and free of any advertising and promotional material other than that required by law or the Operations Manual, and will exhibit only the signage, colors and logos in the Business and upgrade or review the same as specified in the Operations Manual;

4. Franchisee will not alter or in any way amend the appearance of the Business, or any furnishings, fixtures, equipment, signage and technology items contained within the Business as specified in the Operations Manual;

5. Franchisee will maintain and upgrade the Business and all furnishings, fixtures, equipment, technology items and signage as specified from time-to-time in the Operations Manual so as to always use our then-current specifications; and

6. Franchisee shall meet and maintain the highest level of health standards and ratings applicable to the operation of the Business. Franchisee shall furnish to us, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates and/or ratings resulting from inspections conducted by any federal, state or local governmental authority with jurisdiction over the Business.

Franchisee shall not execute a lease or sublease for the Business or make any modifications or amendments to the lease or sublease, without our prior written consent, which we may grant, condition or withhold in our Business Judgment. Franchisee will deliver to us a copy of any lease or sublease for our review at least ten (10) days before execution. Franchisee must deliver a copy of the signed lease or sublease to us within five (5) business days after it is signed. We do not offer legal services to Franchisee and Franchisee is encouraged to consult with independent legal counsel for a legal review of the lease. Franchisee shall ensure that the lease or sublease for the Business contains, in an addendum or otherwise, the following provisions which:

1) Permit Franchisee to operate a Balance Staffing™ business in accordance with this Agreement and the Manuals;

2) Provide that the site will be used only for the operation of a Balance Staffing™ business, and prohibit Franchisee from assigning or modifying any of Franchisee's lease rights, or extending the term without our prior written consent;

3) Require the lessor to concurrently provide us with a copy of any written notices of default to Franchisee under the lease and give us the right to cure any default if we so choose; within fifteen (15) days following the expiration of the Franchisee's cure period under the lease;

4) Provide us with a right to take assignment and possession of the Balance Staffing™. business, without the landlord's consent or any additional consideration. If we exercise this right and Franchisee is in good standing, we will sign a sublease with Franchisee for the same rent Franchisee is paying. In any case, we will not assume any liability for any obligations incurred prior to our occupancy. Franchisee agrees to take whatever actions are necessary to accomplish such assignment and will, when Franchisee signs this Agreement, also sign the Collateral Assignment of Lease attached as Schedule 7. If Franchisee loses lease rights to the site in connection with any bankruptcy, the landlord will, on our request, enter into a new lease with us on essentially the same terms as the terminated lease;

5) Provide that the landlord consents to the use of the Marks, signage, trade dress and other aspects of the System, as modified from time-to-time, and give us the right to enter the premises during normal business hours for purposes of inspection, to take steps to protect the Marks, signage and trade dress and/or prevent/cure any default; and

6) Not contain any clause providing that if the Franchisee sells the assets of its Business, or the stock/membership units/partnership units of the Business, Franchisee must pay the landlord a certain percentage or a flat amount of the sale. Provided, that nothing in this sentence shall impair the Franchisee from entering into a lease that allows its landlord to impose a reasonable administrative fee for processing the assignment or sublease.

T. Development and Construction of the Business

Franchisee must select and employ licensed contractors for the Business reasonably acceptable by us for the complete build out and/or any leasehold improvements. Franchisee is solely responsible for the selection and work of any contractor selected and/or employed by Franchisee, even if referred by us, and for the preparation of site design, architectural and working drawings necessary to complete construction and/or build out at the Approved Location. Franchisee will be provided with mandatory requirements and

specifications (interior and exterior) for the build out of the Business which includes specifications for Business layout, storage, furnishings, fixtures, equipment, technology items, décor and signage. We may if needed, review Franchisee's final set of drawings and plans prior to implementation. Such drawings, plans and specifications are subject to alteration as may be necessary in our sole discretion and Franchisee must be in full and strict compliance with plans and specifications approved by us. Franchisee is responsible for the cost and installation of all build out specifications. We reserve the right to receive rebates, commissions or other forms of consideration from designated or approved vendors and suppliers involved in the construction of Franchisee's Business or supplying furniture, fixtures, technology items, décor and signage for the Business and to use such rebates, commissions or other consideration in any way we deem appropriate in our sole discretion, without obligation to share or remit any portion of such rebates, commissions or other consideration to Franchisee.

We expect that a Balance Staffing™ Business location would need minimal construction improvements. Costs may vary widely depending on such factors as property location, the condition of the property and the extent of alterations required for the property. Franchisee shall be responsible for obtaining all zoning classifications, health, sanitation, clearances, inspections, permits and certifications which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to Franchisee's location. After having obtained such approvals and clearances, Franchisee shall submit to us, for our approval, final plans for construction based upon the preliminary plans and specifications. Once approved by us, such final plans shall not thereafter be changed or modified without our prior written permission. Any such change made without our prior written permission shall constitute a material default under this Agreement and we may withhold our authorization to open the Business until the unauthorized change is rectified (or reversed) to our reasonable satisfaction.

Franchisee shall comply with all federal, state and local laws, codes and regulations, including without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Business. If Franchisee receives any complaint, claim or other notice alleging a failure to comply with the ADA or other law or regulation related to health or safety, Franchisee agrees that it shall provide us with a copy of such notice immediately or within five (5) days after receipt thereof. Franchisee shall remedy the problem within the required time frame or review with us the matter and comply with our direction regarding the timing and nature of the remedy.

Franchisee shall not open the Business for business until we have determined that all construction has been substantially completed, and that such construction conforms to our standards including, but not limited to: materials, quality of work, furnishings, fixtures, equipment, signage, decor, paint and we have given Franchisee written approval to open, which approval shall not be unreasonably withheld. Our approval to open the Business does not constitute a waiver of our right to require Franchisee to conform the Business to our standards.

U. Training

Prior to Franchisee's opening of the Business for operation, Franchisee, its Owner or Operations Manager shall complete to our satisfaction the twelve (12) day training program required by this Agreement no earlier than sixty (60) days of the date Franchisee anticipates opening the Business for operation. We may, at our discretion, make available additional training programs, certifications, seminars, as well as refresher courses available to the Franchisee and/or Franchisee's designated individual(s) from time to time. We may, at any time, discontinue management training and decline to certify Franchisee and/or Franchisee's designated individual(s) who fail to demonstrate an understanding of the management training acceptable to us. If Franchisee or Franchisee's designated individual's management training is discontinued by us, Franchisee shall have thirty (30) days to present an alternative acceptable candidate for management training to us. If Franchisee's new candidate does not adequately complete the management training, then we shall have the option of terminating this Agreement. We shall provide

instructors, training materials for all required training programs; and Franchisee or its employees shall be responsible for all other expenses incurred by Franchisee, its Owners or Operations Manager in connection with any training programs, including, without limitation, the cost of transportation, lodging, meals, and wages.

V. Ongoing Training and Support.

Franchisee will have access to our personnel for questions, ongoing training and support by phone and e-mail during regular business hours (Pacific Time Zone). We will continue to consult with and advise Franchisee with regards to Services by providing a dedicated telephone line only for our franchisees, free of charge, to answer any questions from Franchisee or its staff (Section XX.A of this Agreement), provide updates to the Manual in addition to vendor, supplier, equipment, marketing and operational updates as they become available; review advertising and supplier approval requests; and administer the System Advertising Fund.

XIII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE

A. Overall Coverage Required

Before Franchisee opens its Business, Franchisee must purchase insurance coverage from a responsible carrier with a performance rating of A or higher as rated in the most recent edition of Best Insurance Reports (or comparable criteria as we may specify). Franchisee must maintain such insurance throughout the duration of the initial term of the Franchise Agreement and any renewal terms. Franchisee will procure and maintain general liability insurance, product with completed operations liability insurance (covers Franchisee for damages that result in injury from work that is performed), professional liability insurance (covers Franchisee for damages that do not result in property or bodily injury) and crime liability insurance (covers franchisee for loss of money, securities another assets resulting from dishonesty, theft or fraud) with minimum policy limits of one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) aggregate or in amounts specified by us. Franchisee must also procure and maintain "All Risks" insurance (coverage for the full cost of replacement of the premises and all other property); employee liability insurance, employment practices liability insurance, business interruption insurance to fully insure loss of earnings for a period of one-hundred and eighty (180) days or longer as we may specify; and automobile liability insurance that includes hired and non-owned coverage with a minimum policy limit of one million dollars ($1,000,000) including uninsured motorist/minimum of one hundred thousand dollars ($100,000) or what is in accordance with Franchisee's state guidelines. Franchisee will also be required to participate in our National Workers Compensation Program to procure and maintain statutory workers' compensation insurance and maintain such insurance at its expense (as described in Sections X.G and XII.H of this Agreement). Each insurance policy that we require under this Agreement must contain a provision that the policy cannot be canceled without thirty (30) days' written notice to us.

For any construction, renovation, refurbishment or remodeling of the site, Franchisee may be required by us to require that the general contractor maintain, with an approved insurer, commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builders' risk and independent contractor's coverage) with limits of no less than one million dollars ($1,000,000) per claim, naming Franchisee, us and our affiliates as additional insureds, as our interests may appear, together with workers' compensation and employer's liability insurance as required by law. It is Franchisee's responsibility to obtain certificates of insurance from the contractor prior to the initiation of any construction.

All insurance policies will name Franchisee as certificate holder and us and our affiliates as an additional named insured with waiver of subrogation by Franchisee for the benefit of us. We may establish minimum standards for coverage to be met by underwriters for insurance and we have the right to audit Franchisee's insurance policies at any reasonable time without notice. Before opening for operation,

Franchisee will obtain any other liability insurance required by law, provide us with certificates of insurance within ten (10) days of issuance, and maintain all required insurance during the term of this Agreement. Franchisee shall also furnish us with certificates and endorsements evidencing insurance coverage within ten (10) days after each of the following events (i) at all policy renewal periods, no less often than annually and (ii) at all instances of any change to, addition to or replacement of any insurance. Lapses, alterations, or cancellations require immediate notice to us and may be deemed a material breach of this Agreement as set forth in Section XXIII.C. If Franchisee fails to obtain the required insurance and to keep the same in full force and effect, we may, but shall not be obligated to, pay the premiums or acquire insurance and bill Franchisee. Franchisee shall reimburse us for the full cost of such insurance, along with a reasonable service charge to compensate us for the time and effort expended to secure such insurance. We may change these insurance requirements on reasonable notice to Franchisee.

Franchisee's insurance will cover all claims for injury, damage and death or otherwise, arising directly or indirectly out of the Franchised Business.

Franchisee shall notify us immediately in writing of the occurrence of any material event that does or could give rise to an insurable claim by Franchisee or the Franchised Business, and no later than the date on which Franchisee notifies its insurance carrier.

We reserve the right to change or modify (including increasing) the required minimum coverage limits. We make no representation or warranty to Franchisee that the amount of insurance to be carried by Franchisee under the terms of this Agreement is adequate to fully protect Franchisee's interest. If Franchisee believes that the amount of any such insurance is insufficient, Franchisee is encouraged to obtain, at its sole cost and expense, such additional insurance as it may deem desirable or adequate. Franchisee agrees to seek the advice of its insurance advisor regarding the appropriate types of coverage and coverage limits Franchisee may need to sufficiently protect its Business. Franchisee acknowledges that we shall not, by the fact of approving, disapproving, waiving, accepting, or obtaining any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of such insurance, the solvency of any insurance companies or the payment or defense of any lawsuit in connection with such insurance coverage, and Franchisee hereby expressly assumes full responsibility therefore and all liability, if any, with respect thereto.

Franchisee's compliance with insurance requirements shall not relieve Franchisee of its liability under the indemnity provisions of this Agreement, Section XVIII. Obligations to maintain insurance coverage will not be affected by reason of any separate insurance maintained by us, nor will the maintenance of such insurance relieve Franchisee of any obligations under this Agreement.

Franchisee shall also acquire tenant's liability insurance (if applicable); any other insurance required by the state or locality in which the Business is located and operated, in such amounts as required by statute; and other insurance coverage, as we or the landlord may reasonably require.

Franchisee shall furnish us with certified copies of each of the insurance policies described above on either the earlier of the opening of the Business for operation or one hundred and eighty (180) days following the date this Agreement is executed.

XIV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO ACCOUNTING AND RECORDS

A. Bookkeeping, Accounting and Records

Franchisee acknowledges that the maintenance of accurate financial records and the preparation of financial statements on a timely basis are essential to the efficient operation of the Business. If Franchisee is not qualified to maintain accurate financial records, in our reasonable determination, the

Franchisee agrees to hire a qualified bookkeeper who will maintain the financial records of the Franchise and who will attend to the Business not less than twice a week for that purpose.

Franchisee shall maintain during the term of this Agreement and shall preserve for a minimum of seven (7) years, full, complete accurate records of sales, payroll, accounts payable and accounts receivable in accordance with the standard accounting system described by us in the Operations Manual or otherwise specified in writing. Franchisee will keep its books and records related to the Business separate from any other business owned by Franchisee or its principals. Any such separate business will be conducted by a separate entity.

Franchisee will provide us all hard copy and digital copies of reports we prescribe on or before the fifth (5th) day of each month or daily if we require. Franchisee will deliver or provide electronic access to business records (we will have independent access to all information that Franchisee stores in any computer, laptop, tablet or software used for the Business), including an itemized report of Franchisee's Revenue for the prior period on a form we prescribe, which will include payment for that period or months' fees due, and may include, to the extent that we require:

1. Franchisee's profit and loss statements, payroll records, certification or records of Revenue (as defined in Section VI), vendor summary reports, department summary reports and report of account receivables and account payables for the month, week, day or period reported; and/or

2. Copies of any estimates, invoices and client and/or account contracts with updated location information in any format we specify;

3. Copies of all invoices for purchases of equipment, products and supplies;

4. Franchisee's most recent sales tax report and/or sales tax return;

5. Copies of all inspections for the Business from governmental agencies;

6. Copies of all merchant account printouts received from the Franchisee's merchant account banking provider (i.e. records of credit and debit card transactions);

7. Copies of all bank deposits, and bank deposit records made by the Franchisee; and

8. A complete list of all clients, their email addresses, physical addresses and telephone numbers, who have canceled or terminated Service, filed a complaint (internally or with third parties such as the Better Business Bureau) or sought refunds during the preceding month, by the fifth (5th) day of each month.

Franchisee acknowledges and agrees that we, at all times during and after termination, expiration or cancellation of this Agreement, have the right to access (electronically or otherwise) all Business Records of the Business. We may use, transfer, copy or analyze such Business Records as we determine in is sole discretion to be in the best interest of the System. For purposes of this Agreement, "Business Records" means all records, documents, insurance policies, databases and the like (whether in print, electronic or other form), including all names, addresses, phone numbers, email addresses, client records, contracts, financing and purchase agreements, vendor and/or supplier records and all other records contained in databases created and maintained by Franchisee pertaining to the operation of a Balance Staffing™ business, including but not limited to its clients and/or accounts, Internal Employees, temporary employees, vendors and other professionals related to the Business.

Franchisee will be required by us to obtain specified computer or laptop hardware and/or software, including, without limitation, a license to use Software if developed by us, or software from any of our vendors in accordance with Section XII.I of this Agreement and the Operations Manual. Franchisee agrees to pay all costs in connection with obtaining, maintaining, upgrading, etc. the hardware and software and other systems (and additions, modifications, maintenance or support). We have the right to charge a reasonable fee for the license, modification, maintenance and/or support of Software (if developed) that we may license to Franchisee and other Services and products that we furnish to you related to the computer and other systems.

Franchisee will adopt a fiscal year as designated by us and prepare all financial reports in accordance with U.S. generally accepted accounting principles, consistently applied. Franchisee must periodically deliver to us accounting, tax and other information or copies of documents, as we request.

B. Franchisor's Right to Audit

We or our agents may enter the Franchisee's location to examine or audit Franchisee's business at any time without notice. We may examine, inspect or audit Franchisee's database and Business Records, which records will include, but will not be limited to: payroll records, ledgers, purchase agreements, sales reports, timecards, check stubs, bank deposits, bank statements, merchant account printouts, receipts, sales tax records and returns, insurance policies and other documents. We will bear the cost of the audit, provided however, if Franchisee fails to report as required or understates Revenue by five percent (5%) or more for any reported time period, then Franchisee will pay the audit costs in addition to amounts owned to us plus interest at eighteen percent (18%) per annum (1.5% per month) for all understated Revenues or the maximum rate allowed by the laws of the state in which Franchisee's business is located as specified in the Operations Manual. Franchisee will immediately pay us all sums owed. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

In addition to the cost of the audit described above, Franchisee shall reimburse us for any and all costs and expenses relating to the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs), and, at our discretion, submit audited financial statements prepared, at Franchisee's expense, by an independent certified public accountant satisfactory to us. If an inspection discloses an understatement in any payment to us of five percent (5%) or more, twice within any two (2) year period, such act or omission shall constitute grounds for immediate termination of this Agreement, as set forth in Section XXIII.C. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

C. Method of Payment

All payments Franchisee makes to us will be by any method we specify, including cash, check, certified check, money order, credit card, automatic pre-authorized payment plan, Internet, or electronic funds transfer (as described in Section X.D of this Agreement). All payments to us and dollar amounts stated in this Agreement are in United States dollars unless otherwise expressed. Notwithstanding any other provision in this Agreement to the contrary, in the event the United States currency is redeemed, renominated or another currency is issued in its place the new currency will be required. If a conversion of royalties or other payments from another currency is made, the conversion shall be made as of the date the payment is due, or the date the payment is actually made, whichever is more beneficial to us. Franchisee is responsible for any fees associated with payment methods other than cash or check.

D. Submission of Financial Statements

Franchisee will provide us with a copy of Franchisee's annual financial statements including a profit and loss statement and a balance sheet and containing complete notes and disclosures. Such

statements will be prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), by an independent accountant, and will be delivered to us within ninety (90) days after Franchisee's fiscal year end.

E. Disclosure of Financial Statements

Franchisee hereby grants us permission to release to Franchisee's lenders or prospective lenders and to our purchasers or prospective resell purchasers, any financial and operational information relating to Franchisee and/or the Business; however, we have no obligation to do so. Should we have acquired Franchisee's business and intend to sale it to a prospective franchisee, we may show such buyer Franchisee's financial statements and related information.

Franchisee also authorizes us to make reasonable inquiries of Franchisee's bank, suppliers and creditors concerning the Business and hereby directs such persons and companies to provide to us such information and copies of documents pertaining to the Business as we may request.

XV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO USES OF NAMES AND MARKS

A. Names and Marks are Owned by Franchisor

We warrant with respect to the proprietary Names and Marks that:

1. Pursuant to a License Agreement between us and Balanced Managed Services, LLC, we have been granted the exclusive right to use the Names and Marks to establish Balance Staffing™ franchises in the United States.

2. We are taking and will take such steps as are reasonably necessary to preserve and protect the ownership and validity of such Names and Marks; and

3. Franchisee acknowledges that there may be third party pre-existing users or applicants/registrants of trademarks, trade names, or business names similar to the Marks. We and Franchisee shall investigate such use, applications, or registrations, if any, and we shall in our sole discretion decide on the appropriate action to be taken. Any unsuccessful challenge made by us shall not constitute a ground for the termination of this Agreement. In the event we determine in our sole judgment that challenging any such third party's use of the Marks will not likely be successful, or would not be economically feasible to achieve, or if Franchisee shall be required to cease using the Marks (or any of them) by court order, or as a result of any settlement of any such trademark claim by a prior registrant or any pre-existing user, or any other such trademark claim, or if we shall deem it necessary or appropriate to change the name of the Franchise in order to mitigate any potential exposure or damages arising under any trademark claim, Franchisee shall promptly change the name of its Franchise, and thereafter utilize an alternative name established by us. We shall have no obligation to reimburse the Franchisee for any costs, causes of action, damages, demands, expenses, fines, liabilities, or penalties, arising out of such a trademark, service mark, logo or trade name change.

4. We will use and permit Franchisee and other franchisees to use the Marks in compliance with the System and standards attendant thereto and contained in the Operating Manual as well as our policy statements, which underlie the goodwill associated with and symbolized by the Marks.

B. Franchisee is Licensed to Use Names and Marks

With respect to Franchisee's franchised use of the Names and Marks pursuant to this Agreement, Franchisee agrees that:

1. Franchisee shall: (i) use only the Names and Marks as are approved in writing by us for Franchisee's use, (ii) use them only in the manner authorized and permitted by us, and (iii) acknowledge that in any use whatsoever of our Names and Marks are as identified as being registered to or owned by Balanced Managed Services, LLC with exclusive rights given to us;

2. Franchisee shall use the Names and Marks only in connection with the operation of the Business and in advertising for the Business conducted at or from the Franchisee's web page and accepted Business location;

3. Franchisee shall use and display, as we may require in the operation of the Business, a notice in the form approved by us indicating that Franchisee is a "Franchise" of Balance Staffing™ and that the Names and Marks are used by Franchisee under such Franchise. Franchisee must indicate to third parties that it is "independently owned and operated" and we own the Marks and Franchisee uses them under a license;

4. Unless otherwise authorized or required by us, Franchisee shall operate and advertise the Business under the Name and Mark "Balance Staffing™";

5. Franchisee's right to use the Names and Marks is limited to such usages as are authorized under this Agreement, and any unauthorized use shall constitute an infringement of our rights and material breach of this Agreement;

6. Franchisee must obtain our approval for any use of any item of printed or digital material of any kind bearing any of the Names and Marks, unless we supplied the item. We shall approve or deny Franchisee's request, which approval is at our sole discretion, within thirty (30) days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee shall use such notices of trademark registrations and copyrights as we specify;

7. Franchisee shall not use the Names and Marks to incur any obligations or indebtedness on our behalf;

8. Franchisee shall not use the Names and Marks or any part thereof as part of its corporate or other legal name;

9. Franchisee shall not use the Names and Marks or any part thereof in any form on the Internet or any Website including but not limited to, addresses, domain names, URLs, links, metatags, locators and search techniques;

10. Franchisee shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registration, and shall execute any documents deemed necessary by us or our counsel to obtain protection for our Names and Marks or to maintain their continued validity and enforceability;

11. In the event any litigation involving the Names and Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify us and shall cooperate fully with us

in defending such litigation. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our sole opinion, reasonably are necessary or advisable to protect and maintain the interests of us or any other interested party in the Names and Marks. Other than what is stated in this Agreement, we are not obligated to protect Franchisee's right to use the Names and Marks or protect Franchisee against claims of infringement or unfair competition with respect to them and may direct Franchisee not to use the Names and Marks or to change the Names and Marks at Franchisee's expense. We will control any and all such litigation, arbitration and mediation involving our Names and Marks. The Franchisee has no authority to institute any litigation, file an arbitration, or institute any request for mediation involving our Names and Marks, nor does the Franchisee have any authority to enter into any settlement negotiations. Although we are not contractually obligated to protect the Names and Marks or Franchise's right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously;

12. During the term of this Agreement and any renewal, Franchisee shall identify itself as the owner of the Business in conjunction with any use of the Names and Marks, including, but not limited to, on invoices, order forms, receipts and contracts, as well as at such conspicuous locations on the premises as we may designate in writing. The form and content of such identification shall comply with standards set forth in the Operations Manual; and

13. Franchisee further agrees to follow all of our quality standards that are inherent in our Names and Marks. Such quality standards are contained in the Operations Manual, as well as various policy statements issued by us, and may be changed from time to time at our sole discretion.

C. <u>Franchisee Will Not Challenge Franchisor's Rights in Its Use of the Names and Marks</u>

Franchisee expressly understands and acknowledges that:

1. As between the Parties hereto, Balanced Managed Services, LLC is the owner of all right, title, and interest in and to the Names and Marks and the goodwill associated with and symbolized by them;

2. The Names and Marks are valid and serve to identify the System and those who are franchised under the System;

3. Franchisee shall not directly or indirectly contest the validity or the ownership of the Names and Marks;

4. Franchisee's use of the Names and Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Names and Marks, except the non-exclusive Franchise granted herein;

5. Any goodwill arising from Franchisee's use of the Names and Marks in its Business under the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Names and Marks;

6. We reserve the right to substitute different Names and Marks for use in identifying the System, the Business and other franchised businesses operating there under;

7. Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute or add Names and Marks. We cannot and do not make any guaranty that a modification, discontinuance or otherwise will not be required for any reason. In such event, we have no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding the Names and Marks. There is always a possibility that there might be one or more businesses using a name and/or marks similar to us with superior rights;

8. Franchisee hereby agrees not to register or attempt to register the Names and Marks in Franchisee's name or that of any other firm, person, business, or corporation.

9. The right and license of the Names and Marks granted to Franchisee is nonexclusive, and we thus have and retain the rights, among others:

    a. To use the Names and Marks in connection with offering and selling Services and (if we decide to sell products in the future);

    b. To use the Names and Marks to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising and co-branding arrangements. Franchisee may not establish a presence on the Internet except as we may specify and only with our prior written consent. We retain the right to approve any linking to our website or any other Website specific to our Services;

    c. To grant other licenses for the Names and Marks, in addition to those licenses already granted to existing franchisees and our one Licensee; and

    d. To develop and establish other systems using similar Names and Marks, or any other proprietary marks, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.

10. Franchisee understands and acknowledges that we have the unrestricted right to engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the distribution and sale of products and/or Software (if developed) bearing the Names and Marks licensed or other names or marks, including without limitation, products included as part of the System. Franchisee shall not under any circumstances engage in any wholesale trade or sale of products and/or Software for resale and/or independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights for any product and/or Software or non-System products or software without our written consent.

D. <u>Ownership of Intellectual Property</u>

Franchisee acknowledges that we are the exclusive owner of the intellectual property which includes the following: our Names, Marks (some by license from Balanced Managed Services, LLC), all Confidential Information, all intellectual property associated with the Names, Marks and the System, all vendor and supplier relationships, all Internal Employee lists (including independent contractor, if Franchisee chooses to hire independent contractors), temporary employee lists and client lists; and all client phone listings/addresses/URLs held by Franchisee. Franchisee agrees that Franchisee will not use these lists for any purpose other than in relation to the Franchised Business. Franchisee will, on demand, promptly deliver to us these lists including information we may request related to such clients, Internal Employees and independent contractors. The use of any or all such intellectual property shall not create in Franchisee, its managing partners, members or shareholders title or interest in or to any of it except as expressly provided in this Agreement. Neither Franchisee nor any of its Owners shall directly or indirectly

assert any right, title or interest in or to any of the Marks or any other part of the intellectual property other than as provided for in this Agreement. Franchisee acknowledges that we shall own all intellectual property rights to any materials provided to the Franchisee by us or developed by the Franchisee pursuant to this Agreement. Such ownership rights shall be in all media, whether now known or hereinafter invented, by all means, methods and processes, including complete and entire interactive rights and rights to derivative works.

XVI. SPECIFIC OBLIGATIONS OF THE FRANCHISEE RELATING TO CONFIDENTIALITY OF PROPRIETARY INFORMATION

A. Franchisee Shall Learn Proprietary Matters

Franchisee acknowledges that it will obtain knowledge of proprietary matters, techniques and business procedures of ours that are necessary and essential to the operation of the Franchise, without which Franchisee could not effectively and efficiently operate such business, including, without limitation, knowledge regarding our: System, Services, programs (such as our National Workers Compensation Program as defined in Section XII.H); photographs, video presentations, proprietary sales presentations, account acquisition and retention programs; advertising, marketing and promotional materials, operational methods, processes and strategies of the Business and the Operations Manual. Franchisee further acknowledges that such proprietary information was not known to Franchisee prior to execution of this Agreement and that our methods are unique and novel to the System. Franchisee acknowledges that Confidential Information shall also include:

1. Persons, corporations or other entities, which are, have been or become franchisees or a Licensee of the System and any investors therein;

2. Persons, corporations or other entities, which are, have been or become clients or accounts of Business;

3. The terms of and negotiations relating to past or current Franchise Agreements with respect to the System;

4. The operating procedures of the System, including without limitation: how to execute Services, specific methods and techniques when hiring temporary employees; service standards, quality control strategies, safety procedures; how to conduct sales presentations and implement our account acquisition and retention programs; how to use contracts, forms and waivers, record keeping and accounting procedures, advertising and promotional programs; networking strategies and how to implement our marketing methods;

5. The economic and financial characteristics of the System and franchisees, including without limitation: pricing policies, profitability, earnings and losses and capital and debt structures;

6. The Services and products (if we authorize franchisees to sell products in the future) offered to clients and accounts of a Balance Staffing™ business, including, without limitation, the scope of services performed and services refused, products offered (if applicable) as well as all future product and service development plans, marketing strategies; and

7. All documentation of the information listed in Sections XVI.A.1 through XVI.A.7 including, without limitation, our training program and Operations Manual. During the term of this Agreement and for a period of five (5) years, following the expiration or

termination of this Agreement, Franchisee (including anyone related to Franchisee) agrees not to use, divulge, directly or indirectly, any Confidential Information, without our prior written consent. Nothing contained herein shall be construed so as to allow Franchisee to divulge any secret processes, formulas, or the like.

B. Franchisee's Internal Employees Will Not Disclose Confidential Information

Franchisee must keep the methods of operations (confidential information found in the Manuals and other documents) and Manuals confidential and not disclose them except to Franchisee's employees, agents and representatives, as they must have access to it in order to operate Balance Staffing™ business. Franchisee is encouraged to follow all our security procedures, which include the execution and delivery to us of approved nondisclosure or non-competition agreement from its Operations Manager (Internal Employees, independent contractors, agents or representatives for the Business are also encouraged) within one week after they are hired. These agreements state that such person shall not during the course of his/her employment, representation, or agency with Franchisee, or for a period of three (3) years thereafter, use, divulge, disclose or communicate, directly or indirectly, in any form or manner, to any person, firm or corporation, any of our Confidential Information.

The Manuals are and remain our exclusive property. We will loan Franchisee one copy (hard or electronic) for the term of this Agreement. Franchisee must return the Manuals (and/or destroy any electronic version of the Manual) to us at the Franchisee must return the Manuals (and/or destroy any electronic version of the Manual) to us at the termination or expiration of this Agreement for any reason, or at any other time at our request. The Manuals contain mandatory and suggested specifications, standards and operating procedures that we prescribe for franchised businesses and contain information about Franchisee's other obligations under this Agreement. We may change or add to the Operations Manual to reflect changes in our image, specifications, and procedures and methods of operation, and will lend Franchisee copies of any changes or additions. However, we will not make any change that will change Franchisee's fundamental status and rights under this Agreement. Franchisee shall not copy any part of the Operations Manual (except for designated training sections), either physically or electronically. If Franchisee's copy of the Operations Manual is lost, destroyed or significantly damaged, Franchisee must replace the Operations Manual at its own expense as set forth in Section XX.G.

C. Relationship with Former Franchisees

Franchisee acknowledges that former franchisees (those whose franchise agreements have expired or have been terminated) and former Licensee are in a position to compete unfairly with Franchisee and/or other members of System and to cause great injury to the reputation of the System and the Names and Marks. Franchisee therefore agrees as follows:

1. Franchisee will not sell, loan, give or otherwise transfer or deliver to any former franchisees or current or former Licensee, or allow any former franchisees or any current or former Licensee to copy or otherwise obtain, any Confidential Information; any advertising or promotional materials produced by us or which bear any of our Names and Marks; any other materials (such a photographs or video presentations) or publications of ours, including, without limitation, the Operations Manual; any directory or roster of franchisees or approved vendors and suppliers, any other client lists or mailing lists pertaining in any way to the System; or any other information about the System, business or Confidential Information which is not available to the public.

2. Franchisee will not refer prospective clients and/or accounts to any former franchisee or Licensee.

3. Franchisee will not notify or advise any former franchisee or current or former Licensee of, or in any other way assist any former franchisee or current or former Licensee in learning about, the date, time and place of any meetings of franchisees.

4. If Franchisee observes any former franchisee or Licensee using any of our Names and Marks in any way, or utilizing a business facility (including any vehicles) for which our Names and Marks and/or distinctive color scheme have not been completely obliterated, Franchisee shall immediately report such observations to us along with all details available to Franchisee.

5. Franchisee shall in general have no dealings with former franchisees or Licensees.

6. The provisions of this Section XVI.C shall apply to Franchisee as soon as Franchisee is on notice of the expiration or termination of another franchise agreement. Franchisee shall be deemed to be on such notice when:

   i. Franchisee receives a new franchisee directory in which such franchisee does not appear; or

   ii. Franchise receives written notice from us that one or more particular franchise agreements have expired or a franchisee or Licensee has been terminated.

D. Injunctive Relief is Available to Franchisor

Franchisee acknowledges that any failure to comply with the requirements of this Section XVI will cause us irreparable injury, and we shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements; Franchisee waives any requirements for the posting of any bond(s) relating thereto. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by us in obtaining specific performance of, or an injunction against, violation of requirements of this Section XVI. The foregoing remedies shall be in addition to any other legal or equitable remedies, which we may have.

E. Franchisor's Patent Rights and Copyrights

We do not own rights in or to any patents that are material to the Franchise at this time. However, we claim copyright protection for the Operations Manual and all related materials, Software (if developed), website and all promotions, marketing, sales and advertising materials (including all photographs and video presentations) and operations literature. Such copyright protection and ownership shall extend to all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including rights to interactive works, and derivative works. Furthermore, we claim rights to certain trade secrets and Confidential Information as discussed above.

F. Franchisee Shall Not Contest the Franchisor's Ownership Right to Any Confidential Information, Trade Secrets, Patents or Copyrights

Franchisee expressly understands and acknowledges that:

1. We are the owner of all Confidential Information, trade secrets, copyrights, and patent rights are valid;

2. Franchisee shall not directly or indirectly contest the validity or the ownership of our Confidential Information, trade secrets, copyrights, and patents;

3. Franchisee's use of our Confidential Information, trade secrets, copyrights, and patents does not give Franchisee any ownership interest or other interest in or to the Confidential Information, trade secrets, copyrights, and patents, except the non-exclusive Franchise granted herein;

4. Any goodwill arising from Franchisee's use of our Confidential Information, trade secrets, copyrights and patents in its Business under the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any licensed Confidential Information, trade secrets, copyrights, and patents;

5. We reserve the right to substitute different Confidential Information, trade secrets, copyrights, and patents for use in operating and maintaining the System.

6. Franchisee hereby agrees to comply, at its expense, with any directions from us to discontinue, modify, substitute or add any new Confidential Information, trade secrets, copyrights and patents. We cannot and do not make any guaranty that a modification, discontinuance or otherwise will not be required for any reason. In such event, we have no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding any licensed Confidential Information, trade secrets, copyrights, and patents.

7. Franchisee hereby agrees not to register or attempt to register any Confidential Information, trade secrets, copyrights, and patents in Franchisee's name or that of any other firm, person or corporation.

8. The right and license of the Confidential Information, trade secrets, copyrights, and patents granted to Franchisee is nonexclusive, and we have and retain the rights, among others:

    a. To use the trade secrets, Confidential Information, patents, and copyrights and itself in connection with offering Services and products (if we authorize Franchisee to sell products in the future);

    b. To use the trade secrets, Confidential Information, copyrights, and patents to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising and co-branding arrangements.

    c. To grant other licenses for the trade secrets, Confidential Information, copyrights and patents, in addition to those licenses already granted to existing franchisees and our one Licensee; and

    d. To develop and establish other systems using similar trade secrets, Confidential Information, patents, and copyrights, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.

9. Franchisee understands and acknowledges that we have the unrestricted right to engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution and sale of products bearing the trade secrets, Confidential Information, patents, and copyrights licensed, including without limitation, products included as part of the System.

XVII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO TAXES, PERMITS AND LAWSUITS

A. Franchisee Must Notify Franchisor of Lawsuits

Franchisee shall notify us in writing within five (5) days of notice of the commencement of any action, suit, or proceeding against Franchisee (including if Franchisee or any of its Owners are charged with or found guilty of a felony as defined in its state), and of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Business, including, without limitation, any criminal action or proceedings brought by Franchisee against its Internal Employees, clients and/or account, temporary employees or other persons. The Franchisee shall give us advance written notice of Franchisee's intent to institute legal action against us, specifying the basis for such proposed action, and shall grant us thirty (30) days from receipt of said notice to cure the alleged act upon which such legal action is to be based.

B. Franchisee Must Pay Taxes Promptly

Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the Business. Franchisee shall pay us an amount equal to any sales tax, gross receipts tax or similar tax imposed on Franchisor with respect to any payments to us required under this Agreement, unless tax is credited against income tax otherwise payable by us.

C. Franchisee May Contest Tax Assessments

In the event of any bona fide dispute as to any liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor to occur against the site of the Business, or any improvements thereon.

XVIII. SPECIFIC OBLIGATION OF FRANCHISEE RELATING TO INDEMNIFICATION

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name or the name of any of our officers, directors, shareholders, members, managers, and employees. Franchisee further understands and agrees to hold harmless and indemnify us, our officers, directors, shareholders, members, managers and employees from any claim, including damages, losses, liabilities, injuries, fees, expenses and other costs that arise in connection of Franchisee's operation of its Business; however Franchisee will not be required to hold harmless, indemnify or defend us, our officers, directors, shareholders, members, managers or employees from any claim arising out of illegal conduct by us.

For the purposes of this indemnification, the terms "claim, loss or obligation" will include compensatory, exemplary or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts, judgments, compensation for damages to our reputation and goodwill; and all other costs associated with any of the foregoing claims, losses or obligations.

Franchisee shall defend, indemnify and hold us and our officers, directors, shareholders, members, managers and employees harmless against all fines, suits, proceedings, claims (including but not limited to, any safety and security claims, claims of injury, claims of theft, claims arising as a result of the operation and/or maintenance of equipment or vehicles; claims of neglect, abuse, death, vicarious or other liability),

demands, actions, losses, damages, costs, expenses, fees (including legal fees, disbursements and related expenses), penalties and/or any other liability of any kind or nature, however arising, growing out of or otherwise connected with and/or related to any act, error and/or omission of Franchisee (including the ownership, operation and/or management of the Business) and/or any referral, service provider, supplier or other agent/independent contractor used by Franchisee; Internal Employees and temporary employees of Franchisee's including acts, errors or omissions committed or incurred, negligent or intentional acts in connection with Franchisee's operation of the Business and infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. This provision includes any liability arising from labor or employment law violations as well as any liability related to joint employer claims and harassment claims with regards to its Internal Employees (excluding temporary employees). This provision includes all claims as indicated above, of us, directly against Franchisee (without a third-party involvement) due to acts or omissions of Franchisee in which we suffer damages including but not limited to, harm to our goodwill and reputation.

We will have the right to control all litigation, including selection and management of counsel and defend and/or settle any claim, against and/or including us and/or our-related persons/entities, or affecting our and/or their interests with no obligation to Franchisee and without affecting our rights under this indemnity or otherwise. Franchisee may appoint separate independent counsel to represent Franchisee's interest in such suits, proceedings, claims, etc., all at Franchisee's expense. Franchisee's indemnification obligations survive termination of this Agreement.

XIX. MISCELLANEOUS COVENANTS OF FRANCHISEE

A. Covenants are Independent

The Parties agree that each covenant herein shall be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which we are a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and made a part of this Agreement.

B. Franchisee's Principals

The term "Franchisee's Principals" shall include, collectively and individually, Franchisee's spouse, if Franchisee is an entity, all managing partners, general partners, members, managers, shareholders officers, directors, and other operational personnel whom we designate as Franchisee's Principals and all holders of an ownership interest in any entity directly or indirectly controlling Franchisee, and any other person or entity controlling, controlled by or under common control with Franchisee. The initial Franchisee's Principals shall be listed on Schedule 6 of this Agreement.

C. Franchisee Will Not Compete Against Franchisor

Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training, our Confidential Information and our System.

Franchisee agrees that, except as otherwise approved in writing by us, Franchisee shall not, during the term of this Agreement and for a period of two (2) years from the date of (i) a transfer permitted under this Agreement; (ii) the expiration or termination of this Agreement (regardless of the cause for termination); or (iii) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section XIX.C, either directly or indirectly for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, own, maintain, operate, engage in, be employed by,

or have any interest in any type of temporary staffing business or any type of business using any aspect of the System, the overall Balance Staffing™ business concept, with similar Services and/or products (if we and/or our franchisees are selling products) of a Balance Staffing™ business within a twenty (20) mile radius of the Accepted Location designated hereunder, or within a twenty (20) mile radius of any other System franchise or company-owned business in existence or planned as of the time of termination or expiration of this Agreement, as identified in the Franchise Disclosure Document in effect as of the date of expiration or termination of this Agreement. For purposes of clarification, Franchisee may not, during the term of this Agreement, operate a competing business anywhere.

The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement. This covenant not to compete is given in part in specific consideration for access to trade secrets provided as a part of our training or ongoing support programs. In any jurisdiction in which the covenant contained in this Section XIX or any part of it is deemed not enforceable in whole or in part, Franchisee hereby grants us an option to purchase Franchisee's Business on expiration or termination of this Agreement. We may exercise this option by giving thirty (30) days' written notice to Franchisee (Sections XXII.C and XXII.E). Upon termination or expiration, Franchisee will deliver to us a list of the Assets (as described in Section XXIV.G). Franchisee's other post termination obligations under this Agreement and by law remain in effect on termination or expiration of this Agreement.

D. Exception to Covenant Not to Compete

Section XIX.C hereof shall not apply to ownership by Franchisee or any of its Owners of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement the term "publicly-held corporation" shall be deemed to refer to a corporation which has securities that has been registered under the Federal Securities Exchange Act of 1934.

E. Franchisee Will Not Divert Business

During the term of this Agreement and for a period of two (2) years following the expiration or termination of this Agreement, Franchisee agrees that it will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

1. Solicit, service, sell or attempt to divert business to any competitor by direct or indirect inducement or otherwise, or to any clients and/or account of its Business or to any other franchisees including company-owned businesses, with which or with whom Franchisee has had business contact during the term of this Agreement; or

2. Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Names and Marks or the System or both.

F. Franchisor Is Entitled to Injunctive Relief

In addition to any and all other remedies and damages to which we are entitled, in order to protect our Names and Marks, Services, Confidential Information, proprietary materials and rights and goodwill, we may seek a permanent injunction and the preliminary or temporary equitable relief we deem necessary, to restrain the violation of this Agreement by Franchisee or any persons, parties, and entities acting for Franchisee. Franchisee agrees that we may obtain the injunctive relief and enter it in any court or arbitration forum that we deem appropriate.

In recognition of the difficulty in determining on an expedited basis the value of, and the necessity of us to avoid irreparable harm and to protect our Names and Marks, Services, Confidential Information, proprietary materials and rights and goodwill, Franchisee waives, to the extent permitted by law, the right

to interpose the defense that we have an adequate remedy at law. Franchisee further waives any requirement that we post a bond or other security, to the extent permitted by law.

G. Covenants Are Enforceable Independent of Claims

Franchisee expressly agrees that the existence of any claim it may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants of this Section XIX. Franchisee further agrees that we shall be entitled to set off any amounts owed by us to Franchisee against any loss or damage to us resulting from Franchisee's breach of this Section XIX.

H. No Right of Set-Off

Franchisee expressly agrees that the existence of any claims it may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section XIX. Franchisee agrees to pay all damages, costs and expenses (including reasonable attorney's fees) incurred by us in connection with the enforcement of this Section XIX.

I. Disclosure of Contact Information in FDD

Franchisee acknowledges that its contact information will be included in our Franchise Disclosure Document in the future, as required by California and other state agencies and the Federal Trade Commission and that such inclusion may result in prospective franchisees contacting Franchisee.

XX. OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE AND SERVICES

We will provide the Franchisee with the following assistance and services:

A. Training Programs

We will provide Franchisee a self-study program (and all related materials) immediately after executing the Franchise Agreement and will provide Franchisee with an initial training program at our headquarters or another location of our choice. The initial training program will take place after Franchisee pays the initial Franchisee fee and before Franchisee opens its Business. We will provide a twelve (12) day training program without charge to Franchisee and/or up to two of its Owners and/or Operations Manager (total of three people) as designated by Franchisee prior to the date Franchisee anticipates the Opening its Business for operation (as defined in Section IX.B). Franchisee will, however, be responsible for travel, accommodation and other costs for all its attendees. Franchisee must attend and satisfactorily complete training prior to Franchisee conducting business and opening the Business for operation. If Franchisee, its Owners or Operations Manager fails to timely complete the initial training program to our satisfaction, Franchisee has the right to appoint another Operations Manager to be trained by us at Franchisee's expense and if the other Operations Manager does not satisfactorily complete the training to our satisfaction, then we may terminate this Agreement as described in Section XXIII.C. Any person designated by Franchisee to replace a previously trained Owner or Operations Manager must be trained by us within thirty (30) days of first employment, at Franchisee's cost as provided below. For a second or subsequent franchise, we will not be obligated to provide additional training to Franchisee.

We may reasonably require Franchisee, its Owners and/or Operations Manager to receive or attend and complete to Franchisor's satisfaction additional or advanced training from time to time. Any such training before the Opening (as defined in Section IX.B) of the Business will be at no charge to Franchisee. Thereafter, Franchisee must pay for such training at our actual cost of up to two hundred and fifty dollars ($250) per person per day. Franchisee must also pay travel, food, and accommodations and all other related expenses. We may attempt to use distance learning techniques where possible, to minimize these costs.

Depending on availability, we may provide additional training to Franchisee or its Owners and/or Operations Manager at Franchisee's request. Franchisee may be required to pay us any additional costs over and above the additional training fees such as travel that we reasonably incur should training be held at Franchisee's Business. If additional training is held at our corporate headquarters, Franchisee will be responsible for travel, food and accommodations and other expenses of its trainees.

We offer training resources, such as an Operations Manual, to assist franchisees at their business location. Franchisee acknowledges that its compliance with the Operations Manual is vitally important to us and other System franchisees and is necessary to protect our representation and the guidance of the Names and Marks and to maintain the uniform quality of operation throughout the System. However, while the Operations Manual is designed to protect our reputation and the goodwill of the Names and Marks, the Operations Manual is not designed to control the day-to-day operation of the Business. Franchisee shall give us not less than two (2) weeks' notice of when Franchisee is available for training. Training dates must be mutually agreed upon by Franchisee and us.

i. We shall also offer additional training resources to the Franchisee to be determined by us, for the operation, advertising and promotion of the Business including refresher training programs, seminars, workshops, annual conference and/or information available through the intranet system for the benefit of the Franchisee and the Franchisee's employees. We may charge a reasonable fee for additional training if deemed appropriate (distinct from continuing education as described below) but not to exceed the additional training fee. Any and all traveling, living and other expenses incurred by the Franchisee or Franchisee's representatives or employees attending our training shall be paid by Franchisee.

ii. We may conduct an annual conference at such place as shall be designated by us for all Franchisees but initially will most likely be at our headquarters. A registration fee for each participant may be required not to exceed five hundred dollars ($500) per person and Franchisee's expenses as Franchisee will be responsible for costs associated with attending the conference such as travel, room and board. We reserve the right to increase the fee a reasonable amount based on reasonable criteria.

iii. We may provide refresher or continuing education sessions "Continuing Education" through the phone, web based (webinars), video or at locations designated by it but most likely at our headquarters. Continuing Education sessions (other than by phone, webinars or video) may have a registration charge of two hundred and fifty dollars ($250) per day per person. Franchisee is responsible for costs associated with attending the meetings such as travel, room and board or our expenses (such as travel, room and board) if we provide Continuing Education sessions on site at Franchisee's Business. The programs will normally not exceed one (1) day and it is expected to at least have quarterly programs subject to special need. The content will cover particular aspects of the franchise including but not limited to: sales presentations, processes and how to acquire accounts, service standards, methods and techniques for performing services; best practices for hiring temporary employees and independent contractors (if you choose to hire independent contractors), trends in the industry, operational guidelines, safety, website and software developments, advertising and marketing strategies, administration and so forth. We reserve the right to increase the per day fee a reasonable amount based on reasonable criteria.

We may, but are not obligated to, offer additional training resources to the Franchisee to be determined by us, for the operation, advertising and promotion of the Business which may include

certification programs, seminars, workshops, annual convention and information available through franchisor's intranet system for the benefit of the Franchisee and the Franchisee's employees. After the completion of the initial training program, any additional training may be subject to a fee of up to two hundred and fifty dollars ($250) per person per day. Any and all traveling, living and other expenses incurred by the Franchisee or Franchisee's representatives or employees attending any training shall be paid by the Franchisee.

As part of the initial training program, we will provide Franchisee with: a written list of approved Services and products (if we authorize Franchisee to sell products in the future) that Franchisee is required to offer, perform and sell in its Business; a written list of approved equipment, products, programs and services (as described in Section XII.I) Franchisee is authorized to purchase and use; strategies for purchasing equipment, products and supplies; a written list of approved vendors (including service providers) and suppliers to purchase equipment, products, supplies and services from; recommended guidelines for hiring and managing Internal Employees and independent contractors (if Franchisee chooses to hire independent contractors), operational standards, service standards, safety procedures, suggesting rates, fees and/or pricing for Services and products (if we authorize Franchisee to sell products in the future) in addition to our proprietary sales presentations, advertising and marketing materials (including photographs of projects and video presentations) that have been developed by us (or our affiliates) and are necessary in the operation of each Business. We reserve the right, in our sole discretion, to add, modify, change or discontinue any Service or product (if we authorize Franchisee to sell products in the future) Franchisee can offer, perform or sell; or any piece of equipment, product or program Franchisee is required to use in its Business from time to time as specified in Sections XII.H and XII.I of this Agreement. Franchisee will be responsible for all costs associated with the administration of such changes.

We will provide Franchisee with any Software, if developed. We will provide specifications for all technology items and software programs necessary to operate the Business that includes training for such software as part of the initial franchise training program. We shall also provide guidance for the requirements, if any, for all technology items and related software programs. In addition, we may provide technical support, ongoing assistance, consultation, and upgrade requirements for Franchisee's computer, laptop and software programs. We will update and make changes to our Software, if developed, as we deem necessary. All costs associated with installation, upgrading, protecting and maintaining the technology items and all other software programs necessary for the operation of the Business are the sole responsibility of the Franchisee.

We will provide up to two (2) days of either pre-opening or grand opening supervision on-site assistance at Franchisee's Business. Franchisee shall give us not less than thirty (30) days' notice of when Franchisee wants us to provide either pre-opening or grand opening supervision and guidance. The dates for our visit for such assistance and guidance must be mutually agreed upon by us and Franchisee. Such assistance shall be completed no earlier than two (2) weeks prior to the opening date of the Business for operation and completed no later than ninety (90) days once the Business is open for operation. Any costs incurred by us in connection with the pre-opening or grand opening supervision and assistance onsite at Franchisee's Business within the timeframe as described above will be paid by us. If Franchisee does not take advantage of this onsite assistance and guidance within the timeframe described above, then we are not obligated to provide such assistance to Franchisee without charging Franchisee for the actual wages and travel expenses incurred by us. For Franchisee's second and subsequent Businesses, we will provide the same pre-opening or grand opening supervision and assistance as described above; however, Franchisee will be responsible for actual wages and travel expenses incurred by us. In such circumstances where Franchisee is responsible for actual wages and travel expenses, we will provide Franchisee with invoices for amounts owed and we may require Franchisee to pre-pay all or a portion of the actual amounts incurred by us. Additional support requested by Franchisee will be subject to the training charges as described in Section XX.A

We will provide additional guidance in the operation of Franchisee's Business and provide assistance to resolve operational challenges Franchisee may encounter outside the scope of the Operations Manual. This guidance can be furnished in whatever manner we consider appropriate in our Business Judgment, including electronically via portals online, free of charge, to answer questions from Franchisee and its staff (responses to be provided as promptly as possible during regular business hours Pacific Time Zone). Guidance may also be furnished in writing, telephonically, through training programs and/or onsite consultations or web-based computer training, among other methods. Onsite consultations are subject to additional training fees (as mentioned above) in addition to any and all travel, food, accommodations, and other expenses incurred by us and shall be paid by Franchisee.

We may provide guidance to Franchisee in its efforts to obtain all certifications, licenses, bonds and permits required to operate the Business. Ultimately, however it is Franchisee's responsibility and obligation to obtain and maintain all such certifications, licenses, bonds and permits and all out of pocket costs associated with obtaining and maintaining such certifications, licenses and permits as described in Section XII.C of this Agreement.

We may, from time to time, provide to Franchisee, at Franchisee's expense, such advertising and promotional plans and materials for local advertising and may direct the discontinuance of such plans and materials, from time to time. All other advertising and promotional materials that Franchisee proposes to use must be reviewed and approved by us, pursuant to Section XII.L of this Agreement. The Franchisee will not use any unapproved or disapproved advertising or promotional materials.

We may provide announcements, memos, bulletins, brochures, manuals and reports, if any, as may from time to time be published by or on its behalf regarding our plans, policies, new developments and activities. In addition, we may provide such communication concerning new Services, programs, products, methods, techniques and overall improvements to management of the Business that we determine are relevant to the operation of the Business and communication with other franchisees by means of an intranet system. We may also establish a Franchisee elected peer group whose main purpose will be to mentor, support each other and regularly communicate to franchisees. We have the power to dissolve, merge, or change such peer advisory groups.

We shall offer guidance to Franchisee in establishing standardized accounting, record keeping and cost management control systems. We may provide Franchisee with all update and upgrade requirements for technology items and related software programs in response to changes in the Operations Manual, or changes in our policies that are communicated to Franchisee in writing. The cost for such updates and/or upgrades is Franchisee's responsibility.

All of our obligations under this Agreement shall benefit only the Franchisee, and no other Party is entitled to rely on, enforce, benefit from or obtain relief for breach of such obligations, either directly or by subrogation.

B. Web Page

We will provide to Franchisee a Balance Staffing™ URL or web page housed within the corporate website at no additional cost. Franchisee may customize parts of the web page with our approval; however, the look is to remain consistent as specified in the Operations Manual. Franchisee agrees and acknowledges that maintenance and any changes, edits or updates to the web page and/or any Website promotions over the Internet must be performed by us, our affiliates and/or approved vendors. Upon approval of Franchisee request, which must be submitted in writing, Franchisee is responsible for the cost of such changes. Franchisee may neither establish nor use any Website without our prior written approval and if such approval is granted Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information on a Website, regarding the Business as described in Section VI of this Agreement. Such approval may be revoked at any time by us in our sole and absolute discretion. We shall

own all copyright and other intellectual property rights to the web page, as well as the contents of the corporate website or any other Website upon expiration or termination of this Agreement as described in Section XXIV.E. This shall include ownership rights in all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including interactive rights and rights to derivate works.

C. Site Selection

Franchisee has the responsibility for selecting a site for the Business. If Franchisee is leasing a space for the Business, we must review and approve the lease prior to the lease being signed. If the Franchisee is purchasing property, we must review and approve the purchase contract prior to it being signed. We will review and approve or disapprove the location of the Business and will not unreasonably withhold our approval. Franchisee is responsible for all lease negotiations. We shall have the right, but not the obligation, to inspect the Business prior to opening. Franchisee is responsible for all lease negotiations.

We do not represent that we have any special expertise in selecting locations, and/or negotiating leases. Our approval of a location is not a representation or warranty that Balance Staffing™ business will be profitable or that Franchisee's sales will attain any predetermined levels. Approval is intended only to indicate that the proposed location for the Business meets our minimum criteria for identifying locations. Franchisee agrees that our approval or disapproval of a proposed location does not impose any liability on us, or our employees, agents, shareholders, members, managers, directors or owners.

D. Business Layout and Design

We will assist the Franchisee in the review of the layout and design of the Business prior to the Franchisee signing a lease or sublease. We will provide Franchisee with guidelines of the layout and design of its Business however Franchisee may need to hire its own architect, at its own expense, to create a complete set of drawings based on the facility size and local permitting requirements. We must review and approve Franchisee's architect's final plan. We do not represent that we have any special expertise in approving architectural plans. Our approval of Franchisee's architectural plan is not a representation or warranty that such plan will meet local permitting requirements or that such plan will not have to be revised or done over again in order to get final approval by local authorities. Approval is intended only to indicate that the Business is set up and meets our minimum criteria. Franchisee agrees that our approval or disapproval of Franchisee's architectural plans do not impose any liability on us. The costs of leasehold improvements, furniture, fixtures, equipment, technology items, signs, and décor for finishing out the Business are the responsibility of the Franchisee.

We will make available to Franchisee, at no charge, and advise Franchisee with regard to design plans, floor plans, schematics and mandatory specifications for the construction and layout of the Business which includes the exterior and interior design. Franchisee acknowledges that Franchisee is responsible for all costs associated with architectural, floor plans and all setup required for the Business (if applicable). Franchisee acknowledges that such specifications shall not contain the requirements of any federal, state, or local law, code, or regulation (including without limitation those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities). Franchisee must adhere to all local zoning ordinances, regulations, fire, health and building codes, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense. Franchisee shall adapt, at Franchisee's expense, standard plans, and specifications for the Business, subject to our approval, as provided in Section XII.T of this Agreement, which will not be unreasonably withheld, provided that such plans and specifications conform to our general criteria.

Franchisee understands and acknowledges that we have the right to modify the final set of drawings, architectural plans, floor plans and/or specifications as we deem appropriate, (however we will not modify the final set of drawings, architectural plans, floor plans and/or specifications for the Business

as developed pursuant to this Agreement once those final set of drawings, architectural plans, floor plans and/or specifications have been approved by us and given to Franchisee).

E. Hiring Internal Employees, Independent Contractors and Temporary Employees

We will provide Franchisee with recommended guidelines when hiring Internal Employees and independent contractors (defined in Section XII.F of this Agreement) for the Business. These guidelines are provided for reference only and Franchisee acknowledges that it bears sole responsibility for hiring, training, managing and firing Internal Employees and independent contractors; however Franchisee's temporary employees will be considered employees of both the Franchisee and us. Further, Franchisee acknowledges that we are not responsible for and do not direct or control the conduct of Franchisee's Internal Employees, independent contractors or its temporary employees. Such recommendations and suggestions will be covered in the initial training program and are specified in the Operations Manual. Franchisee understands that such recommendations and suggestions will be updated and may change periodically at our discretion. Franchisee can negotiate any rate for its Internal Employees, independent contractors and temporary employees. Franchisee may be provided with a recommended rate or wage schedule and may elect to use, subject to applicable laws, these rates or wages as a guide when hiring Internal Employees, independent contractors (if Franchisee chooses to hire independent contractors) and temporary employees. Franchisee acknowledges that we have made no guarantee or warranty that using such recommended or suggested rates or wages will enhance Franchisee's sales or profits. Rate or wage negotiations with Internal Employees, independent contractors and its temporary employees are the sole responsibility of the Franchisee. Franchisee acknowledges that it is fully in charge of hiring of all its Internal Employees, independent contractors (if applicable) and temporary employees and for managing such individuals on an on-going basis. Our input as to hiring and management of Internal Employees, independent contractors and temporary are suggestions and guidelines which we believe are important, and except for specific requirement set forth in this Agreement or the Manual, Franchisee is responsible for making all employee related decisions.

Failure of Franchisee to adhere to our guidelines and standards when hiring Internal Employees, independent contractors and temporary employees, which may include the requirement of criminal background checks, may be considered a breach of this Agreement and we may terminate, in our sole discretion the Agreement, except where the Franchisee has reasonable cause to deviate from our standards as described in Section XXIII.C of this Agreement.

F. No Warranties Other than in Writing

With respect to any equipment, products, supplies and/or services (as defined in Section XII.I) provided by us or our affiliates and/or any person/company referred/approved by us or our affiliates, other than specific written warranties expressly provided in connection with such items, such items are provided without any warranties, express or implied, the warranties of merchantability and suitability for a particular purpose being expressly disclaimed. In addition, we make no warranties regarding any open source code contained in any software that we may provide to the Franchisee. We do not warrant that any such software shall be free of bugs, viruses, worms, or Trojan horses.

We are not liable for any guarantee or warranty the Franchisee, its Owners, Operations Manager, Internal Employee or independent contractor of the Franchisee makes to a client or to any third party. Franchisee will fully comply with our requirement to participate in our National Workers Compensation Program and any other type of program that we may develop and implement. Franchisee will not misrepresent or omit or fail to state any warranty or guarantee to clients or third parties.

G. Operations Manuals

We will revise the Operations Manual and the contents of any other manuals and materials created or approved for use in the operation of the Business, from time to time as we deem necessary to improve on the methods of operations. Franchisee expressly agrees that each new or changed standard shall be deemed effective upon receipt by Franchisee or as specified in such standard. We will lend Franchisee the confidential Operations Manual for the initial training program and if Franchisee satisfactorily completes training, for the term of this Agreement. If the copy of the Operations Manual loaned to Franchisee is lost, stolen or destroyed before Franchisee returns it to us, Franchisee must replace the Operations Manual at its own expense.

The Operations Manual is designed to protect the System and the Names and Marks associated with the System and not to control the day-to-day operations of the Business. Franchisee at all times will remain responsible for the operation of the Business and all activities occurring at the Business.

Franchisee shall at all times treat the Operations Manual, and any of our written directives, any business plans and specifications, and any other manuals created for or approved for use in the operation of a Balance Staffing™ business, and any supplements thereto, and the information contained therein, in trust and as confidential information, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

The Operations Manuals, written directives, other manuals and materials, and any other confidential communications provided or approved by us, shall at all times remain our sole property and shall at all times be kept and maintained in a secure place at the Business premises.

Any suggestions the Franchisee may have concerning the improvement of our website or Franchisee's web page, Services, programs, vendors (including service providers) and suppliers, recommended procedures, sales strategies and methods, equipment and products used, advertising, promotional and marketing materials are encouraged and shall be considered by us when adopting or modifying the standards, specifications and procedures for the System.

H. Selecting Vendors

We shall provide Franchisee with a written list of approved vendors and suppliers that may include or be limited to us or our affiliates for equipment, products, supplies and services (as described in Section XII.I) necessary for the operation of the Business. We will provide Franchisee with a list of all approved equipment, products, supplies and services that Franchisee is authorized to purchase, use, offer or sell in the operation of its Business; and a written list of all approved vendors and suppliers to purchase such items from during the initial training program. Franchisee understands that such lists will be updated and may change periodically at our discretion and Franchisee agrees to implement such updates at Franchisee's expense as described in Section XII.I of this Agreement. Franchisee will be required to submit in writing alternate equipment, products, services, vendors (including service providers) or suppliers to us for approval as described in Section XII.I of this Agreement. Franchisee acknowledges that we may receive royalties and/or other payments from some or all of the approved vendors.

I. Availability of Equipment, Products and Supplies

During the initial training program, we shall provide Franchisee with a written list of approved equipment, products, supplies and services (as described in Section XII.I) that Franchise must use in the operation of the Business. We may make arrangements with vendors for certain equipment, products, supplies and services to be provided at negotiated costs that would benefit the entire System. Franchisee

will be required to submit in writing alternate equipment, products, supplies or services to be used in the Business to us for approval as described in Section XII.I of this Agreement. Franchisee acknowledges that we may receive royalties and/or other payments from some or all of the approved vendors. All products and/or services that are provided by us or our affiliates will be competitively priced, taking into account equivalent quality and other considerations as specified in the Operations Manual.

We reserve the right to establish rates and fees for Services and prices for products (if we authorize Franchisee to sell products in the future) from time to time based on competition prevalent within the staffing industry (as further described in Section XX.K). We shall publish inventory and Minimum Representation requirements in the Operations Manual and such requirements may be amended from time to time by us in our sole discretion (currently not in effect

We also reserve the right to implement a centralized purchasing system for franchisees and to negotiate prices and terms with vendors (including service providers) and suppliers and to receive rebates or other financial incentives from such purchases by franchisees. We may utilize such rebated funds in any manner it chooses in our sole discretion as more fully described in Section XII.I. If developed, we reserve the right to require Franchisee and other franchisees to purchase all equipment, products, supplies and services through our proprietary intranet system.

J. Advertising and Promotion

We shall develop and provide creative materials, at our expense, (including photographs and videos) that could be used for local and regional advertising at our expense and make such advertising and promotional materials available to our franchisees. Publication or distribution of such materials in the Franchisee's market area shall be at Franchisee's own expense. We will provide specific guidelines for advertising, marketing and promotions initiated by individual franchisees and shall reserve the right to disapprove any advertising, marketing, and promotions, which, in our opinion, are not in accordance with these guidelines. However, no such approval shall be unreasonably withheld or denied. Immediately upon notification to do so, Franchisee shall discontinue any advertising that would, in our opinion, be detrimental to any franchisee or any part of the System or the Franchise.

K. Suggested Rates and Fees for Services

We shall provide guidance and suggested rates and fees for Services and pricing for products (if we authorize Franchisee to sell products in the future). Franchisee shall have the right to offer Services and products (if we authorize Franchisee to sell products in the future) at any rate, fee or price Franchisee may determine, except that we reserve the right to establish minimum and maximum rates, fees and pricing for any given Service or product (if applicable) nationwide to the extent allowed by federal and state laws as explained in Sections XII.H and XII.I. Suggested rates and fees for Services and pricing for products (if we authorize Franchisee to sell products in the future) may vary from region to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions. If Franchisee elects to offer Service or product (if applicable) at any rate, fee or price recommended by us, Franchisee acknowledges that we have made no guarantee or warranty that offering such Services or products (if we authorize Franchisee to sell products in the future) at the recommended rates, fees or prices will enhance Franchisee's sales or profits.

We will provide Franchisee with a sample set of forms including contracts, waivers, client agreements, marketing materials and various operational forms for use in the Business. We do not warrant the completeness, legality or enforceability of any agreements or forms. Franchisee must retain its own counsel to review and revise such agreements and forms to comply with applicable federal and state laws. At our discretion, any and all forms used by Franchisee shall be subject to our review and approval and our decision of such approval will be provided within thirty (30) days after such forms are received by us.

We will continue to research and develop new Services, programs and products as we deem appropriate and in our sole discretion. We may conduct market research and testing to determine consumer trends and salability of new Services and possibly products (if we authorize franchisees to sell products in the future). If we choose Franchisee, Franchisee will participate in a market research program to test new Services, programs or products in the Business and provide us with timely reports and other relevant information regarding that market research. We will own all copyright and other intellectual property rights to all such reports provided by the Franchisee pursuant to this section, in all media whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including complete and entire derivative rights and rights to interactive works. If Franchisee participates in any test marketing, Franchisee agrees to execute such services and purchase, at Franchisee's expense, a reasonable quantity of products being tested, effectively promote such services and products and make a good faith effort to use and/or sell them. Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions (if we authorize franchisees to sell products in the future) established by us periodically.

L. Business Planning Assistance

After Franchisee signs this Agreement, we may review and comment on any business plan and pro forma financial projections Franchisee prepares. We do not represent that we have any special expertise in reviewing or developing business plans or that any business plan reviewed by us will result in any profits, revenues, incomes, margins, or sales. Our review and commentary of a business plan or financial pro-forma is not a representation or warranty that the Franchisee's business will be profitable, that the Franchisee will earn any revenues, or that Franchisee's sales will attain any pre-determined sales levels. Our review and commentary is intended only to provide information sharing to Franchisee and Franchisee agrees that such review and commentary does not impose any liability on us. Franchisee specifically acknowledges that we have not reviewed or commented on any business plan or pro-forma prior to the Effective Date of this Agreement.

XXI. VARYING STANDARDS

Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole and absolute discretion and as we may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular Business or circumstance, business potential, demographics, density of population or trade area, existing business practices, or any other condition which we deem to be of importance to the successful operation of such Franchisee's Business. Franchisee shall not have any right to object to a variation from standard specifications and practices granted to any other franchisee and shall not be entitled to require us to grant to Franchisee a like or similar variation, unless the laws of the Franchisee's state expressly requires us to grant such similar variation.

Franchisee acknowledges that when we use the phrases "sole and absolute discretion," "sole discretion" and/or "Business Judgment," whether in this Agreement or another context, you and we agree that we have the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions except that we will not do so arbitrarily. We shall use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider Franchisees individual interests or the interests of any other franchisee(s). Franchisee, we and all other franchisees have a collective interest in working within a franchise system with the flexibility to adjust to business conditions, including but not limited to the competitive environment, new regulatory developments and emerging business opportunities. Therefore, Franchisee and we agree that the ultimate decision-making responsibility for the System must be vested in us. So long as we act in compliance with the requirements of this Agreement, we will have no liability for the exercise of our discretion in accordance with the provisions of this Agreement.

XXII. RELOCATION, ASSIGNMENT, TRANSFER, SALE OR REPURCHASE OF FRANCHISED BUSINESS

A. Relocation

Any relocation (1) shall be to a location within the Territory (unless waived by us); (2) requires our prior written consent, which we may grant, condition or withhold in our Business Judgment (and may be withheld, in any case, if you are not in good standing); (3) will be at Franchisee's sole expense; and (4) will require that Franchisee (and each Owner if an Entity) sign a general release.

B. General Requirements for Assignment by Franchisee

Franchisee shall not voluntarily or involuntarily transfer, sell, assign or encumber any interest in or ownership or control of Franchisee, the Franchised Business, and/or its assets, the Business or this Agreement (however Franchisee is allowed to transfer up to twenty percent (20%) of its shares or other ownership interests as described below), except in the ordinary course, of business, or make any lease or sublease of any property Franchisee is leasing or subleasing in connection with the Business, without our prior written consent. Any attempted sale, assignment or transfer of any interest in Franchisee, the Franchised Business, and/or its assets, the Business or this Agreement without our prior written consent will be a default under the terms of this Agreement, and will be voidable by us. In granting any such consent, we may impose reasonable conditions, including, without limitation, the following:

1. Franchisee must be in full compliance with the terms of this Franchise Agreement, including being paid in full on all fees due and having settled all outstanding accounts with us, our affiliates and all suppliers;

2. The proposed transferee (or its partners, members, managers, directors, officers, or controlling shareholders, if it is a corporation, limited liability company or partnership) must meet our then-applicable standards;

3. The proposed transferee (or its owners if an Entity, managers, directors or officers) must not operate a franchise, license another or operate any other business offering services and products (if we are selling products at that time) similar to those offered by a Balance Staffing™ business without our permission;

4. We shall charge a flat transfer fee of two thousand five hundred dollars ($2,500) to Franchisee when transferring a part of its Business (defined as up to forty-nine percent (49%) of the stock, membership units, partnership units, assets or share of any business trust); or a flat transfer fee of ten thousand dollars ($10,000) when Franchisee transfers more than 49% of its Business upon our written consent. The term "flat transfer fee" means that Franchisee shall pay this amount regardless of whether our actual cost to process the transfer is higher or lower than such amount. The transfer fee will include, but not be limited to, reasonable attorney's fees actually incurred, the cost of investigating the transferee and our administrative expenses (including employee salaries, sales staff commissions, travel costs, telephone charges, out of pocket costs properly attributable to the transfer). In addition, if the transferee was already in our lead database at the time of first contact between Franchisee and the transferee, we may require Franchisee to pay the flat two thousand five-hundred-dollar ($2,500) or ten thousand dollar ($10,000) fee described above, plus the amount of any broker fees that we are responsible for paying to third parties (does not include our employees);

5. Transferee must pay for and successfully complete the training programs then required of new Franchisees at a cost of two hundred and fifty dollars ($250) per person per day and our expenses, subject to increase from time to time;

6. Franchisee shall have substantially complied with all of the terms and provisions of this Agreement, any amendment hereof or successor hereto, or any other agreements between the Franchisee and our subsidiaries or affiliates and, at the time of transfer, shall not be in default;

7. Franchisee shall have executed a general release, in a form satisfactory to us, of any and all claims against us and our officers, directors, managers, members, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;

8. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall enter into a written assumption agreement, in a form satisfactory to us, assuming and agreeing to discharge all of Franchisee's obligations, known by transferee after reasonable inquiry, under this Agreement;

9. The transferee must meet our subjective and objective standards, including experience, talent, skills, educational, managerial, business, and financial capacity; transferee must demonstrate the aptitude and ability to operate a Balance Staffing™ business; and have adequate financial resources and capital to operate the Business; and the transferee's Operations Manager must complete the training program to our satisfaction;

10. The transferee (and, if an Entity its Owners of a beneficial interest in the transferee as we may request) shall execute and agree to be bound by the then current form of this Agreement, which form may contain provisions that materially alter the rights or obligations under this Agreement. Alternatively, we may in our sole discretion require the transferee to sign the then current form of this Agreement then being used by us, but where the term will end on the expiration date of this Agreement and with such renewal term, if any, as may be provided by this Agreement and the following requirement apply: (i), the transferee shall sign all other ancillary agreements as we may require for the Franchise Business as required under the then current form of this Agreement, which agreements shall supersede this Agreement in all respects, and (ii) additional changes to the terms of the Agreement may be made at our sole discretion, which include, without limitation, higher royalty fee payments, advertising contributions and renewal rights;

11. The transferee, at its expense, shall upgrade the Business to conform to the then-current standards and specifications of the System and shall complete the upgrading and other requirements within the time specified by us;

12. Franchisee shall remain liable for all of the obligations to us in connection with the Business incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

13. Franchisee must obtain and submit satisfactory evidence of transfer or consent of lenders, lessors and governmental authorities for all material permits, approvals and licenses;

14. Franchisee may transfer up to twenty percent (20%) of its shares or other ownership interests to any person or entity, in the aggregate, without invoking this provision, provided that in connection with any such transfer of more than ten percent (10%)

ownership the transferee executes the same Guaranty and other agreements which would be required upon execution of this Agreement by Franchisee, if such transferee had then been the owner of such percentage of Franchisee's ownership interests. Franchisee's transfer of an ownership interest without complying with the foregoing, or transfers of more than twenty percent (20%) ownership in the Franchisee's entity, in one or more transfers, without our prior written approval is a material breach of this Agreement;

15. The transferee shall agree to a sublease or to a transfer and assignment, and assumption of the lease of the Business from the original Franchisee, and shall obtain the landlord's approval if required prior to any transfer or sublease, if applicable;

16. The transfer must be completed in compliance with the terms of any applicable leases and other agreements and with all applicable laws, including but not limited to licensing and operations-related laws and/or laws governing franchise sales;

17. Franchisee agrees that we may (but are not required to) discuss with Franchisee and/or the proposed transferee any matters related to any transfer and/or proposed transfer at any time which we consider to be appropriate in our Business Judgment without liability (including our opinion of the terms of sale, performance of the Franchise, etc.). Franchisee expressly consents to any such discussions by us and we may contact any proposed transferee directly regarding such matters or otherwise;

18. Neither Franchisee nor any transferee shall rely on us to assist in the evaluation of the terms of any proposed transfer. Franchisee acknowledges and agrees that an approval of a proposed transfer shall not be deemed to an approval of the terms, nor any indication as to any likelihood of success or economic viability;

19. Franchisee and its Owners and/or Principals will agree not to compete, not to divert our clients and/or accounts, or attempt to hire temporary employees, after the transfer in accordance with restrictions acceptable to us and substantially similar to those described in Sections XIX.C and XIX.E of this Agreement; and

20. Franchisee and its Owners and/or Principals will not directly or indirectly at any time or in any manner (except with respect to other Balance Staffing™ business that Franchisee or its Principals own and operate) identify itself or any business as a current or former Balance Staffing™ business or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Balance Staffing™ business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggest or indicates a connection or association with us as described in Sections XXIV.A and XXIV.C of this Agreement.

In addition, the Franchisee must submit copies of the draft Asset Purchase Agreement or Stock (Membership Unit) (Partnership Unit) Purchase Agreement, all draft Promissory Notes, and Security Agreements, with the transferee, regardless of whether they are Franchisee financed or lender financed. In addition to all other grounds for rejection, we have the right to reject any proposed purchase of the assets of the Franchised Business or the stock, membership units, or partnership units of the Franchised Business on the grounds that the proposed Franchisee has in our sole opinion taken on too much debt.

C. Transfer, Sell or Assignment by Franchisor and Franchisor's Right of First Refusal

We have an unrestricted right to purchase, transfer or assign our rights or obligations under this Agreement to any transferee or other legal successor to the interests of our and will give Franchisee thirty (30) days' written notice of our decision to exercise our right of first refusal.

We will have a right of first refusal regarding any proposed transfer, by Franchisee or an Owner of Franchisee, subject to this Agreement. During the term of this Agreement, if Franchisee, any of its Owners wish to sell, assign or otherwise transfer an interest in this Agreement, the Franchised Business and/or its assets, or an ownership interest in Franchisee (collectively the "Interest"), then Franchisee will comply with the requirements of Sections XXII.B, XXII.C, XXII.E and XXIV.G of this Agreement.

Franchisee will notify us within ten (10) days after Franchisee has commenced discussions or communications even if preliminary, regarding such a proposed transfer and then send us written updates of the status of such discussions or communications every thirty (30) days thereafter unless and until such discussions or communications have ceased, in which case Franchisee must notify us in writing within five (5) business days that such discussions or communications have ceased. Whether the discussions have ceased or not, at our option, we may require Franchisee to send us, by certified mail or other receipted delivery, copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction as well as any materials Franchisee sends to the buyer or transferee. Before agreeing to any such transaction, Franchisee and its Owners agree to obtain from a responsible and fully disclosed buyer, and then send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating to any proposed transfer. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. The bona fide offer with the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer a ten thousand dollar ($10,000) earnest money deposit (if a proposed disposition is part of a transaction involving additional Balance Staffing™ businesses, operating under other franchise agreements or license agreements with us, the proposed buyer must pay you this earnest money deposit for each Balance Staffing™ business, involved).

To enable us to determine whether we will exercise our option, Franchisee or its Owners, shall provide such information and documentation, including financial statements, as we may require (as noted below). In the event that we elect to purchase said Interest, closing on such purchase must occur within ninety (90) days from the date of notice to the Franchisee of the election to purchase said Interest by us. Failure of us to exercise the option afforded by this Section XXII.C shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XXII.B, with respect to a proposed transfer of any Interest. Any later change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer.

We may, by delivering written notice to Franchisee or its Owners within thirty (30) days after we receive both an exact copy of the offer and the Preliminary Due Diligence Package (the date on which we have received the exact copy of the offer and the Preliminary Due Diligence Package is called the "Trigger Date"), notify Franchisee of our non-binding preliminary intent to purchase or not to purchase the interest proposed to be sold. The "Preliminary Due Diligence Package" is information and copies of documents (where applicable) that Franchisee supplies to us which consists of Franchisee's financial statements (including monthly revenue information) for the preceding three (3) years, a copy of the Business's current lease or sublease (if applicable), information about the number and compensation of all Internal Employees and temporary employees, payroll tax records for the past three (3) years, business income tax records for the past three (3) years, client records and the Franchisee's merchant account printouts for the past three (3) years, the Franchisee's bank deposits for the past three (3) years, and a description of competing temporary staffing businesses and/or any other type of businesses offering similar Services and products (if we are selling products at that time) operating within the Territory. If we notify Franchisee within thirty (30) days after the Trigger Date (the "First Notice Deadline") that we are preliminarily interested in exercising our right of first refusal, we will have an additional thirty (30) days after the First Notice Deadline both to conduct our due diligence and then to notify you of either our binding intent to exercise our right of first refusal or our decision not to exercise this right. This additional period is called the "Due Diligence Deadline." If we elect to purchase the Interest proposed to be sold for the price and on the terms and conditions contained in the offer:

1) We may substitute cash for any other form of payment proposed in the offer (such as ownership interests in a privately-held entity);

2) Our credit will be deemed equal to the credit of any proposed buyer, meaning that, if the proposed consideration includes promissory notes, we may provide promissory notes with the same terms as those offered by the proposed buyer, except as to subordination. Regarding subordination, you acknowledge and agree that our obligations under the promissory notes then outstanding to any and all lenders, although senior to the equity rights of our owners will also be senior to the promissory notes given to you;

3) We will have an additional thirty (30) days after the Due Diligence Deadline to close; and

4) We must receive, and Franchisee agrees to provide, all customary representations and warranties given a seller of assets of a similar business or the ownership interests in a similar legal entity, as applicable, including, without limitation, representations and warranties regarding:

   i. Ownership and condition of and title to ownership interests and/or;

   ii. Liens and encumbrances relating to ownership interests and/or assets;

   iii. Validity of contracts and the liabilities, contingent or otherwise, of the entity whose ownership interests are being purchased;

   iv. All equipment, products, supplies, technology items and software are in good working condition and suitable for use;

   v. No litigation or administrative proceedings pending against the Franchisee, or any of its officers, directors, or Owners arising out of the Franchisee's business;

   vi. There are no notices from any federal, state, or local governmental authority to make any changes to the Business or that negatively affect it;

   vii. The Franchisee has the authority to sell the assets of its Business, including a copy of all director and/or Owner resolutions;

   viii. The Franchisee will comply with the Bulk Sales Act, if it is required under the laws of the Franchisee's state;

   ix. There will be no material adverse change in the operation of the Franchisee's business between the date of signature of any Asset Purchase Agreement, and the date of settlement;

   x. There are no tax or employee claims or issues; and

   xi. The Franchisee will not enter into any transaction between the date of signature and the date of settlement other than in the ordinary course of business.

D. Transfer Upon Death or Mental Incapacity

Upon the death or mental incapacity of any person with an interest in Balance Staffing™ Business, the executor, administrator, or personal representative of that person must transfer his interest to a third party approved by us within six (6) months after death or mental incapacity. These transfers, including,

without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have six (6) months to dispose of the deceased's interest in the Business, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within six (6) months, we may terminate this Agreement.

Upon the death of the Franchisee or if an Entity an Owner who owns more than forty-nine percent (49%) or more of the Business, or in the event of any temporary or permanent mental or physical disability of such person, a manager shall be employed for the operation of the Business who has successfully completed our training courses to operate the Business for the account of Franchisee. If after the death or disability of the named Owner, the Business is not being managed by such trained manager, we are authorized to appoint a manager to maintain the operation of the Business until an approved transferee will be able to assume the management and operation of the Business, but in no event for a period exceeding ninety (90) days without the approval of the personal representative of the Principal; such manager shall be deemed an employee of the Franchisee. All funds from the operation of the Business during the period of management by such appointed or approved manager shall be kept in a separate fund and all expenses of the Business, including compensation of such manager, other costs and travel and living expenses of such appointed or approved manager, shall be charged to such fund. As compensation for the management services provided, in addition to the fees due, we shall charge such fund the full amount of the direct expenses incurred by us during such period of management for and on behalf of Franchisee, provided that you shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the Principal or personal representative of the Principal, or any person or entity having an interest therein for any debts, losses or obligations incurred by the Business, or to any creditor of Franchisee or the Principal during any period in which it is managed by our appointed or approved manager.

Within thirty (30) days after the effective date of legal transfer of the Franchise to Franchisee's heirs or successors of Franchisee's Owners, the heirs or successors must notify us in writing and make application for approval of such transfer. The application for such transfer is subject to the same conditions, procedures, and costs as any other transfer except that there will be no transfer fee.

E. Transfer, Sale or Assignment to a Third Party

If we do not exercise our right to purchase within thirty (30) days pursuant to Section XXII.C, Franchisee may thereafter transfer, sell or assign the Interest to a third party, but not at a lower price or on more favorable terms than disclosed to us in writing. The sale is subject to our prior written approval as specified in this Agreement.

If Franchisee does not complete the sale to the proposed buyer within ninety (90) days after we notify Franchisee that we do not intend to exercise its right of first refusal (whether or not the First Notice Deadline or the Due Diligence Deadline has expired), or if there is a material change in the terms of the sale (which Franchisee must communicate promptly to us), we will have an additional right to accept the sale during the thirty (30) day period following either the expiration of that ninety (90) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option. If Franchisee does not complete the sale to the proposed buyer within an additional ninety (90) days, then any proposed sale or transfer thereafter once again must comply with all of the provisions Sections XXII.B, XXII.C and XXII.E, as though there had not previously been a proposed sale or transfer.

In addition to its other obligations, such as obtaining the prior written approval of us, if Franchisee sells or offers to sell ownership interests, the sale of which is regulated by any applicable law, Franchisee must: (i) fully comply with all applicable laws, (ii) disclose to offerees and purchasers that neither us nor our employees, affiliates or agents are an issuer or underwriter, or are in any way liable or responsible for

the offering, (iii) ensure that we have reasonable time to review any reference to us or our franchisees in any prospectus or offering documents before their distribution or use, (iv) pay us actual legal costs incurred for our review, (v) indemnify us, our officers, owners, directors, employees, affiliates, and agents from any liability, cost, damage, claim, and expense and from any and all obligations to any person, entity or governmental agencies arising out of or relating to the offer, sale or continuing investment, (vi) sign such further indemnities and provide such further assurances as we may reasonably require and (vii) disclose our ownership rights to all trademarks, service marks, trade names, logos, trade secrets, copyrights, and patents.

If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. We and Franchisee may execute an addendum setting forth certain of these amendments applicable in certain jurisdictions, so long as and to the extent that then applicable laws referred to in the addenda remain in effect.

F. Resale Assistance of Franchised Business

Franchisee may, at any time, request our assistance in locating a buyer for its Business. We may, at our option, provide such assistance in accordance with the policies and procedures as set forth in the Operations Manual. We reserve the right to charge Franchisee a fee to cover our reasonable costs and expenses (including the time committed by our employees) incurred in providing such assistance. If we elect to assist Franchisee in finding a buyer for the Business in any way, we make no promises or commitments to Franchisee that a buyer will be located or that anyone will be willing to purchase the Business at a price acceptable to Franchisee. We reserve the right to reject any proposed sale based on our determination, in our sole discretion, that the transferee does not meet the requirements set forth above or that the purchase price or purchase terms agreed to between Franchisee and any prospective buyer is excessive or will not enable the buyer to succeed as a franchisee in the System, and by requesting our assistance Franchisee waives any liability claims it may have against us for such rejection.

XXIII. TERMINATION OF FRANCHISE

A. Impact of Statutes Upon Franchise Agreement

Some state laws provide certain rights to franchisees located in a particular state, including: (1) limitations on our ability to terminate a franchise except for good cause; (2) restrictions on our ability to deny renewal of a franchise; (3) circumstances under that we may be required to purchase certain inventory of franchisees when a franchise is terminated or not renewed in violation of the statute; and (4) provisions relating to arbitration. To the extent that the provisions of this Franchise Agreement are inconsistent with the terms of such state laws, the terms of the applicable state laws may control in those states.

Termination or modification of a lease or contract upon the bankruptcy of one of the Parties may be unenforceable under the Bankruptcy Act of 1978, Title II, U.S. Code, as amended.

B. Termination by Franchisor with Right to Cure

Except as otherwise provided in this Agreement, upon any material default by Franchisee under this Agreement or any other agreement between Franchisee and us or our affiliates, we may terminate this Agreement only by giving written notice of termination stating the nature of such default to Franchisee at least sixty (60) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the sixty (60) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the sixty (60) day period or such longer period as applicable law may require. Any breach relating to any violation of

health or safety laws must be cured within seventy-two (72) hours of notice or such shorter period prescribed by law. Any default for failure to pay monetary amounts must be cured within five (5) days or shorter period as is provided by law.

We may invoke our rights under this Section XXIII.B if, among other things, Franchisee fails to pay any required sums contemplated by this Agreement or any other agreement between Franchisee and us (and/or their respective affiliates).

C. Termination of Franchise without Right to Cure

Notwithstanding the foregoing, Franchisee shall be deemed to be in breach and we, at our option, may terminate this Agreement and all rights granted under it without affording Franchisee any opportunity to cure the breach, effective immediately upon us notifying Franchisee in writing of such breach, if Franchisee does any of the following:

1. Fails to agree on a Territory (if a Territory was not agreed upon before signing this Agreement), fails to secure a lease and/or fails to open the Business within the specified time limits as provided in Section IX.B above;

2. Fails to attend and satisfactorily complete the initial training program within sixty (60) days of the date Franchisee anticipates opening the Business (as described in Section XX.A);

3. Attends the initial franchise training program and we determine, in our sole discretion, that the Franchisee, its Owners or Operations Manager has failed the initial training program and Franchisee does not appoint another Operations Manager to attend; or another Operations Manager appointed by Franchisee fails the initial training program and/or is deemed not qualified to manage a Balance Staffing™ business (as described in Section XX.A);

4. Abandons, surrenders, assigns or transfers control of the operation of the Business to a third party or sub-franchises this Agreement without our permission; or fails to continuously and actively operate the Business for five (5) consecutive days, unless precluded from doing so by damage to the premises of the Business due to war, act of God, civil disturbance, natural disaster, labor dispute or other events beyond Franchisee's reasonable control;

5. Fails or refuses, on more than three occasions during the term of this Agreement, to submit when due for a reasonable time thereafter any financial statement, tax return or schedule, or to pay when due any payments due us or our affiliate;

6. Operates the Business in a manner that violates any federal, state, or local law, rule, regulation or ordinance (which includes failure of Franchisee to use its best efforts when hiring Internal Employees, independent contractors and temporary employees, including taking every action required by applicable laws related to criminal background checks for such persons);

7. Is unable to provide Products or Services associated with the System, or if any business or professional license or permit required by law is suspended or revoked, or otherwise not maintained continuously and actively in full force and effect, and in good standing; (as described in Section XII.C);

8. Fails, for a period of fifteen (15) days after notification of non-compliance by us or any appropriate authority, to comply with any federal, state federal, state or local law, ordinance or regulation applicable to the operation of the Business;

9. Violates any environmental, health, safety or sanitation law, ordinance or regulation, or operates the Business in an unsafe manner; and does not begin to cure the violation immediately and to correct the violation within seventy-two (72) hours or a shorter period as required by applicable law once Franchisee receives notice from us or another party;

10. Has made a material misrepresentation or omission on the application for the Franchise;

11. Discloses or divulges, to any unauthorized person, the contents of the Operations Manual, training materials or any other Confidential Information provided to Franchisee by us;

12. Fails to have one dedicated recruiter that is either the Franchisee or one of its Owners or fails to hire a minimum of one full time recruiter within the specified time limits as provided in Section XII.F and keep one full time recruiter on staff for the entire duration of this Agreement;

13. Fails to comply with modifications to System standards as required by us within a ninety (90) day period from the time of written notice by us;

14. Offers and/or sells Services and products (if we authorize franchisees to sell products in the future) through any alternative channel of distribution without our permission; or engages in any other activity, which has a material adverse effect on us or the Names and Marks;

15. Makes any changes to any products, Proprietary Products (if developed) or any third-party products (such as changing containers, packaging, labeling, etc.) or equipment as described in Section XII.I of this Agreement;

16. Makes or allows any unauthorized use or copy of Confidential Information, Proprietary Products and/or Software (if developed) or seek to challenge our ownership rights in the System, including our Confidential Information, Proprietary Products and/or Software;

17. Engages in any activity to translate, reverse engineer, reverse compile, change or disassemble any create derivative works based on our Confidential Information, products, Proprietary Products and/or Software (if developed);

18. Manufactures or produces any piece of equipment or product that is similar to, or competes with any of our Proprietary Products or any third-party product or equipment used, offered or sold in the Business without our advanced written consent;

19. Engages in activity to distribute, act as an exclusive distributor or secure exclusive rights to distribute any Proprietary Product or third-party product or equipment offered or sold in the Business without our written consent;

20. Engages in activity to sublicense, rent, lease, sell, distribute or otherwise transfer our Confidential Information and/or Software (if developed) or any portion thereof, or any rights therein, to any person or entity;

21. Exhibits a reckless disregard for the physical or mental well-being of its Internal Employees, temporary employees, clients, us or our representatives, or the public at large,

including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse or other forms of threatening, outrageous or unacceptable behavior as determined in our sole and absolute discretion;

22. Fails to: (i) procure and maintain all required insurance coverage (including any lapses, alterations, or cancellations to the insurance policies); (ii) or refuses to use our national workers compensation insurance program and/or adhere to the fee requirements for such program as defined in Sections X.G and XIII of this Agreement;

23. Fails or refuses to: (i) use the required talent management software and/or adhere to our software fee requirements; (ii) use our payroll processing, billing and collection services and/or adhere to fee requirements for such services as described in Sections X.E, X.F and XII.H of this Agreement.

24. Fails or refuses to: (i) purchase and maintain all technology items (clean, service, repair and replace) as specified by us; (ii) offer, use, modify, change or discontinue any Service, program, product or Proprietary Products (if we authorize Franchisee to sell products and/or if such products are developed in the future) or participate in any program as we specify; and/or (iii) execute and perform Services according to our standards (as described in Sections XII.H and XII.I of this Agreement);

25. Implements any type of service or product and/or offers or sells any service or product without our permission and not approved by us in writing, as described in Section XII.H of this Agreement;

26. Fails to: (i) purchase and/or use the equipment, products or Proprietary Products (if developed), supplies or services as specified by us; (ii) purchase any equipment, products, Proprietary Products (if developed), supplies or services from us, our affiliates or approved vendors (including service providers); and (iii) adhere to the requirement for us to process the payroll for Franchisee's temporary employees and perform all billing and collections functions for its Business as described in Sections XII.H and XII.I of this Agreement;

27. Fails or refuses to comply with our inventory requirements or minimum representation requirements (if applicable) as set forth in the Operations Manual;

28. Fails to comply with the terms of any auto-ship programs (if applicable) as set forth in the Operations Manual;

29. Engages in Target Marketing to solicit clients and/or accounts outside the assigned Territory; or Franchisee fails or refuses to refer off-site events, clients or accounts to other franchisees or company-owned businesses (as described in Section VI);

30. Uses the Names and Marks or any part thereof in any form on the Internet, including but not limited to, Websites (including addresses, domain names, URLs, links, metatags, locators, etc.), search techniques and co-branding arrangements without our prior written consent;

31. Is convicted of a felony or has pleaded nolo contendere to a felony, or is convicted on charges relating in any way to the possession or use of illegal drugs, controlled substances or steroids or is charged or convicted of a crime of moral turpitude;

32. Engages in unfair business practices or unethical conduct;

33. Fails to discharge within a reasonable time any valid lien placed against the property of the Business;

34. Makes an assignment for the benefit of creditors or an admission of the Franchisee's inability to pay its obligations as they become due;

35. Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, disposition, adjustment, liquidation, dissolution or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against him, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of the Franchisee or the Business, or the claims of creditors of Franchisee or the Business are abated or subject to a moratorium under any laws;

36. Becomes insolvent or makes a general assignment for the benefit of creditors;

37. If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee;

38. If a receiver or other custodian (permanent or temporary) of the Business, Franchisee, or Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction or by private instrument or otherwise;

39. If proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee.

40. If a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); or if Franchisee is dissolved or is wound up;

41. If execution is levied against Franchisee's business or property or against any ownership interest in Franchisee;

42. If any real or personal property of Franchisee's Business shall be sold after levy by any sheriff, marshal, or constable;

43. If, in material violation of the terms of Sections XII, XVI, XX and/or XXII;

44. If Franchisee maintains false books or records, or submits any false reports to us;

45. If any inspection of Franchisee's records discloses an under-statement of payments due to us of five percent (5%) or more, two or more times in any two (2) year period;

46. If Franchisee's business has three (3) or more material complaints reported to a governmental entity or other public forum (material complaints are determined in our sole discretion) with respect to the Business in any twelve (12) month period.

D. Termination by Franchisee

If we violate a material and substantial provision of the Agreement and fail to initiate a remedy to cure the violation within sixty (60) days after receiving written notice from Franchisee detailing our alleged default, Franchisee may terminate this Agreement if so permitted under applicable law. Any termination of this Agreement and the Franchise by Franchisee, without complying with the foregoing requirements, or for any reason other than breach of material and substantial provision(s) of this Agreement by us and

our failure to cure such breach within sixty (60) days after receipt of written notice thereof, shall not be permitted.

E. General Effect of Termination

On termination or expiration, all of Franchisee's post-termination obligations, including covenant not to compete, non-disclosure, return of the Operations Manual and other proprietary materials, and indemnity, will remain in force and effect. If this Agreement terminates for any reason prior to its expiration date, we will be entitled to certain damages (as described in Section XXIV.H).

F. Territory Modification as An Alternative to Termination

If you are in default of the Franchise Agreement, as an alternative to termination, we may modify or completely eliminate any rights that Franchisee may have with respect to the protected status of the Territory, effective ten (10) days after delivery of written notice to Franchisee. In addition, we may modify or completely eliminate Franchisee's Territory.

XXIV. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Franchisee Shall Cease Using Names and Marks

Franchisee further agrees that, upon termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any Confidential Information, methods, trade secrets, procedures, descriptions of Services and products (if we authorize franchisees to sell products in the future) associated with us and our Names, Marks and any proprietary marks and distinctive forms, slogans, tag lines, symbols, signs, logos or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signage and décor (including on vehicles if applicable), advertising materials, stationery, forms, and any other articles, which display our Names and Marks. Franchisee shall make or cause to be made, at its expense, changes directed by us in signage, building and structures so as to effectively distinguish the surviving business entity, if any, from its former appearance as a Balance Staffing™ business, and from other existing Balance Staffing™ businesses. Franchisee shall comply with the covenant not to compete and the agreement to maintain the confidentiality of proprietary information, as well as return all information that is considered to be Confidential Information under the terms and conditions of this Agreement back to us.

B. Franchisee Shall Cease Operating Business and Refrain from Notifying Temporary Employees, Clients and/or Accounts

Franchisee shall immediately cease to operate the Business under this Agreement, and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former Franchisee of ours.

In addition, Franchisee shall not give notice of termination or expiration of this Agreement to Franchisee's customers and/or any accounts without our prior written consent. We shall have the sole right to notify all of Franchisee's temporary employees, customers and/or accounts of the termination or expiration of this Agreement at the time and manner we determine to be most appropriate. All existing temporary employee lists and client and account lists of the Franchisee shall be our property. Franchisee shall assist us in transferring all temporary employees, clients and/or accounts to another franchisee, company-owned business or to us upon termination or expiration of this Agreement at such times and in the manner we require.

Franchisee must immediately tender all new or used inventory of our Proprietary Products (if developed), décor, signage, promotional, advertising and marketing materials in addition to all Confidential

Information to us and/or our designated affiliates or destroy, if notified by us in writing to do so, all inventory of such items in a timely manner as in accordance with the terms of the Operations Manual and as specified in Section XXIV.G of this Agreement.

C. Franchisee May Not Adopt Confusingly Similar Names and Marks

Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Names and Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our exclusive rights in and to the Names and Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us or a former association or connection with us.

D. Franchisee Shall Cancel Assumed Names and Transfer Phone Numbers

Franchisee further agrees that upon termination or expiration of this Agreement, Franchisee shall take all action necessary to cancel all assumed names or equivalent registrations relating to its use of any or all of the Names and Marks. Franchisee shall take all actions necessary to transfer all phone numbers, addresses, domain names, Websites, email, listings and location contacts for the Business to us or our designee, including but not limited to authorizing all telephone, Internet, Websites, email, electronic network, directory and listing entities to effectuate the same.

E. Franchisee Shall Transfer or Terminate Domain Name and Web Page

Upon termination or expiration of this Agreement, Franchisee agrees that, we will have the absolute right to notify InterNIC, ICANN and all other Internet authorities of the termination or expiration of Franchisee's right to use all domain names, web page, Websites and other search engines for the Business and to authorize the above and other search engines to transfer to us or our designee all domain names, web page, Websites and search engines associated with the Business. Franchisee acknowledges and agrees that we have the absolute right to, and interest in, all domain names, web page, Websites and search engines related to the Business and that we have the full right and authority to direct the above Internet authorities and all search engines to transfer Franchisee's domain names, web page, Website and search engines to us or our designee if this Agreement expires or is terminated for any reason. Franchisee further acknowledges that this Agreement will constitute a release by Franchisee of the above Internet authorities from any and all claims, liabilities, actions and damages that Franchisee may, at any time, have the right to allege against them in connection with this provision.

F. Franchisee Must Return Operations Manual and Other Materials

Franchisee further agrees that upon termination or expiration of this Agreement, Franchisee will immediately return to us all copies of the Operation Manual, training materials and any other materials, which have been loaned to Franchisee by us. Franchisee further agrees to turn over to us all items containing any of the Marks, and all client lists and contracts for the Franchised Business.

G. Franchisor May Purchase Assets

We shall have the first right of refusal to purchase or assume Franchisee's interest in the Franchised Business, or in its assets on the same terms as those contained in a bona fide offer from a third party. As used in this Section, "Assets" means all equipment, products, Proprietary Products, furnishings, fixtures, décor items, technology items, signage, inventory of products (non-perishable products, supplies in addition to advertising and marketing materials), vehicles (if applicable) and the lease or sublease for the Business. This right is governed by time limits and procedures described in this Agreement with respect to

our right of refusal in the event of an assignment. If we exercise our right of first refusal, Franchisee must transfer Franchisee's interest in the Franchised Business and in the Assets.

If Franchisee is selling its Assets, we shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase any or all Assets related to the operation of the Business and all items bearing our Names, Marks, at the lesser of Franchisee's cost or fair market value (less the amount of any outstanding liens or encumbrances). The cost shall be determined based upon a five (5) year straight-line depreciation of Franchisee's original costs. For any Asset that is five (5) or more years old, the Parties agree that fair market value shall be deemed to be ten percent (10%) of the Asset's original cost. However, for any items that display our Marks such as any product or Proprietary Products (excluding vehicles) and regardless of when the item was purchased, the fair market value is agreed to be twenty percent (20%) of the original cost and zero for any type of marketing and/or promotional material. If we elect to exercise any option to purchase herein provided, we shall have the right to set off all amounts due from Franchisee.

H. Franchisee Must Pay Monies Owed to Franchisor; Liquidated Damages

Franchisee shall pay to us, within thirty (30) days after the effective date of termination of this Agreement, such Royalty Fees, System Advertising Fees, other advertising fees, payments or any other sums owed to us by Franchisee, which are then unpaid. Franchisee shall pay to us all damages, costs, and expenses, including reasonable attorney's fees, incurred by us in obtaining injunctive or other relief for the enforcement of any provisions of Section XIX.

In the event of termination of this Agreement prior to its expiration date, Franchisee acknowledges that the Parties have considered the following in determining the amount of Liquidated Damages ("Damages"): (1) that the amount of the Damages is reasonable under the circumstances existing at the time this Agreement is made; (2) that the amount of Damages bear a rational relationship to the damages the Parties anticipate would flow from the breach of this Agreement; (3) the agreement to the amount of the Damages is necessary because actual damages are difficult to prove; and (4) the amount of the Damages are not so large that they act as a penalty. Franchisee accordingly agrees that in such event it shall be obligated to pay to us, the amount of the Damages which is a total of all Royalty Fees and System Advertising Fees payments that we would have received, if this Agreement remained in effect until its scheduled expiration date, subject to the following. This amount of Damage shall be calculated by adding together the average monthly Royalty Fee payments and the average System Advertising Fund Fee payments that were paid to us during the previous twelve (12) months for either the remaining term of this Agreement or two (2) years (whichever comes first). If the Franchisee has not made twelve (12) months of payments, then the number of payments it has made will be used to calculate the average of Royalty Fee and System Advertising Fund Fee payments. Such payments shall be due to us within thirty (30) days after the effective date of termination.

Except as otherwise provided in this Agreement, Franchisee shall retain whatever interest it may have in the Assets of the Franchised Business.

XXV. ENFORCEMENT

A. Franchisee May Not Withhold Payments Due Franchisor

Franchisee agrees that he or she will not withhold payments of any Royalty Fees, System Advertising Fees or any other amounts of money owed to us for any reason, on grounds of alleged nonperformance by us of any obligation. All such claims by Franchisee shall, if not otherwise resolved by us and Franchisee, be submitted to arbitration as provided in this Agreement. The Franchisee has no right of offset, or set off to any amounts due and owing to us.

B. Severability and Substitution of Valid Provisions

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder, or requires the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements.

C. Mediation

The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction before resorting to arbitration as set forth in Section XXV.D. Any party to this Agreement may initiate mediation by serving a written demand on the other party stating the particulars of the demand being served. Mediation fees shall be divided equally among the parties involved. Before any mediation commences, the Parties will agree to a date and/or certain event which will constitute a completion of the mediation process. All mediations shall be held in San Joaquin County, California. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation or refuses to mediate within ninety (90) days after a request has been made, then the other party ("Mediating Party") shall be entitled to recover attorney's fees and costs, even if such Mediating Party was not otherwise entitled to recover its attorney fees and cost in any arbitration or legal action between the Parties pursuant to the terms of this Agreement. This mediation provision applies whether or not the arbitration provision is initiated. The requirement to pay the Mediating Party's attorney's fees and costs apply regardless of whether the other party waits until the expiration of the ninety (90) day period to file the arbitration and applies as long as said party refuses to attend mediation. Mediation shall be held at the same venue as for arbitration as described in Section XXV.D.

D. Arbitration

Except as we elect to enforce this Agreement by judicial process, injunction, or specific performance (as provided above), all disputes and claims relating to any provision hereof, any specification, standard or operating procedure, or any other obligation of Franchisee prescribed by us, or any obligation of us, or the breach thereof (including, without limitation, any specification, standard or operating procedure or any other obligation of Franchisee or us, which is illegal or otherwise unenforceable or voidable under any law, ordinance, or ruling) shall be settled by mandatory binding arbitration in San Joaquin County, California. Arbitration must be in accordance with the then current Commercial Rules of the American Arbitration Association ("AAA") and, where applicable, the provision of the Federal Arbitration Act, i.e. 9 USC §1, et al; and provided that at the option of us or the Franchisee that the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association which could include an attorney with twenty (20) years or more franchise experience. The actual selection of the arbitrator from the list will be in accordance with the procedures for selecting an arbitrator under the Commercial Rules of the AAA. The Parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 1-3 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. The Parties further agree that arbitration will be conducted on an individual and not a class-wide or multiple plaintiff basis.

The Party discovering an arbitrable claim will have one (1) year from the date of discovery but not to exceed two (2) years from the date the claim occurred, in which to settle the claim or to commence arbitration on the claim. Otherwise the claim or demand will be deemed abandoned and shall be barred. The arbitrator shall allow discovery in accordance with the California Rules of Civil Procedure and may apply the sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award and the arbitrator shall

have the right to award or include in the award the specific performance of this Agreement. Unless specifically provided for by applicable statue, no punitive or exemplary damages shall be awarded against either us or Franchisee, or entities related to them, in an arbitration proceeding or otherwise, and are hereby waived. Judgment upon the award of the arbitrator will be entered in any court having competent jurisdiction thereof or of the Franchisor of Franchisee. During the pendency of any arbitration proceeding hereunder, Franchisee and we shall fully perform their respective obligations pursuant to the terms and conditions of this Agreement. Arbitration fees shall be shared equally, and the prevailing Party shall be entitled to recover reasonable attorney fees from the other Party, provided should there be no prevailing Party each Party shall pay their own attorney fees.

The requirement to arbitrate under this arbitration provision as well as to mediate under the mediation provision in Section XXV.C shall not apply to any of the following disputes or controversies: any action for injunctive or other provisional relief including but not limited to enforcement of liens, security agreements, or attachment, as we deem to be necessary or appropriate to compel Franchisee to comply with Franchisee's obligations to us and/or to protect the Names and Marks or any claim or dispute involving or contesting the validity of any of the Names and Marks, or any claim or dispute involving any of the Confidential information, trade secrets, or copyrights provided by us to the Franchisee under this Agreement.

E. Rights of Parties are Cumulative

The rights of us and Franchisee are cumulative, and the exercise or enforcement by us or Franchisee of any right or remedy shall not preclude the exercise or enforcement by us or Franchisee of any other right or remedy hereunder which we or Franchisee are entitled by law to enforce by the provisions of this Agreement or of the Operations Manual. In addition, both Parties agree that during any type of dispute or claim neither Party will attempt to: publicly publish any proceedings, make any publicly available claims; or make any disparaging statement which could tarnish the reputation of the other Party.

F. Judicial Enforcement, Injunction and Specific Performance

Notwithstanding anything to the contrary contained in Section XXV.D above relating to arbitration, we shall have the right to enforce by judicial process our right to terminate this Agreement for the causes enumerated in Section XXIII of this Agreement, to collect any amounts owed to us for any unpaid Royalty Fees, or other unpaid fees or charges due hereunder, arising out of the business conducted by Franchisee pursuant hereto, and to pursue any rights we may have under any leases, subleases, sales, purchases, or security agreements or other agreements with Franchisee. We shall be entitled, without bond, to the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If we secure relief by judicial enforcement, Franchisee agrees to pay to us an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation, court costs, and other litigation expenses, travel, accommodations, food, other expenses and any damages incurred by us as a result of the Franchisee's breach of any provision of this Agreement.

G. California Law Applies

Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 *et seq*.) or the U.S. Arbitration Act, this Agreement shall be governed by the laws of the state of California, and the sole and exclusive venue for arbitration or litigation shall lie in San Joaquin County, California, or in the applicable United States District Court for California.

H. Attorney Fees

In the event that either Party incurs any expenses (including but not limited to reasonable attorney's fees and reasonable expert witness fees) in enforcing the provisions of this Agreement by arbitration or legal action, the prevailing Party shall be entitled to recover such expenses directly from the other.

I. Binding Effect

This Agreement is binding upon the Parties hereto and their respective permitted assigns and successors in interest.

J. Entire Agreement/Integration/No Other Agreements/Manual(s) May Change

This Agreement and all exhibits to this Agreement constitute the final, complete and exclusive between the Parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Disclosure Document that we furnished to Franchisee. No amendment, change, or variance from this Agreement shall be binding on either Party unless mutually agreed to by the Parties in writing. The Operations Manual may be amended at any time by us, and Franchisee shall adapt its methods or procedures to comply with the requirements thereof.

K. Force Majeure

Except monetary obligations or as otherwise specifically provided in this Franchise Agreement, if either party to this Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, pandemics or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement through no fault of such party, then performance of such act shall be excused for the period of the delay, but in no event to exceed ninety (90) days from the stated time periods as set forth in this Franchise Agreement.

XXVI. NOTICES

Any and all notices permitted or required to be given hereunder shall be deemed duly given: (i) upon actual receipt if delivery is by hand; or (ii) upon receipt by the transmitting party of a confirmation or return response when delivery is by facsimile or email; (iii) forty-eight (48) hours after deposit to a reputable overnight carrier with confirmation sent or being available, or (iv) seventy-two (72) hours after deposit into the United States mail if delivery is by postage prepaid, registered or certified, return receipt requested mail. Each such notice shall be sent to the respective party at the address indicated in this Agreement or to any other address as the respective party may designate by notice delivered pursuant to this Agreement.

XXVII. COUNTERPARTS

This Agreement and any amendments or supplements hereto may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by each of the Parties hereto. A signed copy of this Agreement delivered by email, Docusign, or other means of electronic transmission (to which a PDF copy is attached) will be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

XXVIII. TIME IS OF THE ESSENCE

Time is of the essence. The Parties to this Agreement hereby agree that time is of the essence with respect to each of their respective duties and obligations under this Agreement.

XXIX. APPROVALS AND WAIVERS

Whenever this Agreement requires the prior approval or consent of us, Franchisee shall make a timely written request to us therefore, and such approval or consent shall be obtained in writing.

We make no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request therefore.

No failure of us to exercise any power reserved to us by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the Parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms herein. Waiver by us of any particular default or breach by Franchisee shall not affect or impair our rights with respect to any subsequent default or breach of the same, similar or different nature, nor shall any delay, forbearance, or omission, breach or default by us to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair our right to exercise the same, nor shall such constitute a waiver by us of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

XXX. AUTHORITY

Franchisee or, if Franchisee is a corporation, limited liability company or partnership, the individuals executing this Agreement on behalf of such corporation, limited liability company or partnership, warrant to us, both individually and in their capacities as owners or officers, that all of them as the case may be, have read and approved this Agreement, including the restrictions which this Agreement places upon their right to transfer their respective interests in such entity as set forth in Section XXII.

XXXI. FURTHER REPRESENTATIONS AND WARRANTIES BY THE FRANCHISEE

Franchisee acknowledges and warrants that it has received a complete and final copy of this Agreement, our Disclosure Document and applicable exhibits, in a timely fashion as required; and that before signing this Agreement, Franchisee was given ample opportunity to review and examine our Disclosure Document and was furnished with copies of the documents. **NO ORAL, WRITTEN OR VISUAL CLAIM OR STATEMENT THAT CONTRADICTS THE DISCLOSURE DOCUMENT WAS MADE.**

FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE, ALL MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS, HAVE BEEN ADVISED TO HAVE THIS AGREEMENT AND ALL OTHER DOCUMENTS REVIEWED BY AN ATTORNEY AND THAT FRANCHISEE, ALL MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS HAVE READ, UNDERSTOOD, HAD AN OPPORTUNITY TO DISCUSS AND AGREED TO EACH PROVISION OF THIS AGREEMENT. THE FRANCHISEE AND MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS AGREE THAT THERE HAS BEEN NO PRESSURE OR COMPULSION BY FRANCHISOR OR ITS AGENTS TO SIGN THIS AGREEMENT.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED TO BE UNDERTAKEN BY FRANCHISEE AND ITS OWNERS IS SPECULATIVE AND WILL BE DEPENDENT ON PERSONAL EFFORTS AND SUCCESS IS NOT GUARANTEED. FRANCHISEE AND MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS ACKNOWLEDGE AND REPRESENT THAT IT HAS ENTERED INTO THIS AGREEMENT AND MADE AN INVESTMENT ONLY AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE OPPORTUNITY, INCLUDING HAVING RECEIVED A LIST WITH THE FRANCHISE DISCLOSURE DOCUMENT OF OTHER CURRENTLY AND PREVIOUSLY OPERATED BALANCE STAFFING™ FRANCHISES.

IN WITNESS WHEREOF, the Parties hereto have duly executed, sealed and delivered this Balance Staffing Franchise, LLC Franchise Agreement in duplicate on this date_____/_____20____.

FRANCHISOR:

Address for Notices:
Balance Staffing Franchise, LLC
2800 N. Cherryland Avenue
Stockton, CA 95215
Telephone: (209) 474-1379
Attn: John Moss

Balance Staffing Franchise, LLC

Signed:_____

Name:_____

Title:_____

Date:_____

FRANCHISEE:

Address for Notice:

_____

_____

Telephone:_____
Fax:_____
Attn:_____

Signed:_____

Name:_____

Date:_____

Signed:_____

Name:_____

Date:_____

Signed:_____

Name:_____

Date:_____

Signed:_____

Name:_____

Date:_____

SCHEDULE 1
BALANCE STAFFING FRANCHISE, LLC
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS
(DIRECT DEPOSIT)

BY AND BETWEEN Balance Staffing Franchise, LLC AND _____("Franchisee") DATED _____20___.

The undersigned Franchisee ("DEPOSITOR") hereby authorizes Balance Staffing Franchise, LLC ("FRANCHISOR") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("DEPOSITORY") to debit such account pursuant to FRANCHISOR's instructions.

DEPOSITORY	Branch
Address	City, State and Zip Code
Bank Transit/ABA Number	Account Number

This authority is to remain in full force and effect until DEPOSITORY has received joint written notification from FRANCHISOR and DEPOSITOR of the DEPOSITOR's termination of such authority in such time and in such manner as to afford DEPOSITORY a reasonable opportunity on which to act. If an erroneous debit entry is initiated to DEPOSITOR's account, DEPOSITOR shall have the right to have the amount of such entry credited to such account by DEPOSITORY, if (a) within 15 calendar days following the date on which DEPOSITORY sent to DEPOSITOR a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, DEPOSITOR shall have sent to DEPOSITORY a written notice identifying such entry, stating that such entry was in error and requesting DEPOSITORY to credit the amount thereof to such account. These rights are in addition to any rights DEPOSITOR may have under federal and state banking laws.

DEPOSITOR	DEPOSITORY
By:_____	By:_____
Title:_____	Title:_____
Date:_____	Date:_____

SCHEDULE 2
BALANCE STAFFING FRANCHISE, LLC
PRE EXISTING BUSINESSES

As a condition precedent to the effectiveness of the Franchise Agreement and in consideration of the terms and conditions of the Franchise Agreement.

Franchisee represents and warrants to Franchisor as follows:

1. Entities and as an entity owned by [Franchisee and or affiliates of Franchisee] currently operate a business known as _____ , ("Pre - Existing Business").

2. Any and all existing franchise agreements, stockholder agreements, partnership agreements, option agreements or any other third-party rights relating to the Pre – Existing Business, do not contain any covenants, terms and conditions which do now, or may in the future, prohibit the execution of the Franchise Agreement and the participation of any of the owners, managers or employees of the Franchisee in the Franchised Business, and

3. Other than the consents of Franchisee and us there is no other third-party consent required for the acquisition of the franchise to be legally binding and effective, and

4. There are no existing restrictive covenants, other than those which the Pre -Existing Business has waived, binding on Franchisee or any of its partners, owners, agents representatives or employees that would be breached by the acquisition and operation of the Franchised Business obligations of Franchisee to us, and

5. The Pre-Existing Business provides the following goods and services to its clients at the following locations:

   5.1 Services and products of Pre-Existing Business(es)

_____
_____
_____

   5.2 Location(s) of Pre-Existing Goods Business(es)

_____
_____
_____

and from the date hereof will continue to operate as [an independent organization] and shall not carry out any other businesses directly or indirectly competing with the Franchised Business, and

6. Franchisee shall convert the entire Pre-Existing Business into the Franchised Business and shall hence forth operate that business as the Franchised Business under the trade name "Balance Staffing™," and

7. Franchisee agrees that any business currently operated or to be operated by any affiliate of Franchisee outside of the Franchised Business which later becomes a part of the Franchised Business shall be folded into the Franchised Business after notice and approval by us, and

8. Franchisee shall indemnify, defend and hold harmless us and our affiliates, against all losses, costs, proceedings, judgments, liabilities, expenses, court costs, and reasonable fees of attorneys and other professionals, arising out of or resulting from any breach of the representations and warranties set out in this Exhibit or in connection with any willful or negligent act or omission of Franchisee or Franchisee's employees or agents, including but not limited to such act or omission that contributes to any economic damage, bodily injury, sickness, disease or death. This indemnity shall survive termination of the Franchise Agreement.

FRANCHISEE

Signed:_____

Printed Name:_____

Title:_____

Date:_____

SCHEDULE 3
BALANCE STAFFING FRANCHISE, LLC
EXECUTIVE ORDER 13224 AND RELATED CERTIFICATIONS

If the Franchisee is an individual or individuals, the Franchisee certifies that he/she/they are not, nor to my/our best knowledge have I/us been designated, a terrorist and/or a suspected terrorist, nor am I/us associated and/or affiliated in any way with any terrorist and/or suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

If the Franchisee is a company, the person(s) signing on behalf of the Franchisee certify(ies) that, to the Franchisee's and such person's best knowledge, neither the Franchisee, such person, and/or any owners, officers, board members, similar individuals and/or affiliates/associates of the Franchisee have been designated, a terrorist and/or a suspected terrorist, nor is the Franchisee or any such persons and/or affiliates/associates owned, controlled, associated and/or affiliated in any way with any terrorist and/or a suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

Franchisee agrees to fully comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations, including properly performing any currency reporting and other obligations, whether relating to the Franchise or otherwise, and/or required under applicable law. The indemnification responsibilities provided in the Franchise Agreement cover the Franchisee's obligations hereunder.

FRANCHISEE

Signed:_____

Printed Name:_____

Title:_____

Date:_____

SCHEDULE 4
BALANCE STAFFING FRANCHISE, LLC
ADA & RELATED CERTIFICATIONS

Balance Staffing Franchise, LLC ("we, us, our") and _____ ("Franchisee") are parties to a franchise agreement dated, _____20____ (the "Franchise Agreement") for the operation of a Balance Staffing™ Business (the "Business").

In accordance with Section XII.C of the Franchise Agreement, Franchisee certifies to us that the Business and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act and all local zoning regulations and building codes. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by us does not constitute ownership, control, leasing or operation of the Business. Franchisee acknowledges that we have relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify us, our members, managers, officers, employees and agents, and each and all of the Franchisor-Related Entities, in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee's compliance (or failure to comply) with the Americans with Disabilities Act, all local zoning regulations and building codes and otherwise, as well as the costs, including attorneys' fees, related to the same.

FRANCHISEE

Signed:_____

Printed Name:_____

Title:_____

Date:_____

SCHEDULE 5
BALANCE STAFFING FRANCHISE, LLC
FRANCHISE AGREEMENT: INDIVIDUAL GUARANTY
(USE FOR CORPORATE, PARTNERSHIP OR OTHER ENTITY FRANCHISEE)

This Guaranty ("Guaranty") to the Franchise Agreement by and between Balance Staffing Franchise, LLC ("we, us, our") and _____ ("Franchisee") (the "Franchise Agreement") is entered into by the undersigned Guarantors this _____ day of _____, 20____.

1. The undersigned Guarantors agree, individually and on behalf his or her marital community, to personally and unconditionally guarantee the performance of Franchisee under the Franchise Agreement and to perform all obligations under this Guaranty on default by Franchisee of the Franchise Agreement. The undersigned further agree to pay any judgment or award against Franchisee obtained by us. Guarantors are also bound by covenants of the Franchise Agreement that by their nature or terms survive the expiration or termination of the Franchise Agreement, including but not limited to non-competition, indemnity and non-disclosure provisions.

2. Each Guarantor has consulted legal counsel of his/her own choosing as to his/her responsibilities and liabilities under this Guaranty.

3. Each Guarantor waives:

   a. Notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed;

   b. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed;

   c. Any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability;

4. Each Guarantor consents and agrees that:

   a. Liability under this Guaranty is joint and several with any other guarantor and the Franchisee;

   b. Each will render any payment or performance required under this Guaranty on demand, if Franchisee fails or refuses punctually to do so;

   c. Each will individually comply with the provisions and all subsections of the Franchise Agreement and related documents;

   d. Liability is not contingent or conditioned on our pursuit of any remedies against Franchisee or any other persons;

   e. Liability is not affected by any extension of time, acceptance or part performance, release of claims, or other compromise that we may grant Franchisee or other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Franchise Agreement; and

f. Each waives acceptance and notice of acceptance by us; waives notice of demand, and waives protest and notice of default, except as may be required by the Franchise Agreement.

5. Each Guarantor further hereby consents and agrees that:

a. Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of Franchisee, other guarantors, and the other owners of the Franchisee;

b. This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by an abandonment of the Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by impairment, modification, change, release or limitation of the liability of the Franchisee or its estate in bankruptcy or any remedy for enforcement resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

c. We may proceed against Guarantor and Franchisee jointly and severally, or We may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and

d. Guarantor agrees to pay all reasonable attorneys' fees and costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in the enforcing this undertaking against Guarantor.

Guarantor agrees to be personally bound by the arbitration obligations under Section XXV.D of the Franchise Agreement, including without limitation, the obligation to submit to binding arbitration the claims described in Section XXV.D of the Franchise Agreement in accordance with its terms.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature, in his or her individual capacity, on the same day and year as the Agreement was executed.

Dated on the _____date of _____20____.

(Set forth the name, address and percentage ownership of each owner of Franchisee, their spouse and their percentage ownership, if applicable):

GUARANTOR NAME	**ADDRESS**	**PERCENTAGE**
_____	_____	
Signed	_____	_____
	_____	
_____		
Printed		

Signed

Printed

Signed

Printed

Signed

Printed

SCHEDULE 6
BALANCE STAFFING FRANCHISE, LLC
STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS

A. The following is a list of all managing partners, shareholders, partners or other investors in Franchisee, including all investors who own or hold direct or indirect interest in Franchisee and a description of the nature of their interest.

Name	**Percentage of Ownership/Nature of Interest**

B. In addition to the persons listed in paragraph A., the following is a list of all Franchisee's Principals described in and designated pursuant to Section XIX.B of the Franchise Agreement. Unless designated as a controlling Principal, each of Franchisee's Principals shall execute the Confidentiality Agreement in the form set forth in Schedule 8.

SCHEDULE 7
BALANCE STAFFING FRANCHISE, LLC
COLLATERAL ASSIGNMENT OF LEASE

Franchisee: _____

_____

Franchisor: Balance Staffing Franchise, LLC

Date of this Collateral Assignment of Lease (the "Assignment"):_____

The Franchisee, to effect various provisions of that certain Franchise Agreement dated _____, 20 __, by and between Franchisee and us(the "Franchise Agreement"), hereby collaterally assigns to Franchisor (subject to the terms and conditions below) all of Franchisee's right, title and interest in, to and under that certain lease (the "Lease") dated _____ 20__, between Franchisee and _____, ("Landlord"), for that property commonly known as:_____(the "Premises"), a copy of which Lease is attached to this Assignment.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, the sum of Ten Dollars ($10.00) and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and notwithstanding anything in the Lease to the contrary, it is hereby agreed as follows:

No material modification or amendment of the Lease shall occur or be effective without the prior written consent of us. Landlord will not consent or allow Franchisee to assign the Lease or sublease the Premise without Franchisor's prior written consent, which shall not be unreasonably withheld.

Except as provided in the Franchise Agreement, we will not take possession of the Premises under this Assignment until and unless there is a termination, cancellation, rescission or expiration of the Franchisee's rights, or a default by Franchisee, under the Lease, any sublease and/or the Franchise Agreement. In such event(s), we (or its designee) may (but has no obligation to) take possession of the Premises and assume the Franchisee's rights under the Lease, and, in such event, Franchisee will have no further right, title or interest in or under the Lease or to the Premises, all such rights thereby passing to us or our designee, without the Landlord's further consent. The Franchisee will fully cooperate therewith and do all acts necessary or appropriate thereto. We will have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease, the Premises or otherwise until and unless we take possession of the Premises pursuant to this Assignment and, in any event, we will only be responsible for those obligations accruing with respect to the Lease after the date of such express assumption. Upon taking possession of the Premises, we shall be obligated from that date forward to perform all of the duties and obligations of Franchisee under the Lease. We shall notify Landlord, in writing, within three days of taking possession of the Premises that has been taken such possession.

Notwithstanding anything herein to the contrary, upon us taking possession of the Premises, Franchisee shall not be relieved of any of its obligations under the lease.

The Franchisee will not permit any surrender, termination, amendment or modification of the Lease and will elect and exercise all options to extend the term of or renew, or assume in bankruptcy, the Lease not less than thirty (30) days prior to the last day that said rights must be exercised. If the Franchisee does not do so, We may to the extent consistent with the United States Bankruptcy Code (but has no obligation to) do such acts for the account of Franchisee and without any liability or obligation of us. Failure of us to exercise any remedy hereunder shall not be a waiver of any of its rights. Our rights and remedies of under this Assignment are in addition to those which the Franchisor has under the Franchise Agreement or

otherwise. This Assignment shall bind, and benefit, us and Franchisee and their respective successors and assigns. With respect to the us and Franchisee the dispute resolution provisions (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Franchise Agreement shall apply to this Assignment, and/or any matter related in any way to it, but we may, in any event and at its option, proceed with any action in court for possession of the Premises and any related remedies. If there is more than one Franchisee, their obligations are joint and several. As between Landlord and us and/or Franchisee, the dispute provision of the Lease shall apply.

In the event Franchisee shall fail to perform or observe any of the terms, conditions or agreements in the Lease, Landlord shall give written notice thereof to us and we shall have the right (but not the obligation) to cure such default. Landlord shall not take any action with respect to such default under the Lease, including without limitation any action in order to terminate, rescind or avoid the Lease, for a period of fifteen (15) days following expiration of any cure period Franchisee may have under the Lease with respect to such default; provided, however, that in the case of any default which cannot with diligence be cured within said additional fifteen (15) day period, if we shall proceed promptly to cure such default and thereafter prosecute the curing of such default with diligence and continuity, the time within which such default may be cured shall be extended for such period as may be necessary to complete the curing of such default with diligence and continuity.

Landlord will recognize and accept the performance by us of any act or thing required to be done by Franchisee under the terms of the Lease and will accept such performance as if it were performed by Franchisee.

Landlord agrees that in any case commenced by or against Franchisee under the United States Bankruptcy Code, we shall have standing to appear and act as a party to the Lease for purposes of the Bankruptcy Code, (but shall not have any obligations under the Lease unless we expressly assume the Lease). Landlord shall, during Franchisee's bankruptcy case, serve on us a copy of all notices, pleadings or documents which are given to Franchisee, and service shall be in the same manner as given to Franchisee. If the Lease or Franchisee's rights under the Lease are terminated, whether by reason of default of Franchisee or Landlord, rejection of the Lease in any bankruptcy case, voluntary surrender and acceptance, or otherwise, then Landlord shall give written notice of such termination to us. We or our nominee shall have the option, exercisable by written notice to Landlord delivered not later than the 30th day after written notice that the termination has occurred, to receive from Landlord a new lease of the Premises on the same terms and conditions as the Lease, for the remaining term of the Lease (that is, the portion of the term that would remain absent the termination and the conditions or events causing the same), and such same terms and conditions shall include any extension rights provided for in the Lease.

Any notice or other communication required or permitted to be given under this Assignment shall be in writing and addressed to the respective party as set forth below. Notices shall be effective (i) on the next business day if sent by a nationally recognized overnight courier service, (ii) on the date of delivery by personal delivery and (iii) on the date of transmission if sent by facsimile during business hours on a business day (otherwise on the next business day) (with receipt of confirmation). Any party may change the address at which it is to receive notices to another address in the United States at which business is conducted (and not a post-office box or other similar receptacle), by giving notice of such change of address in accordance with this provision.

Notices to us, Franchisee or Landlord shall be addressed as follows:

[Insert applicable notice addresses].

This Assignment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

If any portion or portions of this Assignment shall be held invalid or inoperative, then all of the remaining portions shall remain in full force and effect, and so far as is reasonable and possible, effect shall be given to the intent manifested by the portion or portions held to be invalid or inoperative.

This Agreement shall be governed by and construed in accordance with the laws of the State of _____.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment under as of the date first above written.

FRANCHISEE:

_____	_____
Signature	Signature
_____	_____
Printed Name	Printed Name
LANDLORD	**FRANCHISOR**:
_____	**Balance Staffing Franchise, LLC**
by_____	by_____
its_____	its_____

SCHEDULE 8
BALANCE STAFFING FRANCHISE, LLC
CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Agreement is made and entered into _____20_____, between Balance Staffing Franchise, LLC, a California limited liability company (hereinafter referred to as "we, us, our"), _____ (hereinafter referred to as "You")

RECITALS:

WHEREAS, we have acquired the right to develop a unique system (the "System") for the development and operation of an employment agency that offers temporary employment services for businesses in all sectors, under the name and mark "Balance Staffing™" ("Business"); and

WHEREAS, the System includes but is not limited to certain trade names, service marks, trademarks, symbols, logos, emblems, and indicia of origin, including, but not limited to the mark Balance Staffing™ and such other trade names, service marks, and trademarks as we may develop in the future to identify for the public the source of services and products marketed under such marks and under the System and representing the System's high standards of quality, appearance and service standards; our Services, methods, processes, strategies and techniques for recruiting, interviewing and hiring temporary employees; insurance requirements and procedures (including our National Workers Compensation Insurance Program), vendor and supplier relationships, rate and fee strategies, efficient administrative and operational procedures, ongoing training programs, procedures for safety and quality control; recommended build out and design specifications with furnishings, décor, color scheme and signage; guidelines for hiring internal employees, independent contractors (if Franchisee chooses to use independent contractors for its Business) and temporary employees; website, intranet system, third-party software, Operations Manual, photographs, video presentations, forms, contracts, record keeping and reporting methods; proprietary sales presentations, account acquisition and retention programs; advertising, marketing and promotional materials in addition to any products (if we develop or choose to sell products in the future); all of which may be changed, improved and further developed by us from time to time and are used by us in the operation of the System ("Trade Secrets"); and

WHEREAS, the Trade Secrets provide economic advantages to us and are not generally known to, and are not readily ascertainable by proper means by us competitors who could obtain economic value from knowledge and/or use of the Trade Secrets; and

WHEREAS, We have taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, We have granted You (individually and/or through ownership of an entity) a limited right to manage and participate in the operation of a Business using the System and the Trade Secrets for the period defined in the franchise agreement made and entered into _____, 20_____ ("Franchise Agreement") between You and us ; and

WHEREAS, You and us have agreed in the Franchise Agreement on the importance to us and to you and other licensed users of the System of restricting use, access and dissemination of the Trade Secrets; and

WHEREAS, it will be necessary for You to have access to and to use some or all of the Trade Secrets in the management and operation of your Business using the System; and

WHEREAS, You have agreed to obtain from your staff written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, each member of your staff wishes to remain, or wishes to become a staff member; and

WHEREAS, You will receive and use the Trade Secrets in the course of operating the Business;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. You and/or we shall disclose to You some or all of the Trade Secrets relating to the System.

2. You shall receive the Trade Secrets in confidence, maintain them in confidence and use them only in connection with the management and/or operation by the Business using the System for so long as you are licensed by us to use the System.

3. You shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without our express written permission.

4. You shall not at any time disclose or permit the disclosure of the Trade Secrets except to your staff then only to the limited extent necessary to train or assist your staff in the management or operation of a Business using the System.

5. That all information and materials, including without limitation, drawings, specifications, techniques and compilations of data which we shall designate as confidential shall be deemed the Trade Secrets for the purposes of this Agreement.

6. You shall surrender the confidential Franchise Operations Manual and such other manuals and written materials as we shall have developed ("Manuals") described in the Franchise Agreement and any other material containing some or all of our Trade Secrets to us, upon request, or upon expiration or termination of the Franchise Agreement or upon conclusion of the use for which the Manuals or other information or material may have been furnished to your staff.

7. You shall not, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System or the Names and Marks.

8. The Manuals are loaned by us to You for limited purposes only and remain our property and may not be reproduced, in whole or in part, without our written consent.

9. In further consideration for the disclosure to You of the Trade Secrets and to protect the uniqueness of the System, You agree that during the term of the Agreement and for two (2) years following the earlier of the expiration, termination or transfer of all of your interest in the Franchise Agreement with you, You will not, without the prior written consent of us:

    a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or client of the Business to any competitor.

    b. Employ or seek to employ any person who is at the time employed by us or any franchisee or developer of us, or otherwise directly or indirectly induce such persons to leave that person's employment.

    c. Directly or indirectly, for himself or through, on behalf of or in conjunction with any person, partnership or corporation, own, maintain, operate, engage in or have

any financial or beneficial interest in (including interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business which is the same or is similar to the Franchise including, but not limited to, any type of temporary staffing business or any type of business which uses any aspect of the System which is the same as or similar to the Business including, but not limited to, any which offers similar Services and products (if we and/or our franchisees are selling products) to a Balance Staffing™ which business is, or is intended to be, located within a twenty (20) mile radius of the location approved in the Franchise Agreement or of any Balance Staffing™ business (which includes company-owned businesses and/or any other franchise businesses) in existence or under construction as of the earlier of: the expiration or termination of, or the transfer of all or your interest in, the Franchise Agreement.

10. You undertake to use your best efforts to ensure that your staff acts as required by this Agreement.

11. You agree that in the event of a breach of this Agreement, we would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, we shall be entitled to enforce this Agreement and shall be entitled, in addition to any other remedies which are available to us at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

12. You agree to pay all expenses (including court costs and reasonable legal fees) incurred by us and you in enforcing this Agreement.

13. Any failure by us or You to object or to take action with respect to any breach of this Agreement by You shall not operate or be construed as a waiver of or consent to that breach or any later breach by You.

14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF CALIFORNIA. THE PARTIES AGREE THAT ANY ACTION BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT IN CALIFORNIA IN THE JUDICIAL DISTRICT IN WHICH FRANCHISOR HAS ITS PRINCIPAL PLACE OF BUSINESS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF, WE MAY BRING SUCH ACTION IN ANY COURT IN STATE WHICH HAS JURISDICTION. THE PARTIES HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.

15. The parties agree that each of the above covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having a valid jurisdiction in an unappealed final decision to which Franchisor is a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

16. This Agreement contains the entire agreement of the parties regarding the subject matter herein. This Agreement may be modified only by a duly authorized amendment executed by all parties.

17. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid or facsimile, telegram or telex, (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties.

If directed to us, the notice shall be addressed to:

Balance Staffing Franchise, LLC
2800 N. Cherryland Avenue
Stockton, CA 95215
Attention: John Moss, President
Telephone: 1 (209) 474-1379

If directed to you, the notice shall be addressed to:

_____

_____

Attention: _____
Telephone: _____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile, telegram or telex shall be deemed given upon transmission, provided confirmation is made as provided above.

Any notices sent by expedited delivery service or certified or registered mail shall be deemed given three (3) business days after the time of mailing. Any change in the above addresses shall be effective by giving fifteen (15) days' written notice of such change to the other party.

18. Our rights and remedies of us under this Agreement are fully assignable and transferable and shall inure to the benefit our successors, assigns and transferees. The respective obligations of you and your staff hereunder are personal in nature and may not be assigned by you or your staff, as applicable.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement, as an entity and in his or her individual capacity, as witnessed by their signatures below:

Balance Staffing Franchise, LLC
a California limited liability company

Signature:_____

Printed Name:_____

Title:_____

YOU:

Signature:_____

Printed Name:_____

EXHIBIT B

DIRECTORY OF FEDERAL, STATE AND CANADIAN FRANCHISE REGULATORS

AGENTS FOR SERVICE OF PROCESS

EXHIBIT B

DIRECTORY OF FEDERAL, STATE AND CANADIAN FRANCHISE REGULATORS

FEDERAL

FEDERAL TRADE COMMISSION
Division of Marketing Practices
Seventh and Pennsylvania Avenues, N.W.
Room 238
Washington, D.C. 20580
202-326-2970

STATE FRANCHISE REGULATORS & AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
California Department of Financial Protection
and Innovation
2101 Arena Blvd.
Sacramento, CA 95834
866-275-2677

CONNECTICUT
Connecticut Department of Banking
Securities Division
260 Constitution Plaza
Hartford, Connecticut 06103
800-831-7225

FLORIDA
State Department of Agriculture and
Consumer Services
P.O. Box 6700 Suite 7200
Tallahassee, FL 32314-6700
850-410-3754

HAWAII
Commissioner of Securities of the State of Hawaii
Department of Commerce & Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street Room 205

ILLINOIS
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62701
217-782-4465

INDIANA
Chief Deputy Commissioner
Securities Divisions
302 West Washington Street Room E-111
Indianapolis, Indiana 46204

MARYLAND
Securities Commissioner
Division of Securities
200 St. Paul Place 20th Floor
Baltimore, Maryland 21202-2020
410-576-6360

MICHIGAN
Consumer Protection Division
Franchise Administrator
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
517-373-7117

MINNESOTA
Minnesota Department of Commerce
Securities Section
85 Seventh Place East Suite 280
St. Paul, Minnesota 55101
651-539-1600

NORTH DAKOTA
Franchise Examiner
600 East Boulevard
State Capitol 5th Floor,
Bismarck, North Dakota 58505
701-328-2910

SOUTH DAKOTA
Franchise Administrator
Division of Securities
124 S. Euclid Ave Suite 104
Pierre, South Dakota 57501
605-773-4823

VIRGINIA
Clerk of the State Corporation Commission
1300 East Main St, 9th Floor
Richmond, Virginia 23219
804-371-9733

State Administrator:
State Corporation Commission
1300 East Main St. 9th Floor
Richmond, Virginia 23219
804-371-9051

WISCONSIN
Franchise Registration
Divisions of Securities
P.O. Box 1768
Madison, Wisconsin 53701
608-266-1064

NEW YORK
New York Secretary of State
One Commerce Plaza
99 Washington Avenue
Albany, New York 12231
518-473-2492

New York State Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
212-416-8236

RHODE ISLAND
Department of Business Regulation
Division of Securities
1511 Pontiac Avenue Bldg. 69-2
Cranston, Rhode Island 02920
401-462-9527

TEXAS
Registrations Unit
Secretary of State
P.O. Box 13193
Austin, Texas 78711-2697
1019 Brazos
Austin, Texas 78701

WASHINGTON
Securities Administrator
150 Israel Road SW
Tumwater, Washington 98501
360-902-8760

CANADA

Director of Franchises
Alberta Securities Commission Agency
21st Floor
10025 Jasper Avenue
Edmonton, Alberta T5J 3Z5

Director of Franchises
Ontario Securities Commission
Suite 1903
20 Queen Street, West
Toronto, Ontario MSH 3S8
(416) 593-8314

Director of Franchises
New Brunswick Securities Commission
Suite 300
85 Los Angeles Street
Saint John, New Brunswick 32L 2J2

Office of the Attorney General
Consumer, Corporate, and Insurance Division
PEI Securities Office
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
(902) 368-4569

EXHIBIT C

FRANCHISE DISCLOSURE QUESTIONNAIRE

EXHIBIT C

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, Balance Staffing Franchise, LLC ("we," "us" or "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a Balance Staffing™ Franchised Business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading.

Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed our Franchise Agreement and each exhibit and schedule attached to it?

   Yes _____ No _____ Your Initials _____

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

   Yes _____ No _____ Your Initials _____

   If "No," what parts of the Franchise Agreement do you not understand?
   (Attach additional pages, if necessary)

   _____

   _____

   _____

   _____

3. Have you received and personally reviewed the Disclosure Document we provided to you?

   Yes _____ No _____ Your Initials _____

4. Do you understand all of the information contained in the Disclosure Document?

Yes _____ No _____ Your Initials _____

If "No," what parts of the Disclosure Document do you not understand?
(Attach additional pages, if necessary)

_____

_____

_____

_____

5. Have you discussed the benefits and risks of operating a Franchised Business with an attorney, accountant or other professional advisor and/or do you understand the risks?

Yes _____ No _____ Your Initials _____

6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes _____ No _____ Your Initials _____

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business operated by us or our franchisees?

Yes _____ No _____ Your Initials _____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____ Your Initials _____

9. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business?

Yes _____ No _____ Your Initials _____

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchised Business will generate?

Yes _____ No _____ Your Initials _____

11. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____ Your Initials _____

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes _____ No _____ Your Initials _____

13. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____ Your Initials _____

14. If you have answered "Yes" to any of questions 7 through 13, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

If you have answered "No" to all of questions 7 through 13, please leave the following lines blank.

_____

15. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and the Franchisor?

Yes _____ No _____ Your Initials _____

You understand that your answers are important to us and we will rely on them. By signing this Questionnaire, you, on behalf of yourself (and your franchise entity) are representing that you have responded truthfully to the above questions.

_____
Signature
(individually and on behalf of franchise entity)

_____
Print Name

_____
Date

EXHIBIT D

STATE ADDENDA

EXHIBIT D

STATE LAW ADDENDA
TO
FRANCHISE DISCLOSURE DOCUMENT
AND
FRANCHISE AGREEMENT

The following modifications are to the Balance Staffing Franchise, LLC Disclosure Document and will supersede, to the extent then required by applicable state law, certain portions of the Franchise Agreement dated _____, 20____.

I. FRANCHISOR/FRANCHISEE RELATIONSHIP STATUTES
(Including Renewal and Termination Rights)

For franchises governed by laws of the following states:

CALIFORNIA, COLORADO, HAWAII, ILLINOIS, INDIANA, IOWA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN

These states have statutes that may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise:

ARKANSAS	Stat. Section 4-72-201 to 4-72-210
CALIFORNIA	Corporations Code Sections 31000 to 31516
CONNECTICUT	Gen. Stat. Section 42-133e to 42-133n
DELAWARE	Code, Tit. 6, Ch. 25, Sections 2551-2557
HAWAII	Rev. Stat. Section 482E-1 to 482E-12.
ILLINOIS	Rev. Stat. 815. ILCS 705/19 and 705/1 to 705/44
INDIANA	Stat. Sections 23-2-2.5.1 and 23-2-2.5.50
IOWA	Code Sections 523H.1 to H.17
MARYLAND	Business Regulation Code Ann. 14-201 to 14-233
MICHIGAN	Stat. Section 445.1501 to 445.1545
MINNESOTA	Stat. Section 80C.01 to 80C.22
MISSISSIPPI	Code Section 75-24-51 to 75-24-61
MISSOURI	Stat. Section 407.400 to 407-420
NEBRASKA	Rev. Stat. Section 87-401 to 87-414
NEW JERSEY	Stat. Section 56:10-1
NEW YORK	NY Gen. Bus 680 to 695.
RHODE ISLAND	Gen. Laws 6-50-1 to 6-50-9
VIRGINIA	Code 13.1-557-57 to 13.1-574
WASHINGTON	Code Section 19.100.01 to 19.100.940
WISCONSIN	Stat. Section 135.01 to 135.065

These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

In addition,

ILLINOIS Illinois franchisees should note that the conditions under which your franchise can be terminated, and your rights upon non-renewal are governed by Illinois laws, Illinois Complied status 815 ILCS 709/19 and 709/20.

Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

INDIANA Indiana franchisees should note that Indiana Law provides that it is unlawful for a Franchise Agreement to contain certain provisions in the area of required purchases, modification, competition, increases in the price of goods on order termination and non renewal, covenants not to compete, and limitations on litigation. Indiana law also prohibits franchisors from engaging in certain acts and practices, including coercion, refusing delivery of goods or services, denying the surviving spouse or estate of the Franchisee an opportunity to participate in the ownership of the franchise, unreasonable competition, unfair competition, unfair discrimination among franchisees, and using deceptive advertising.

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

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

In accordance with Minnesota Rule 2860.4400J, and to the extent required by law, the Disclosure Document and the Franchise Agreement are modified so that the Franchisor cannot require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

Pursuant to Minn. Stat. Sec. 80C.12, to the extent required by this Minnesota law, the Franchise Agreement and Item 13 of the Disclosure Document are amended to state that

the Franchisor will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify our from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Franchisor's primary trade name.

All statements in the Disclosure Document and Franchise Agreement that state that Franchisor is entitled to injunctive relief are amended to read: "franchisor may seek injunctive relief" and a court will determine if a bond is required.

Minnesota Rule 2860.4400D prohibits the Franchisor from requiring a Franchisee to assent to a general release. The Disclosure Document and Franchise Agreement are modified accordingly, and to the extent required by law.

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

_____
(Signature of Franchisee)

_____
(Name of Franchisee)

_____
(Title)

RHODE ISLAND Notwithstanding anything in this Agreement to the contrary, all Rhode Island located franchisees will be governed by the Rhode Island Franchise Investment Act.

WASHINGTON If any of the provisions of this Franchise Disclosure Document or the Franchise Agreement are inconsistent with the relationship provisions of R.C.W. 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over inconsistent provisions of the Franchise Disclosure Document and the Franchise Agreement with regard to any franchise sold in Washington.

WISCONSIN Chapter 135, Stats. Of the Wisconsin Fair Dealership Law supersedes any provisions of the Franchise Agreement that may be inconsistent with that law.

II. POST-TERM COVENANTS NOT TO COMPETE

For franchises governed by laws of the following states:

CALIFORNIA, CONNECTICUT, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN

These states have statutes which limit the Franchisor's ability to restrict your activity after the Franchise Agreement has ended.

California Business and Professions Code	Sections 16,600 to 16.607
Michigan Compiled Laws	Section 445.771 et seq.
Montana Codes	SECTION 30-14-201
North Dakota Century Code	Section 9-08-06
Oklahoma Statutes	Section 15-217-19
Washington Code	Section 19.86.030

Other states have court decisions limiting the Franchisor's ability to restrict your activity after the Franchise Agreement has ended.

III. TERMINATION UPON BANKRUPTCY

For franchises governed by laws of the following states:

CALIFORNIA, CONNECTICUT, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, VIRGINIA, WASHINGTON, WISCONSIN

A provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

IV. LIQUIDATED DAMAGES PROVISIONS

The following states have statutes which restrict or prohibit the imposition of liquidated damages provisions:

CALIFORNIA	Civil Code Section 1671
INDIANA	IC 23.2-2.5-2
MINNESOTA	Rule 2860.4400

State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contact law, and state and federal court decisions.

For franchises governed by the laws of the state of MINNESOTA, liquidated damage provisions are void.

V. STATE ADDENDUMS

The following are Addendums for Franchises governed by the laws of the respective states as follows:

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the Disclosure Document.

The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et. Seq., suspending or expelling such persons from membership in such association or exchange.

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

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

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

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

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

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

Section 31125 of the California Corporation Code requires us to give you a disclosure document, in a form and containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31 000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim

of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

OUR URL IS: WWW.BALANCESTAFFING.COM OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV

ILLINOIS

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

The governing law or choice of law clause described in the Disclosure Document (including a risk factor on the cover page) and contained in the Franchise Agreement may not be enforceable under Illinois law. This governing law clause shall not be construed to negate the application for the Illinois Franchise Disclosure Act in all situations to which it is applicable.

Item 5 of the Disclosure Document and Section 4.1 of the Franchise Agreement is hereby amended if the Attorney General of Illinois requires the following: to provide that all initial franchise fees are deferred, or alternatively, deposited into escrow, until all Franchisor's pre-opening obligations to franchisee have been met and the franchisee is open for business. This deferral requirement has been imposed by the Illinois Attorney General's Office based upon Franchisor's financial condition. A financial assurance is not required as a condition of registration.

Illinois law requires that the Franchisor give you a copy of the Disclosure Document as registered with the Attorney General together with a copy of all proposed agreements relating to the sale of the franchise before the earlier of:

1. 14 days before our execution of a binding Franchise Agreement or other agreement, and

2. 14 days before the Franchisor receives any payment from you.

Your rights upon termination and non-renewal of the Franchise Agreement are set forth in Section 19 and Section 20 of the Illinois Franchise Disclosure Act.

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

BALANCE STAFFING FRANCHISE, LLC. FRANCHISEE

By:	_____	By:	_____
Title:	_____	Title:	_____
Date:	_____	Date:	_____

INDIANA

To the extent that Item 17 of the Disclosure Document and Section XVIII of the Franchise Agreement re inconsistent with the Indiana Deceptive Franchise Practice Law, which prohibits a prospective general release of any claims for liability imposed under it, the Indiana Deceptive Franchise Practice Law may supersede such inconsistent terms.

To the extent that Item 17 of the Disclosure Document and Section XXIV and Schedule 8 of the Franchise Agreement are in conflict with Section 2.7-1(9) of the Indiana Deceptive Franchise Practice Law, prohibiting non-competition agreements exceeding 3 years or an area greater than the exclusive area granted in the Franchise Agreement, Indiana law shall prevail.

Section 2.7-1(10) of the Indiana Deceptive Franchise Practice Law, which prohibits limiting litigation brought for breach of the agreement, supersedes items in this Disclosure Document and Franchise Agreement, to the extent that such items are inconsistent with Section 27-1(10) of the Indiana Deceptive Franchise Practice Laws.

MARYLAND

Item 17 of Disclosure Document and Section XXII of the Franchise Agreement requiring that franchisee sign a general release as a condition of purchase/renewal or assignment/transfer, may not be enforceable pursuant to the Maryland Franchise Registration and Disclosure Law, and are amended to the extent required by Maryland law. The requested release shall not apply to any liability under the Maryland Franchise Registration and Disclosure law.

Any provisions of the Disclosure Document or Franchise Agreement that require franchisee to disclaim the occurrence of or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law 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.

Provisions in the Disclosure Document and Franchise Agreement requiring franchisee to file any lawsuit in a court in the State of California may not be enforceable under the Maryland Franchise Registration and Disclosure Law. Franchisees may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Item 17 of the Disclosure Document and Section XXV of the Franchise Agreement are amended accordingly to the extent required by Maryland law.

To the extent that Franchise Agreement requires and the Disclosure Document discloses that a Franchisee must agree to a period of limitations of less than three years, this limitation to a period

of less than three years shall not apply to any claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 5 of the Disclosure Document and Sections IX(C) of the Franchise Agreement is amended to provide that the initial franchise fee and any other initial payments are due and payable when all Franchisor's pre-opening obligations to franchisee have been met.

On the next page is the form of release that will be request of Maryland franchisees as a condition to the franchisor's consent to the transfer of the franchise.

FORM OF RELEASE FOR MARYLAND FRANCHISEES

This Release is made on _____, 20___, between Balance Staffing Franchise, LLC, a California limited liability company ("Franchisor") and its officers, directors and agents ("Affiliates"), and_____ ("Franchisee").

RECITALS

A. Franchisor and Franchisee entered into a Franchise Agreement dated _____, 20____ (the "Franchise Agreement") in which Franchisor granted franchisee the right to located, develop, and operate a Balance Staffing™ business (the "Franchised business"), and Franchisee assumed obligations to located, develop, and operate the franchised Business.

B. As a condition to Franchisor's consent to the transfer of the Franchised Business, Franchisee is willing to release franchisor from certain obligations arising from the Franchise Agreement and related agreements, and any claims franchisee may have against each Franchisee as described herein.

AGREEMENT

1. RELEASE AND COVENANT NOT TO SUE

Subject to the terms of this Release, and in consideration for the consent described above, Franchisee and the undersigned individual guarantors, if applicable, hereby release and discharge and hold harmless Franchisor, its principals, agents, shareholders, officers, directors, employees, successors, assigns, subsidiaries, and affiliated groups and each of them ("Affiliates"), from any and all losses, claims, debts, demands, liabilities, actions, and causes of action, of any kind, whether known or unknown, past or present, that any of them may have or claim to have against Franchisor or its Affiliates and any of them before or on the date of this release, arising out of or related to the offer, negotiation, execution, and performance of the Franchise Agreement, the operation of the Franchised Business, and all circumstances and representations relating to such offer, negotiation, execution, performance, and operation (collectively, "Released Claims", except as specifically reserved:

_____

_____

Franchisee and guarantors agree that Released Claims shall specifically include any claim or potential claims under the Title 14 Sections 14-201 through 14-233 of the Maryland Annotated Code and laws otherwise governing relationships between franchisors and franchisees. Franchisee and guarantors hereby covenant and agree that none of them will bring any action against Franchisor or its Affiliates in connection with any Released Claim.

2. NO ADMISSION

Nothing contained in this Agreement shall be construed as an admission of liability by either party.

3. NO ASSIGNMENT

Each party represents and warrants to the other that it has not assigned or otherwise transferred or subrogated any interest in the Franchise Agreement or in any claims that are related in any way to the subject matter of this Release. Each party agrees to indemnify and hold the other fully and completely harmless from any liability, loss, claim, demand, damage costs, expense and attorneys' fees incurred by the other as a result of any breach of this representation or warranty.

4. ENTIRE AGREEMENT

This Release embodies the entire agreement between the parties and supersedes any and all prior representations, understandings, and agreements with respect to its subject matter. There are no other representations, agreements, arrangements, or understandings, oral or in writing, and signed by the party against whom it sought to be enforced.

5. FURTHER ACTS

The parties agree to sign other documents and do other things needed or desirable to carry out the purpose of this Release.

6. SUCCESSORS

This Amendment and Release shall bind and insure to the benefit of the parties, their heirs, successors, and assigns.

7. GOVERNING LAW; JURISDICTION

This Release shall be construed under and governed by the laws of the State of California, and the parties agree that the courts of San Joaquin County, California, shall have jurisdiction over any action brought in connection with it, except to the extent that the Franchise Agreement is governed by the laws or venue provisions of another state.

8. SEVERABILITY

If any part of this release is held invalid or unenforceable to any extent by a court of competent jurisdiction, this Release shall remain in full force and effect and shall be enforceable to the fullest extent permitted, provided that it is the intent of the parties that it shall be entire, and if it is not so entire because it is held to be unenforceable, then this

Release and the consent given as consideration for it shall be voided by frustration of its purpose.

9. VOLUNTARY AGREEMENT

Each party is entering into this Release voluntarily and, after negotiation, has consulted independent legal counsel of its own choice before signing it, is signing it with a full understanding of its consequences, and knows that is not required to sign this Amendment and Release. The parties acknowledge and agree that this Amendment and Release constitutes a release or waiver executed pursuant to a negotiated agreement between a Franchisee and a Franchisor arising after the Franchise Agreement has taken effect and as to which each part is represented by independent legal counsel.

Balance Staffing™ Franchisee

By _____

Its _____

By _____

Its _____

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 of 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 applied only if:

1. The term of the franchise is less than 5 years; and

2. 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:

1. The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.

2. The fact that the proposed transferee is a competitor of the Franchisor or Sub-Franchisor.

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

4. 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 bon 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 that 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:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Phone: 517/373-7117

MINNESOTA

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

In accordance with Minnesota Rule 2860.440J, and to the extent required by law, the Disclosure Document and the Franchise Agreement are modified so that the Franchisor cannot require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

Pursuant to Minn. Stat. Sec. 80c.12), to the extent required by this Minnesota law, the Franchise Agreement and Item 13 of the Disclosure Document are amended to state that the Franchisor will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify our from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Franchisor's primary trade name.

All statements in the Disclosure Document and Franchise Agreement that state that Franchisor is entitled to injunctive relief are amended to read: "franchisor may seek injunctive relief" and a court will determine if a bond is required.

Minnesota Rule 2860.4400D prohibits the Franchisor from requiring a Franchisee to assent to a general release. The Disclosure Document and Franchise Agreement are modified accordingly, and to the extent required by law.

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

NEW YORK

FRANCHISE DISCLOSURE DOCUMENT

The cover page of the Franchise Disclosure Document will be supplemented with the following inserted at the bottom of the cover page:

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 of the Franchise Disclosure Document: Add the following:

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

Except as provided above, with regard to the franchisor, its predecessor, and any person identified in Item 2. The following is added at the end of Item 3:

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. a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

Item 4 of the Franchise Disclosure Document: Add the following language:

A. Neither the Franchisor, its predecessors, or any person identified in Item 2 filled as an individual or business for protection under the U.S. Bankruptcy Code during the ten-year period immediately before the date of the Disclosure Document:

B. Filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code;

C. Obtained a discharge of its debuts under the bankruptcy code; or

D. Was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner held this position and or company or partnership.

Item 5 of the Franchise Disclosure Document: Add at the end of the last paragraph:

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

Item 17. Add the following:

> 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.

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.

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.

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.

NORTH DAKOTA

I. Item 5 is amended by the addition of the following language to the original language:

Refund and cancellation provisions do not apply to franchises operating under the North Dakota franchise Investment Law. If the Company elects to cancel the Franchise Agreement, the Company will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred. This amount may not be more than fifty percent (50%) of the Franchise Fee.

II. Item 5, Note 1, the last paragraph shall be amended to read as follows:

If your Franchise Agreement is terminated, you may be required to continue royalty payments for so long as you or our assignee or successor continues to use our trademarks or systems in any way.

III. Item 6, Note 4, shall be amended to read as follows:

Note 4: You must protect, indemnify, and hold us harmless against any claims or losses arising out of your operation of the franchise business. Each party will bear its own expenses of any litigation to enforce the agreement.

IV. Item 17 is amended by the addition of the following language to the original language:

A. A provision is the Franchise Agreement that terminates the Franchise Agreement on the bankruptcy of the franchisee may not be enforceable under Title II, U.S. Code, Section 101.

B. The erosion of a general release on renewal, assignment, or termination does not apply to franchises operating under the North Dakota Franchise Investment Law.

C. The North Dakota Century Code, Section 9-08-06 limits the franchisor's ability to restrict your ability to restrict your activity after the Franchise Agreement has ended.

D. Under North Dakota law, liquidated damages provisions are void. State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law, and state and federal court decisions. Thus, the provision requiring you to continue to pay amounts to franchisor if you elect to cancel the agreement may not be enforceable under North Dakota law.

V. Item 17 is amended to read as follows:

PROVISION	FRANCHISE AGREEMENT	SUMMARY
Your obligations on termination non-renewal	FA: XXIV	De-Identification, payment, non-disclosure, non-competition; you continue to pay royalties for so long as you use the trademarks if terminated for breach, unless you abandon the business, abide by post termination covenants, and release and indemnify us.

VI. Item 17: The Choice of Law and Arbitration sections are amended to read as follows:

A. The Franchise Agreement shall be governed by the laws of North Dakota.

B. Except as specifically otherwise provided in the Franchise Agreement, all contract disputes that cannot be amicably settled will be determined by arbitration under the Federal Arbitration Act and in accordance with the rules of the American Arbitration Association. Arbitration will take place at an appointed time and place in the county and state in which your franchised business is located. However, nothing in the Franchise Agreement limits or precludes the parties from brining an action in a court of competent jurisdiction for injunction or other provisional relief as needed or appropriate to compel a party to comply with its obligations or to protect the marks or the company's other property rights.

C. The Choice of Forum section is amended to delete the following:

Any action will be brought in the state or federal courts in San Joaquin County, California.

FRANCHISE AGREEMENT

I. Article IX, concerning refunds of initial franchise fees and royalties, is amended to add the following:

Refund and cancellation provisions do not apply to franchisees operating under the North Dakota Franchise Investment Law. If Franchisor elects to cancel this Franchise Agreement, Franchisor shall be entitled to a reasonable fee for its evaluation of Franchisees and related preparatory work performed and expenses actually incurred. This amount shall be no more than fifty percent (50%) of the franchise fee.

II. Sections XXIII and XXII, relating to termination and transfer, are amended to add the following:

The execution of a general release on renewal, assignment, or termination does not apply to franchises operating under the North Dakota Franchise Investment Law.

III. Section XXIII(H), providing for liquidated damages on termination of the Franchise Agreement, is hereby amended to read as follows:

h. Pay to Franchisor royalty fees and other ongoing fees, and other amounts Franchisee owes to Franchisor, as though Franchisee were still an active Franchisee, for so long as Franchisee or its assignee or successor continues to use the trademarks in any way. Franchisor is also entitled to all other applicable remedies.

IV. Section XXV is amended to read as follows:

In any action to enforce this Agreement or to seek remedies on default by either party, each party shall bear its own expenses of litigation or enforcement.

V. **A.** Section XXV is amended to add the following:

THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER TAKE EFFECT ON ACCEPTANCE AND EXECUTION BY THE COMPANY AND SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF NORTH DAKOTA, EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT 15, U.S.C. SECTIONS 1015, ET. SEQ.) .

B. Section XXV (H) providing for exclusive jurisdiction in San Joaquin County, California is deleted.

C. Paragraph XXV to the extent it provides for a limitation of one year on actions under the Franchise Agreement is hereby deleted.

D. Section XXV to the extent it provides for a waiver of punitive or exemplary damages, and a waiver of jury trial, is deleted.

VI. The Arbitration section shall be deleted and amended to read as follows:

Except as specifically otherwise provided in this Agreement, the parties agree that all contract disputes that cannot be amicably settled shall be determined by arbitration under

the Federal Arbitration Act as amended and in accordance with the rules of the American Arbitration Association or any successor thereof. Arbitration shall take place at an appointed time and place in the County and State in which Franchisee's franchised business is located. However, nothing contained herein shall be construed to limit or to preclude the parties from brining any action in any court of competent jurisdiction for injunctive or other provisional relief as the parties deem to be necessary or appropriate to compel either party to comply with its obligations hereunder or to protect the marks or other property rights of franchisor.

VII. The Acknowledgement section is amended to add the following:

Franchisee acknowledges that Franchisee received a copy of this Franchise Agreement, the attachments hereto, if any, and agreements relating thereto, if any, at least seven (7) days prior to the date on which this Agreement was executed.

VIII. The Covenants section is amended to add the following:

Covenants not to compete on termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

RHODE ISLAND

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

A provision in a Franchise Agreement restricting jurisdiction of venue to a forum outside this state or requiring the application of the laws of another state are void with respect to a claim otherwise enforceable under this Act.

VIRGINIA

In recognition of the restrictions contained in 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Balance Staffing Franchise, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement 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.

WASHINGTON

This section operates as an addendum to the Franchise Agreement.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

The Disclosure Document and Franchise Agreement are amended to reflect that the Franchisor will defer collection of all initial fees until the Franchisor has provided all of its pre-opening obligations under the Franchise Agreement and the franchisee is open for business.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

_____ _____

FRANCHISOR FRANCHISEE

This addendum may also be used as a rider to the Franchise Disclosure Document

EXHIBIT E

OPERATION MANUAL
TABLE OF CONTENTS

OPERATIONS MANUAL

TABLE OF CONTENTS

ARTICLE I	Welcome to Balance Staffing™	1
ARTICLE II	Our Philosophy, Standards and Culture	4
ARTICLE III	Approved Services and Established Accounts	9
ARTICLE IV	Approved Vendors and Suppliers	25
ARTICLE V	Workers Compensation and Insurance Companies	38
ARTICLE VI	Recruiting 101	51
ARTICLE VII	Sales Presentations and Managing Expectations	78
ARTICLE VIII	Setting Rates and Fees	102
ARTICLE IX	Payroll, Billing and Collections	113
ARTICLE X	Safety and Quality Control	129
ARTICLE XI	Hiring Guidelines and Employee Management	132
ARTICLE XII	Franchisee Obligations	148
ARTICLE XIII	Technology	173
ARTICLE XIV	Networking, Advertising and Marketing	180
ARTICLE XV	Administrative Functions and Miscellaneous Forms	198
ARTICLE XVI	Glossaries	206

Total Pages in Operations Manual: 219

EXHIBIT F

OPTION AGREEMENT

EXHIBIT F

FRANCHISE OPTION AGREEMENT

This Option Agreement is entered into as of _____, 20___ between Balance Staffing Franchise, LLC ("Franchisor") and_____ ("Optionee").

1. Grant of Option. Optionee is hereby granted an option to be awarded a Balance Staffing™ Franchise.

2. Location. Optionee has the exclusive right to enter into a Franchise Agreement during the term of this Option Agreement for a Balance Staffing™ franchise to be opened within the area of _____ or _____miles of the "selected address" listed below. The exact location of the franchise is chosen by Optionee, subject to Franchisor's approval.

3. Option Fee. A non-refundable option payment of $5,000 is required with the execution of this Agreement. The option payment will be credited towards the Initial Franchise Fee of $20,000 or $10,000 for a second franchise and any additional franchises thereafter provided that the Franchise Agreement is executed on or before the expiration date of this Agreement. An Optionee must prove financial qualifications and pass the background, credit, and criminal checks generally required of Balance Staffing™ franchisees and maintain those requirements at the time you exercise this option. No refund will be paid if the financial qualifications or background check of the owners cannot be met before a franchise is granted.

4. Term. This Option will have a term of six months and begins on the date of this Agreement listed below.

5. Notices. All notices sent by one party to the other must be hand-delivered, sent by registered or certified mail, return receipt requested, or transmitted by facsimile, or sent via electronic means if the sender can verify receipt. They will be addressed to Franchisor at its office as above designated, or at the other address Franchisor designates in writing, and addressed to Optionee at the address Optionee designates in writing. Any notice is deemed given and received, when delivered, if hand-delivered; if sent by facsimile or electronic means, on the next business day after sent; and if mailed, on the third business day following the mailing.

6. Governing Law. This Agreement is valid when executed and accepted by Franchisor and is governed by the laws of the State of California. San Joaquin County, California will be the venue for any arbitration or litigation. This choice of laws will not affect the scope of the California franchise, business opportunity or related statutes, and nothing in this Agreement will be deemed to extend the scope of application of those laws.

Selected Address _____

_____

_____

Dated_____, 20_____ Expiration Date_____

FRANCHISOR:

Balance Staffing Franchise, LLC

Signed _____

Name _____

Title _____

Signed _____

Name _____

Title _____

OPTIONEE:

Signed _____

Name _____

Title _____

Signed _____

Name _____

Title _____

EXHIBIT G

List of Franchisees

SINCE THIS IS A NEW FRANCHISE OFFERING THERE ARE PRESENTLY NO FRANCHISEES TO LIST.

EXHIBIT H

List of Licensees

EXHIBIT H
LIST OF LICENSEES

The following is the name, addresses and telephone numbers of the one Licensee and his nine locations under a License Agreement as described in Item 1 of the Disclosure Document as December 31, 2021:

Licensee is Balance Professional, Inc. owned by Robert Feinstein and his locations are:

Location/Name	Address	Phone Number	Alt Phone
FLORIDA			
Balance Staffing™	2101 W Commercial Blvd Fort Lauderdale, FL 33309	954-772-4888	954-589-0049
Balance Staffing™	3399 NW 72nd Ave Miami, FL 33122	305-477-6330	954-589-0049
Balance Staffing™	11338 Bonita Road Bonita Springs, FL 34135	239-495-2940	954-589-0049
Balance Staffing™	13813 IS Hwy 98 Bypass Dade City, FL 33525	352-523-0123	954-589-0049
Balance Staffing™	3325 Hollywood Blvd Hollywood, FL 33021	954-589-0049	954-589-0049
MASSACHUSETTS			
Balance Staffing™	77 East Street Ludlow, MA 01056	413-610-0426	954-589-0049
Balance Staffing™	174 Dukakis Dr. Orange, MA 01364	978-544-3100	954-589-0049
Balance Staffing™	17 Main Street Lee, MA 01238	413-684-5177	954-589-0049
NEW HAMPSHIRE			
Balance Staffing™	14 Stiles Road Salem. NH 03079	603-870-8080	954-589-0049

EXHIBIT I

Franchisees Who Left the System

NO FRANCHISEES HAVE LEFT THE FRANCHISE SYSTEM
AS OF THE DATE OF THE DISCLOSURE DOCUMENT.

EXHIBIT J

Financial Statements

JOHANSON & YAU
ASSURANCE · TAX · WEALTH

CONSENT OF CERTIFIED PUBLIC ACCOUNTANTS

To Balance Staffing Franchise LLC:

Johanson and Yau Accountancy Corporation consents to the use in the Franchise Disclosure Document issued by Balance Staffing Franchise LLC on September 1, 2021 as it may be amended, of our report dated September 1, 2021 relating to the financial statements of Balance Staffing Franchise LLC for the six months ended June 30, 2021 and for the period from inception February 3, 2020 to December 31, 2020.

Johanson & Yau Accountancy Corporation

Johanson & Yau Accountancy Corporation
Campbell, California

September 1, 2021

BALANCE STAFFING FRANCHISE LLC

FINANCIAL STATEMENTS

JUNE 30, 2021 AND DECEMBER 31, 2020

AND

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

JOHANSON & YAU
ASSURANCE · TAX · WEALTH

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To Management
Balance Staffing Franchise LLC
Stockton, California

We have reviewed the accompanying financial statements of Balance Staffing Franchise LLC (the Company), which comprise the balance sheets as of June 30, 2021 and December 31, 2020, and the related statements of income and member's equity and cash flows for the six months ended June 30, 2021 and for the period from inception February 3, 2020 to December 31, 2020, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Johanson & Yau Accountancy Corporation

Campbell, California
September 1, 2021

BALANCE STAFFING FRANCHISE LLC
BALANCE SHEETS
JUNE 30, 2021 AND DECEMBER 31, 2020

ASSETS

	2021	2020
Current assets		
Cash	$ 200,979	$ 77,213
Accounts receivable, net	247,553	308,553
Unbilled receivables	134,078	47,656
Due from related party - Note 2	132,669	-
Total current assets	$ 715,279	$ 433,422

LIABILITIES AND MEMBER'S EQUITY

Current liabilities		
Accounts payable	$ -	$ 897
Accrued FICA taxes - current portion	18,998	18,998
Accrued payroll expenses	42,014	27,909
Payroll tax liabilities	65,429	13,707
Book overdraft	-	32,533
Other current liabilities	2,012	2,012
Due to related party - Note 2	508,524	288,949
Total current liabilities	636,977	385,005
Accrued FICA taxes - noncurrent	18,997	18,997
	655,974	404,002
Member's equity	59,305	29,420
	$ 715,279	$ 433,422

See accompanying notes to financial statements and
independent accountants' review report

BALANCE STAFFING FRANCHISE LLC
STATEMENTS OF INCOME AND MEMBER'S EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND THE PERIOD FROM INCEPTION FEBRUARY 3, 2020 TO DECEMBER 31, 2020

	2021	2020
Revenues	$ 1,556,042	$ 1,192,565
Cost of revenues	1,489,545	1,133,868
Gross profit	66,497	58,697
Operating expenses		
Management fees - Note 2	29,511	28,682
Miscellaneous	301	-
State franchise taxes	6,800	-
Office supplies	-	595
	36,612	29,277
Net income	29,885	29,420
Member's equity, beginning of period	29,420	-
Member's equity, end of period	$ 59,305	$ 29,420

See accompanying notes to financial statements and independent accountants' review report

BALANCE STAFFING FRANCHISE LLC
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND THE PERIOD FROM INCEPTION FEBRUARY 3, 2020 TO DECEMBER 31, 2020

	2021	2020
Cash flows from operating activities		
Net income	$ 29,885	$ 29,420
Adjustments to reconcile net income to net cash provided by operating activities		
(Increase) decrease in		
Accounts receivable	61,000	(308,553)
Unbilled receivables	(86,422)	(47,656)
Other current assets	(132,669)	-
Increase (decrease) in		
Accounts payable	(897)	897
Accrued liabilities	14,105	65,904
Other current liabilities	238,764	337,201
Net cash provided by operating activities	123,766	77,213
Net increase in cash	123,766	77,213
Cash, beginning of period	77,213	-
Cash, end of period	$ 200,979	$ 77,213

See accompanying notes to financial statements and independent accountants' review report

BALANCE STAFFING FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND DECEMBER 31, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Description of Business - Balance Staffing Franchise LLC (BSF) (the Company) was organized in California in February 2020. The Company is a wholly-owned subsidiary of Balance Holding Company LLC (BHC), which was organized in California in February 2020. The Company is in the staffing business and is pursing registration as a franchisor.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Company considers all highly liquid securities purchased with an original maturity of three months or less at the date of purchase to be cash equivalents.

Revenue Recognition - The Company derives its revenue from temporary staffing and direct hire services. The Company recognizes revenues on the accrual basis of accounting, recognizing revenues when the following provisions are met: service is provided to the customer, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

The Company is in the process of registering as franchisor. There has been no franchise revenue from the period of inception to June 30, 2021.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect on outstanding balances reduced by an allowance for doubtful accounts. The Company provides an allowance for doubtful accounts, which is based on historical experience, collection efforts and management’s evaluation of outstanding receivables. As of June 30, 2021 and December 31, 2020, management determined that no allowance for doubtful accounts was necessary.

Income Taxes - No provision has been made for income taxes as the Company's sole member is liable for federal and state income taxes on the Company's taxable income.

Fair Value of Financial Instruments - The carrying value of cash, receivables, accounts payable and other accrued expenses approximates fair value due to the relatively short maturity of these instruments.

Subsequent Events - Subsequent events were evaluated through September 1, 2021, the date the financial statements were available to be issued.

NOTE 2 - RELATED PARTY TRANSACTIONS

Balanced Diversity Solutions LLC (BDS) is a related party owned by a family member of one of BHC's members. Total staffing revenue from BDS amounted to $81,158 and $62,172 for the six months ended June 30, 2021 and for the period from inception to December 31, 2020, respectively. Total recruiting and placement service costs to BDS amounted to $273,201 and $220,637 for the six months ended June 30, 2021 and for the period from inception to December 31, 2020, respectively. In addition, BDS owes the Company $132,669 and the Company owes BDS $69,002 as of June 30, 2021 and December 31, 2020, respectively.

Balance Staffing Workforce LLC (BSW), a wholly-owned subsidiary of BHC, shares a line of credit (see Note 4) and certain vendors with the Company. BSW provides funding to the Company through draws on the line of credit or cash on hand. BSW also pays consolidated invoices received from shared vendors which include the Company's costs for worker’s compensation, group insurance policies and other costs which are posted to due to related party. Total shared vendor costs due to BSW amounted to $119,902 and $142,128 for the six months ended June 30, 2021 and for the period from inception to December 31, 2020, respectively. The Company owes BSW $508,524 and $219,947 as of June 30, 2021 and December 31, 2020, respectively.

Balance Managed Services LLC (BMS) is a wholly-owned subsidiary of BHC. Total management fees to BMS amounted to $29,511 and $28,682 for the six months ended June 30, 2021 and for the period from inception to December 31, 2020, respectively. There was no outstanding balance as of June 30, 2021 and December 31, 2020.

NOTE 3 - CONCENTRATION OF CREDIT RISK

Revenue from two major customers accounted for 39% of the Company's revenue for the six months ended June 30, 2021. The accounts receivable balance for these customers accounted for 27% of the Company's accounts receivable at June 30, 2021. Revenue from three major customers accounted for 49% of the Company's revenue for the period from inception to December 31, 2020. The accounts receivable balance for these customers accounted for 49% of the Company's accounts receivable at December 31, 2020.

Expenditures to BMS accounted for 81% and 98% of the Company's operating expenses for the six months ended June 30, 2021 and for the period from inception to December 31, 2020, respectively. There were no accounts payable to BMS at June 30, 2021 and December 31, 2020.

NOTE 4 - LINE OF CREDIT

The Company, along with other related parties, has a joint revolving line of credit agreement with JPMorgan Chase which allows for borrowings up to the lesser of $11,500,000 or the borrowing base as defined in the agreement. The Company's borrowings run through BSW. See Note 2. The line of credit bears interest based on the daily balance of advances at 2.25% per annum plus the LIBOR rate applicable to such interest period multiplied by the statutory reserve rate. The line of credit also bears a non-usage fee, calculated at 0.10% per annum of the average daily unused portion. The agreement expires in April 2022. The line of credit is subject to financial and performance covenants for the consolidated group. As of December 31, 2021, the Company was unaware of any violation of these covenants.

There was no balance outstanding as of June 30, 2021 and December 31, 2020.

NOTE 5 - UNCERTAINTIES

The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its customers, employees and vendors, all of which are uncertain and cannot be predicted. As of the date of this report, the extent to which COVID-19 may impact the Company's financial condition or results of operations is uncertain. No adjustments relating to the effects of the pandemic have been recorded in the accompanying financial statements.

JOHANSON & YAU
ASSURANCE · TAX · WEALTH

CONSENT OF CERTIFIED PUBLIC ACCOUNTANTS

To Balance Staffing Franchise LLC:

Johanson and Yau Accountancy Corporation consents to the use in the Franchise Disclosure Document issued by Balance Staffing Franchise LLC on July 12, 2022 as it may be amended, of our report dated July 12, 2022 relating to the financial statements of Balance Staffing Franchise LLC for the year ended December 31, 2021 and for the period from inception February 3, 2020 to December 31, 2020.

Johanson & Yau Accountancy Corporation

Johanson & Yau Accountancy Corporation
Campbell, California

July 12, 2022

JOHANSON & YAU
ASSURANCE · TAX · WEALTH

CONSENT OF CERTIFIED PUBLIC ACCOUNTANTS

To Balance Staffing Franchise LLC:

Johanson and Yau Accountancy Corporation consents to the use in the Franchise Disclosure Document issued by Balance Staffing Franchise LLC on July 12, 2022 as it may be amended, of our report dated July 12, 2022 relating to the financial statements of Balance Staffing Franchise LLC for the year ended December 31, 2021 and for the period from inception February 3, 2020 to December 31, 2020.

Johanson & Yau Accountancy Corporation

Johanson & Yau Accountancy Corporation
Campbell, California

July 12, 2022

BALANCE STAFFING FRANCHISE LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

AND

INDEPENDENT AUDITORS' REPORT

JOHANSON & YAU
ASSURANCE · TAX · WEALTH

INDEPENDENT AUDITORS' REPORT

To Management
Balance Staffing Franchise LLC
Stockton, California

Opinion

We have audited the accompanying financial statements of Balance Staffing Franchise LLC (the Company), which comprise the balance sheet as of December 31, 2021, and the related statements of income and member's equity and cash flows for the year then ended and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Prior Period Financial Statements

The 2020 financial statements were reviewed by us, and our report thereon, dated September 1, 2021, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Johanson & Yau Accountancy Corporation

Campbell, California
July 12, 2022

BALANCE STAFFING FRANCHISE LLC
BALANCE SHEETS
DECEMBER 31, 2021 (AUDITED) AND 2020 (REVIEWED)

ASSETS

	2021	2020
Current assets		
Cash	$ 194,981	$ 77,213
Accounts receivable	415,565	308,553
Unbilled receivables	83,225	47,656
Prepaid expenses	52,779	-
Total current assets	$ 746,550	$ 433,422

LIABILITIES AND MEMBER'S EQUITY

Current liabilities		
Accounts payable	$ 40,757	$ 897
Accrued FICA taxes - current portion	-	18,998
Accrued payroll expenses	34,611	27,909
Payroll tax liabilities	25,998	13,707
Book overdraft	-	32,533
Other current liabilities	2,012	2,012
Due to related party - Note 2	573,290	288,949
Total current liabilities	676,668	385,005
Accrued FICA taxes - noncurrent	-	18,997
	676,668	404,002
Member's equity	69,882	29,420
	$ 746,550	$ 433,422

See accompanying notes to financial statements and
independent accountants' review report

BALANCE STAFFING FRANCHISE LLC
STATEMENTS OF INCOME AND MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021 (AUDITED) AND THE PERIOD FROM INCEPTION FEBRUARY 3, 2020 TO DECEMBER 31, 2020 (REVIEWED)

	2021	2020
Revenues	$ 4,127,145	$ 1,192,565
Cost of revenues	3,945,819	1,133,868
Gross profit	181,326	58,697
Operating expenses		
Management fees - Note 2	78,264	28,682
Miscellaneous	1,797	-
State franchise taxes	6,800	-
Office supplies	54,003	595
	140,864	29,277
Net income	40,462	29,420
Member's equity, beginning of year	29,420	-
Member's equity, end of year	$ 69,882	$ 29,420

See accompanying notes to financial statements and independent accountants' review report

BALANCE STAFFING FRANCHISE LLC
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021 (AUDITED) AND THE PERIOD FROM INCEPTION FEBRUARY 3, 2020 TO DECEMBER 31, 2020 (REVIEWED)

	2021	2020
Cash flows from operating activities		
Net income	$ 40,462	$ 29,420
Adjustments to reconcile net income to net cash provided by operating activities		
(Increase) decrease in		
Accounts receivable	(107,012)	(308,553)
Unbilled receivables	(35,569)	(47,656)
Prepaid expenses	(52,779)	-
Increase (decrease) in		
Accounts payable	39,860	897
Accrued liabilities	(31,293)	65,904
Other current liabilities	264,099	337,201
Net cash provided by operating activities	117,768	77,213
Net increase in cash	117,768	77,213
Cash, beginning of year	77,213	-
Cash, end of year	$ 194,981	$ 77,213

See accompanying notes to financial statements and independent accountants' review report

BALANCE STAFFING FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 (AUDITED) AND 2020 (REVIEWED)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Description of Business - Balance Staffing Franchise LLC (BSF) (the Company) was organized in California in February 2020. The Company is a wholly-owned subsidiary of Balance Holding Company LLC (BHC), which was organized in California in February 2020. The Company is in the staffing business and has registered as a franchisor.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Company considers all highly liquid securities purchased with an original maturity of three months or less at the date of purchase to be cash equivalents.

Revenue Recognition - The Company derives its revenue from temporary staffing and direct hire services. The Company recognizes revenues on the accrual basis of accounting, recognizing revenues when the following provisions are met: service is provided to the customer, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

The Company has registered as a franchisor. There has been no franchise revenue from the period of inception to December 31, 2021.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect on outstanding balances reduced by an allowance for doubtful accounts. The Company provides an allowance for doubtful accounts, which is based on historical experience, collection efforts and management’s evaluation of outstanding receivables. As of December 31, 2021 and 2020, management determined that no allowance for doubtful accounts was necessary.

Income Taxes - No provision has been made for income taxes as the Company's sole member is liable for federal and state income taxes on the Company's taxable income.

Fair Value of Financial Instruments - The carrying value of cash, receivables, accounts payable and other accrued expenses approximates fair value due to the relatively short maturity of these instruments.

Subsequent Events - Subsequent events were evaluated through July 12, 2022, the date the financial statements were available to be issued.

NOTE 2 - RELATED PARTY TRANSACTIONS

Balanced Diversity Solutions LLC (BDS) was a related party owned by a family member of one of BHC's members. Effective December 31, 2021, the family member sold their ownership interest to the non-related BDS member. Total staffing revenue from BDS amounted to $215,229 and $62,172 for the year ended December 31, 2021 and for the period from inception to December 31, 2020, respectively. Total recruiting and placement service costs to BDS amounted to $729,617 and $220,637 for the year ended December 31, 2021 and for the period from inception to December 31, 2020, respectively. In addition, the Company owes BDS $0 and $69,002 as of December 31, 2021 and 2020, respectively.

Balance Staffing Workforce LLC (BSW), a wholly-owned subsidiary of BHC, shares a line of credit (see Note 4) and certain vendors with the Company. BSW provides funding to the Company through draws on the line of credit or cash on hand. BSW also pays consolidated invoices received from shared vendors which include the Company's costs for worker’s compensation, group insurance policies and other costs which are posted to due to related party. Total shared vendor costs due to BSW amounted to $250,650 and $142,128 for the year ended December 31, 2021 and for the period from inception to December 31, 2020, respectively. The Company owes BSW $573,290 and $219,947 as of December 31, 2021 and 2020, respectively.

Balance Managed Services LLC (BMS) is a wholly-owned subsidiary of BHC. Total management fees to BMS amounted to $78,264 and $28,682 for the year ended December 31, 2021 and for the period from inception to December 31, 2020, respectively. There was no outstanding balance as of December 31, 2021 and 2020.

NOTE 3 - CONCENTRATION OF CREDIT RISK

Revenue from two major customers accounted for 37% of the Company's revenue for the year ended December 31, 2021. The accounts receivable balance for these customers accounted for 20% of the Company's accounts receivable at December 31, 2021. Revenue from three major customers accounted for 49% of the Company's revenue for the period from inception to December 31, 2020. The accounts receivable balance for these customers accounted for 49% of the Company's accounts receivable at December 31, 2020.

Expenditures to BMS accounted for 56% and 98% of the Company's operating expenses for the year ended December 31, 2021 and for the period from inception to December 31, 2020, respectively. There were no accounts payable to BMS at December 31, 2021 and 2020.

NOTE 4 - LINE OF CREDIT

The Company, along with other related parties, has a joint revolving line of credit agreement with JPMorgan Chase which allows for borrowings up to the lesser of $11,500,000 or the borrowing base as defined in the agreement. The Company's borrowings run through BSW. See Note 2. The line of credit bears interest based on the daily balance of advances at 2.25% per annum plus the LIBOR rate applicable to such interest period multiplied by the statutory reserve rate. The line of credit also bears a non-usage fee, calculated at 0.10% per annum of the average daily unused portion. The agreement expired in April 2022. The line of credit is subject to financial and performance covenants for the consolidated group. As of December 31, 2021, the Company was unaware of any violation of these covenants.

There was no balance outstanding as of December 31, 2021 and 2020.

Subsequent to yearend, the Company renewed its line of credit agreement.

NOTE 5 - UNCERTAINTIES

The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its customers, employees and vendors, all of which are uncertain and cannot be predicted. As of the date of this report, the extent to which COVID-19 may impact the Company's financial condition or results of operations is uncertain. No adjustments relating to the effects of the pandemic have been recorded in the accompanying financial statements.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	11/3/2021
Hawaii	Not registered
Illinois	Not registered
Indiana	Not registered
Maryland	Not registered
Michigan	Not registered
Minnesota	Not registered
New York	Not registered
North Dakota	Not registered
Rhode Island	Not registered
South Dakota	Not registered
Virginia	Not registered
Washington	Not registered
Wisconsin	Not registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT K

Receipt

RETURN THIS SIGNED COPY TO THE FRANCHISOR

ACKNOWLEDGEMENT OF RECEIPT FOR FDD
Franchise Disclosure Document [FDD]
BALANCE STAFFING FRANCHISE, LLC

This Disclosure Document summarizes provisions of the Franchise Agreement, and other information in plain language. Read this disclosure document and all agreements carefully.

If Balance Staffing Franchise, 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.

If Balance Staffing Franchise, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20850, and the appropriate state agency as identified in Exhibit B of this Disclosure Document.

Franchisor authorizes the respective state agencies identified on Exhibit B to receive service for it in a particular state.

Balance Staffing Franchise, LLC's franchise sellers are: John Moss, Craig Renzulli and Tyson Scott at 2800 N. Cherryland Avenue, Stockton, CA 95215, (209) 474-1379.

Issuance Date: July 12, 2022

I received a Balance Staffing™ Disclosure Document dated July 12, 2022, that included the following Exhibits:

A	Franchise Agreement with attached Schedules
B	List of State Agencies and Regulators
C	Franchise Disclosure Questionnaire
D	State Addenda
E	Operations Manual Table of Contents
F	Option Agreement
G	List of Franchisees
H	List of Licensees
I	Franchisees Who Have Left the System
J	Financial Statements
K	Receipts

Date _____ Recipient/Franchise Applicant _____

RETURN THIS SIGNED FORM TO THE FRANCHISOR **Mail to: Balance Staffing Franchise, LLC, 2800 N. Cherryland Avenue, Stockton, CA 95215 or Email to: John@BalanceStaffing.com**

APPLICANT COPY

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J	Financial Statements
K	Receipts

Date	Recipient/Franchise Applicant

THIS SIGNED FORM REMAINS WITH THE FRANCHISE APPLICANT