

FRANCHISE DISCLOSURE DOCUMENT

COUNT JUNKULA FRANCHISING LLC

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The Franchisee will own and operate a business providing premium junk removal, hauling, and dumpster rental services using the trade name or trademark, COUNT JUNKULA, and also our other related trade names, trademarks, or logos (collectively, our “Marks”). We provide services to franchisees including assistance with training, operations, advertising, purchasing and promotional techniques.

The total investment necessary to begin operation of a new, single unit COUNT JUNKULA franchise is between \$93,000 to \$148,000. This includes between \$35,875 and \$51,875 that must be paid to us or our affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, 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 availability of disclosures in different formats, contact COUNT JUNKULA FRANCHISING LLC at 1627 Navaho Drive, Raleigh, North Carolina 27609, (919) 352-9135.

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: April 28, 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 B.
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 C 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 COUNT JUNKULA 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 COUNT JUNKULA franchisee?	Item 20 or Exhibit B 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 this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 North Carolina. 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 North Carolina than in your own state.
2. **Limited 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.
3. **Required Minimum Payments.** You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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.

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW

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.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

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

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

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a

franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL. Any questions regarding the notice should be delivered to the Department of the Attorney General, Department of Licensing and Regulatory Affairs, Corporations, Securities and Commercial Licensing Bureau, 2501 Woodlake Circle, Okemos, MI 48864, Telephone: (517) 241-6470.

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EXHIBITS

Exhibit A	Count Junkula Franchise Agreement with Attachment 1 (Franchise Rider), Attachment 2 (Lease Rider), Attachment 3 (Personal Guaranty), Attachment 4 (Nondisclosure and Noncompetition Agreement), Attachment 5 (Telephone Listing and Internet Authorization Agreement)
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ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

THE FRANCHISOR

To simplify the language in this Disclosure Document, “we,” “COUNT JUNKULA,” “us,” or “our” means COUNT JUNKULA FRANCHISING LLC “You” means the person or company that buys the franchise, including, if any, such company's owners, partners, members, shareholders, and guarantors. COUNT JUNKULA FRANCHISING LLC was formed in North Carolina on April 22, 2020. Our principal business address is located at 1627 Navaho Drive, Raleigh, North Carolina 27609.

Our sole business since inception is selling COUNT JUNKULA franchises and providing training and other services to COUNT JUNKULA franchisees. We began selling the franchises being offered in this disclosure document during 2020. We are not engaged in any other business activities and have never offered franchises in any other line of business. We do not operate a business of the type being franchised, although affiliates of ours do. We do business and intend to do business under the names COUNT JUNKULA FRANCHISING LLC and COUNT JUNKULA.

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

PARENTS, PREDECESSORS, AND AFFILIATES

We do not have any parent companies or predecessors.

Our affiliate, First Class Clean Corp doing business as COUNT JUNKULA (“First Class Clean”), was formed on July 29, 2009 in the State of North Carolina. From July 2009 until May 2016 when it converted to a North Carolina corporation, First Class Clean was a limited liability partnership formed under the laws of the State of North Carolina. First Class Clean has as its principal place of business 1627 Navaho Drive, Raleigh, North Carolina 27609. Beginning in July 2019, First Class Clean operated a COUNT JUNKULA business of the type offered in this disclosure document but sold the location to another affiliate in December 2020. On August 21, 2020, First Class Clean assigned its intellectual property rights in the COUNT JUNKULA System and Marks to us. First Class Clean does not offer and has never offered franchises in this or any other line of business. First Class Clean Corp shares certain employees with us. From July 2009 to April 2020, First Class Clean Corp provided outdoor home cleaning services.

Our affiliate, ATM USA, LLC (“ATM USA”) is the exclusive merchant processing agent for our franchisees. ATM USA was formed on June 8, 1998 in the State of North Carolina when it was originally named SOUTHERN AUTOMATED SERVICES, L.L.C., which name was changed on March 5, 2001. ATM USA has as its principal place of business 1627 Navaho Drive, Raleigh, North Carolina 27609. ATM USA has never operated a business of the type being franchised nor offered franchises in this or any other line of business.

THE FRANCHISE OFFERED

As a COUNT JUNKULA franchisee, you will own and operate a business providing premium junk removal and hauling services (a “Franchised Business”). You will offer direct

removal services and dumpster rental services. When you perform direct removal services, you will load your Service Vehicle(s) and remove the junk from the customer's location. With dumpster rental services, a residential customer rents a dumpster and personally loads the junk. You will drop off and then later remove the dumpster. The required Service Vehicle is equipped to offer both services. COUNT JUNKULA businesses are characterized by distinctive junk removal processes and methods of service; proprietary equipment; hardware and software programs; standards, specifications, and procedures for operations; training and assistance; and advertising and promotional programs; all of which we may improve, amend, and further develop from time to time. You will be required to operate using our Marks and in accordance with our confidential operations manuals, other proprietary manuals, and other policies and procedures we may loan to you (collectively, the "Manuals"), standards and specifications, marketing and sales programs, and other research and development connected with the establishment and operation of a COUNT JUNKULA business (collectively, the "System"), which we may modify from time to time as we deem appropriate in our sole discretion. To the extent permissible under applicable law, we reserve the right to set promotional and maximum and minimum prices/fees for certain products and services.

The typical COUNT JUNKULA business is operated from a leased, combined office/warehouse ("flex") space of approximately 800 to 1,000 square feet with adequate parking and provides premium junk removal services throughout a protected territory. The Franchised Business will not participate in the pick-up nor hauling of liquids, gases, or flammable or hazardous materials, nor will it regularly pick up trash along commercial or residential routes. Integral to the COUNT JUNKULA Franchised Business is the truck used for hauling and transportation ("Service Vehicle"). You must use the Service Vehicle only for operation of your franchise. You are solely responsible for the maintenance and repair of your Service Vehicle. Upon achieving an average of \$30,000 in revenue per month for six consecutive months, you must add a second Service Vehicle. Thereafter, you will need to add another Service Vehicle each time you achieve an average of \$30,000 per Service Vehicle per month for six consecutive months. Nonetheless, you may add additional Service Vehicles throughout the term of the Franchise Agreement with our advance written consent, which we will not unreasonably withhold.

At our option and not our obligation, we may enter into agreements with third parties to provide services to customers on a regional or national basis, whether or not all of those locations are in your Territory ("National Account"). You will have the right to provide services to these National Account customers in your Territory if you comply with our prices and standards. You will have the initial opportunity to decline to service a National Account once you begin operating or once the National Account is established. If you choose to service the National Account you must continue to service that account on the terms we establish. We will charge an additional fee that varies by National Account. If you decline to service the National Account customer or if there are other circumstances in which you are not able to provide services to the customer in accordance with our prices and standards, another party may service the account.

In order to own and operate a COUNT JUNKULA Franchised Business, you must enter into our current form of franchise agreement that is attached as Exhibit A to this Disclosure Document ("Franchise Agreement"). You and your spouse (and your owners' and their spouses, if you are an entity) must sign our form of personal guaranty attached as Attachment 3 to Exhibit A.

MARKET AND COMPETITION

You will compete with other COUNT JUNKULA franchisees and other businesses offering junk removal, dumpster rental, or hauling services. Your competition will consist of local, regional, and national chains, franchises, and independent service providers. You may also face competition from municipal service providers. Demand for your services and products may depend on the local and national economic conditions and their effect on the public's discretionary spending.

REGULATIONS

You may be required to obtain licenses or permits relating to hauling, dumping, or transportation. Additionally, your operations may be limited by restrictions on the right to access transfer sites or landfills. Requirements and restrictions vary widely by jurisdiction and we have made no investigation regarding the existence of any state or local laws, regulations, ordinance, taxes, or other restrictions that could affect your ability to operate the Franchised Business. Other than described above, there are no regulations known to us specific to the operation of a junk removal business. However, state and local jurisdictions have enacted laws, rules, regulations, and ordinances that may apply to the operation of your Franchised Business, including those that (a) establish general standards, specifications, and requirements for the construction, design, and maintenance of your office premises; (b) regulate matters affecting the health, safety, and welfare of your customers, such as general health and sanitation requirements, restrictions on smoking, and requirements to provide certain public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) regulate the proper use, storage, and disposal of waste, insecticides, and other hazardous materials; (e) govern labor practices for your employees; and (f) govern the application of the Affordable Care Act. The Americans with Disabilities Act also may apply to the operation of your COUNT JUNKULA business. You may employ help and will be required to observe general employment laws and regulations.

We have not researched any of these laws to determine their applicability to your Franchised Business. You should consult with your own attorney to ensure that the laws of the state where your COUNT JUNKULA business is located permit you to provide the approved products and services we require. Your jurisdiction may require special licensure for operation of a mobile business. It is your sole responsibility to investigate any regulations in your area, including those related to the establishment and operation of a COUNT JUNKULA business generally, including required licensure. You alone are responsible for complying with all applicable laws and regulations, despite any advice or information that we may give you.

ITEM 2. BUSINESS EXPERIENCE

Name	Position	Principal Occupation During the Past 5 Years
Chad Emerick	Co-Founder and Chief Operating Officer	Mr. Emerick has served as our co-founder and COO since April 2020. Beginning in June 2009, he has served as a general partner and officer for First Class Clean Corp, located in Raleigh, North Carolina.

Name	Position	Principal Occupation During the Past 5 Years
Jason Tudor	Co-Founder and Chief Executive Officer	Mr. Tudor has served as our co-founder and CEO since April 2020. Beginning in July 2009, he has served as a general partner and officer for First Class Clean Corp located in Raleigh, North Carolina.
Haze Lancaster III	Co-Founder and Strategic Advisor	Mr. Lancaster has served as our co-founder and Strategic Advisor since April 2020. Beginning 1997 through the present he serves as a partner in ATM USA, an ATM equipment and services company located in Morrisville, North Carolina. Additionally, from 2012 until the present, he has been a partner in No More Bugs, LLC, which operates the Mosquito Authority and Pest Authority businesses and is headquartered in Morrisville, North Carolina.
Matthew Sneed	Co-Founder and Chief Technology Officer	Mr. Sneed has served as our Chief Technology Officer since April 2020. Since May 2015, he has served as President of SVic Holdings LLC located in Clinton, New York which owns a software company, Captrest (founded March 2014), and a home services company, Mosquito Victory (founded January 2013).

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FRANCHISE FEE

The initial franchise fee for a COUNT JUNKULA business varies based upon the size of the Territory (“IFF”). For a Tier 1 Territory, which has a population of greater than or equal to 400,000 people, the IFF is \$50,000. For a Tier 2 Territory, which has a population of less than 400,000 people, the IFF is \$35,000. The IFF is payable in lump sum upon execution of the Franchise Agreement.

Franchisees who are honorably discharged veterans of the U.S. Armed Forces are eligible to receive a 10% discount on the IFF. We also offer a discount of 10% for the first five franchisees to sign a Franchise Agreement. Discounts cannot be combined.

To operate a COUNT JUNKULA business, you will need to purchase or lease a Service Vehicle from our approved or designated supplier that meets our specifications. You will pay a fee for a signage kit that will allow an approved local provider to wrap the Service Vehicle and its container(s) (“Vehicle/Container Signage Fee”). The Vehicle/Container Signage Fee is payable in a lump sum upon execution of the Franchise Agreement and will vary based upon the

configuration of your Service Vehicle(s) and container(s). We estimate that the fee will be between \$500 to \$1,500 per Service Vehicle.

Before you open your COUNT JUNKULA business, you will purchase a uniform package from us or our affiliate. The initial uniform package costs \$375 and includes 3 embroidered hats, 5 embroidered polo shirts, and 10 t-shirts.

The Item 5 fees were uniformly applied in our last fiscal year. These fees are non-refundable and deemed earned upon payment.

ITEM 6. OTHER FEES

Type of Fee¹	Amount	Due Date	Remarks
Royalty	8% of Gross Revenues on Gross Revenues during the first partial calendar year of operations. 8% of Gross Revenues on Gross Revenues up to \$500,000 per calendar year. 7% of Gross Revenues on Gross Revenues of \$500,001 to \$1,000,000 per calendar year. 6% of Gross Revenues on Gross Revenues greater than \$1,000,000 per calendar year. Beginning in month 13 of your operations, there is a minimum royalty payment of \$1,200 per month.	Payment made by electronic funds transfer (EFT) weekly on Tuesday for the sales week ending the immediately preceding Sunday.	More information and the definition of “Gross Revenues” are in Note 2 below.
National Account Fee ³	Varies, typically 1% to 20% of invoice amount.	As incurred.	We will charge you an additional commission or fee, in addition to the Royalty Fee, for serving any National Account customer. The commission or fee assessed will vary by National Account customer and will be described in the Operations Manual.

Type of Fee¹	Amount	Due Date	Remarks
Brand Fund Contribution	We do not currently have a Brand Fund, but we reserve the right to establish one in the future and charge a contribution of up to 2% of Gross Revenues.	Payment made by electronic funds transfer (EFT) weekly on Tuesday for the sales week ending the immediately preceding Sunday.	We reserve the right to establish a Brand Fund designed to promote/market/advertise our brand, Marks, and the System.
Local Advertising Marketing and Promotional Expenditures	8% of Gross Revenues per month for the first 12 months of your operations. For the rest of the term, 5% of Gross Revenues per month.	Monthly; as incurred.	Marketing and promotional expenditures should be paid to third parties.
Advertising Cooperative Fee	There is currently no advertising cooperative, but one may be formed in the future.	When designated by the cooperative.	If a local advertising cooperative is established, you will be required to contribute your share as required by the cooperative's members. We may reallocate all or a portion of this fee to a regional advertising program if one is established in the future. Any percentage contribution would be set by the cooperative on a vote of a majority of its members. All franchised, company-owned, and affiliate-owned outlets will have 1 vote each in any such cooperative. The maximum advertising cooperative fee that can be imposed is 2% of monthly Gross Revenues.

Type of Fee¹	Amount	Due Date	Remarks
Technology Fee	We reserve the right to establish a Technology Fee.	Payment made by electronic funds transfer (EFT) with the first royalty payment of each month.	The Technology Fee is for our development, implementation, and maintenance of third party or proprietary technologies to be used by our franchisees. We have the right to increase this fee with 30 days' notice based on supplier pricing increases and introduction of new technology.
Website Fee	Currently \$250 per month.	Payment made by electronic funds transfer (EFT) with the first royalty payment of each month.	The Website Fee is for our development, implementation, and maintenance of websites (including microsites) for the brand and locations. We have the right to increase this fee with 30 days' notice based on supplier pricing increases.
Email Address Fee	Currently \$6 per month per address.	Payment made by electronic funds transfer (EFT) with the first royalty payment of each month.	The Email Address Fee is for your business email addresses. We have the right to increase this fee with 30 days' notice based on supplier pricing increases.
Centralized Services Fee	We do not currently have a Centralized Services Fee, but we reserve the right to establish one in the future. If implemented, the initial Centralized Services Fee will be 4% of Gross Revenues. The fee can be increased based upon changes in costs and technology implementation.	Payment made by electronic funds transfer (EFT) with the first royalty payment of each month.	The Centralized Services Fee is for centralized office services we, an affiliate, or a third-party supplier may provide. These services may include scheduling and call management. We have the right to increase this fee with 30 days' notice based on cost changes, technology implementation, and introduction of new services.

Type of Fee¹	Amount	Due Date	Remarks
Transfer Fee (a) Transferee is not within the Count Junkula franchisee network and/or has not completed our training. (b) Transferee is within the Count Junkula franchisee network and has already completed our training.	20% of the then-current initial franchise fee for the applicable Territory Tier. 10% of then-current initial franchise fee for the applicable Territory Tier.	Upon application for transfer.	Fee is inapplicable except to prospective purchasers. We must approve any transferee.
Renewal Fee	\$5,000	Upon execution of then-current franchise agreement.	Payable in immediately available funds.
Interest	18% per month or highest rate allowed by law.	As incurred.	Interest accrues from the original due date until payment is received in full.
Insufficient Funds	\$50 per violation plus any fee charged us for uncollected funds.	As incurred.	Failure to have sufficient funds available for payments to us.
Relocation Fee	Costs and expenses.	Upon your submission of a letter requesting our consideration of a new location.	Payable to us to defray our costs associated with evaluating and approving/rejecting your relocation proposal. Except in cases of emergency, you must occupy the new premises and open your business in the new premises before vacating your original premises.
New Supplier/Product Evaluation Fee	Cost and expenses.	On demand.	If requested by you, you will pay all fees and costs incurred by us to obtain the necessary information and evaluate suppliers prior to giving approval for new suppliers and products.

Type of Fee¹	Amount	Due Date	Remarks
Audit Fee	Costs and expenses.	At once if audit shows 2% or greater underpayment.	You also pay the underpayment, if any. We pay for the audit if underpayment is 2% or less.
Additional Training	Currently \$300 per trainer per day plus out-of-pocket expenses and travel.	As incurred prior to additional training.	You will pay us the Additional Training Fee if you require or request additional training.
Attorney's Fees and Costs, and Arbitration	Depends on what we spend	As incurred; as court or arbitrator orders.	Loser pays winner's fees and costs to discourage meritless litigation. We could have to pay your fees.
Management Fee	20% of Gross Revenues, plus costs and expenses.	Weekly with royalty payment.	Only payable in the event we must operate your franchise due to death, disability, etc. The Management Fee would be paid in addition to royalty, Brand Fund contributions and any other fees due to us.
Indemnification	The amount of any claim, liability or loss we incur from your Franchised Business.	As incurred.	You agree to defend, indemnify, and hold us harmless should we be sued as a result of something you do or fail to do.
Post-Termination or Post-Expiration Expenses	Costs and expenses.	As incurred.	You must pay all costs and expenses related to de-identifying the Franchised Business or otherwise complying with your post-termination or post-expiration obligations.
Insurance Premium Reimbursement	Varies according to plan and provider.	Upon demand.	You must purchase the insurance we require. If you do not purchase the insurance we require, we may purchase it on your behalf and you must reimburse us.

Type of Fee¹	Amount	Due Date	Remarks
Refurbishing Reimbursement	Varies.	Upon demand.	If we must undertake any refurbishing work on your behalf, you will pay us our costs and expenses and an administrative fee of 15% for the total aggregate amount incurred by us. Interest will apply to any late reimbursement.
Continued Operation After Expiration	Greater of \$1,000 or 150% of royalties.	Weekly.	If we permit you to continue operating your business after termination, non-renewal, or expiration of the franchise term on a month-to-month basis, then you must pay to us all royalties and other fees due to us. In addition, you must pay to us a weekly fee equal to the greater of \$1,000 or 150% of the royalties due for the same month for every month of month-to-month operation after the expiration date, up to our then-current initial franchise fee.
Enforcement Costs	Varies.	As incurred.	You must pay our costs of enforcement (including attorneys' fees and costs) if you do not comply with the Franchise Agreement. If we see no action on issues that tarnish our brand image or otherwise breach the Franchise Agreement, we reserve the right to engage our own lawyers at your expense to work on compliance. We may collect reimbursement from you by EFT for their fees.

Type of Fee¹	Amount	Due Date	Remarks
Fines	Up to \$10,000 per infraction.	Upon notice of infraction. Will be collected by EFT.	Failure to operate in accordance with operating standards.
Convention	Varies.	As incurred prior to the convention.	We may hold periodic conventions for franchisees. We reserve the right to charge you a fee for attendance and reserve the right to require attendance. You will be responsible for all of the expenses of the persons you send to the convention, including travel, lodging, and food.
Third Party Supplier Charges	Your share of any charges billed to us on behalf of your business.	As incurred.	Sometimes it may be in the best interest of the COUNT JUNKULA brand for suppliers to bill us a network-wide charge for a product or service. We will then divide the invoice among our franchisees and charge you for your share.
Business Directory Listings	Actual out-of-pocket costs.	Upon demand.	You will place and pay the cost of business listings in the directories and categories we specify. Alternatively, we can do so on your behalf and at your expense.

Type of Fee¹	Amount	Due Date	Remarks
Data Inspections and Reimbursement	Varies.	Upon demand.	If you repeatedly violate the required data privacy and security obligations under the Franchise Agreement, we reserve the right to charge you our costs and expenses to inspect your business. Additionally, you are responsible for our costs and expenses that arise from your non-compliance or a security breach caused by you or your personnel.
Legal Fees	Varies.	Upon demand.	If we incur legal expenses while providing assistance to you in legal compliance or negotiation circumstances, we may require you to reimburse us for the legal expenses we incur.
Quality Control Review Services	Costs and expenses.	As incurred.	If we implement a quality control program, you will pay your share of the costs and expenses of the program.

Note 1: All fees and expenses described in Item 6 are non-refundable and, unless otherwise indicated, are imposed uniformly by, and are payable to, us. Item 6 fees were uniformly applied in our last fiscal year. We have the right to adjust fees for inflation.

Note 2: “Gross Revenues” shall mean the total revenue generated by your COUNT JUNKULA business, including all revenue generated from the sale and provision of any and all approved products and services at or through your Franchised Business and all proceeds from any business interruption insurance related to the non-operation of your Franchised Business, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange. “Gross Revenues” does not include (a) tips received by employees through their employment with the Franchised Business or (b) any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto.

For the first partial calendar year of operations, you will pay a royalty of 8% of all Gross Revenues achieved during the partial year. For any full calendar year of operation (“Full Calendar Year”), your royalty will be assessed on a sliding scale that ranges from 6% to 8% of your Gross Revenues. In any Full Calendar Year of the franchise term, and subject to the monthly minimum instituted

after the first 12 months of operation, you will pay a royalty of: (a) 8% of Gross Revenues on all Gross Revenue achieved up to \$500,000 in that Full Calendar Year, (b) 7% of Gross Revenues on all Gross Revenues achieved in excess of \$500,000 but less than \$1,000,000 in that Full Calendar Year, and (c) 6% of Gross Revenues on all Gross Revenues achieved in excess of \$1,000,000 in that Full Calendar Year. The sliding scale will reset on January 1 of each year and royalties will be assessed and adjusted on a weekly basis.

Note 3: At our option and not obligation, we may enter into agreements for National Accounts. You will have the right to service these customers in your Territory, but you must do so at the prices we establish and in accordance with our standards. If there is no established price, you may provide services for your standard rate. We will handle the billing of National Account customers and will charge an additional fee that varies by National Account. The current National Account fees will be described in the Operations Manual or in other communications from us. We reserve the right to change the National Account fee upon 30 days' written notice to you.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT LOW	AMOUNT HIGH	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Franchise Fee ¹	\$35,000	\$50,000	Lump sum	At signing of Franchise Agreement	Us
Construction, Leasehold Improvements, Furniture and Fixtures ²	\$2,450	\$7,600	As incurred	Before opening	Contractor/ Third-party providers
Equipment ³	\$6,000	\$9,000	Lump sum	Before opening	Third-party providers
Signage (interior and exterior) ⁴	\$1,000	\$5,400	As incurred	Before opening	Third-party providers
Computer, Hardware and Software ⁵	\$1,600	\$2,800	Lump Sum	Before opening	Third-party providers
Rent Deposits ⁶	\$1,000	\$3,800	As incurred	Before opening	Landlord
Utility Deposits ⁷	\$200	\$1,000	As incurred	Before opening	Utility providers

TYPE OF EXPENDITURE	AMOUNT LOW	AMOUNT HIGH	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Insurance Deposits and Premiums ⁸	\$900	\$3,000	As arranged	Before opening	Insurance company
Pre-opening Travel Expense ⁹	\$600	\$4,700	As incurred	Before opening	Airline, hotel, restaurants
Digital Launch Advertising ¹⁰	\$15,000	\$15,000	As incurred	Prior to opening	Third-party providers
Professional Fees ¹¹	\$3,500	\$5,700	As arranged	Before opening	Attorneys, accountants
Business Permits and Licenses ¹²	\$500	\$5,000	As incurred	Before opening	Licensing Authorities
Printing, Stationery and Office Supplies ¹³	\$450	\$600	As incurred	Before opening	Third-party providers or us
Additional funds – 3 Months ¹⁴	\$24,800	\$34,400	As incurred	After opening	Various
TOTAL	\$93,000	\$148,000			

NOTES:

All fees and payments are non-refundable unless otherwise noted or allowed by third-party vendors. The above table represents your estimated initial investment through the third month of operation of your business. Neither we nor our affiliate offer direct or indirect financing for your initial franchise fee or for any other payments you must make or costs you must incur in starting and operating your business.

Note 1: As described in Item 5, your Initial Franchise Fee will vary based upon the size of your Territory.

Note 2: Both low estimates assume you will lease a ready-to-use office/warehouse flex space of 800 square feet and the high estimate assumes you will lease 1,000 square feet. You are also required to have adequate pavement space for Service Vehicle access and parking. With our prior written permission, you may park your trucks at a designated offsite location. Your costs will increase if you must improve your space for your specific use, pay additional fees for more parking space, or if you add additional, or more costly, furniture or fixtures to the space. You will need basic office and storage furnishings.

Note 3: Both the high and low estimate assume you will lease a Service Vehicle that meets our specifications. The amount of your monthly payments will vary based upon the terms of your lease agreement. Upon achieving an average of \$30,000 in revenue per month for 6 consecutive

months, you must add a second Service Vehicle. Thereafter, you will need to add another Service Vehicle each time you achieve an average of \$30,000 per Service Vehicle per month for 6 consecutive months. Nonetheless, you may add additional Service Vehicles throughout the term of the Franchise Agreement with our advance written consent, which we will not unreasonably withhold. This estimate does not account for costs of any vehicle but the first. In addition to your Service Vehicle, you will need to purchase other junk removal equipment, including dumpsters, wheelbarrows, crow bars, and other hand tools. These estimates are for the equipment needed to supply a single Service Vehicle. The low estimate assumes you will lease 5 vehicle beds (which also convert to rental dumpsters) and the high estimate assumes you will lease 10 vehicle beds. These estimates do not include transportation or setup charges. If you choose to purchase one or more Service Vehicles rather than leasing them, your costs will increase.

Note 4: Your costs for signage will vary depending on the size of your façade. Our estimates include wall signage for the exterior of the building, interior signage such as logo graphics for windows, and interior brand identification such as wall graphics. Our estimates include the Vehicle/Container Signage Fee, which will range between approximately \$500 to \$1,500 per Service Vehicle. For this fee, an approved supplier will wrap your Service Vehicle and its bed.

Note 5: You must purchase computer software and hardware that meets the standards specified in our Manuals. You must purchase a desktop or laptop computer and printer. You will need a customer relationship management system, which we estimate to be between \$200 and \$600 a month, a GPS tracking and camera system, which we estimate to be between \$25 to \$100 per month, and a Quickbooks Online account, which costs between \$30 and \$50 per month. We may require you to upgrade your software or hardware in order to adapt to technology and industry innovations.

Note 6: These estimates represent the cost of rent deposits in a suburban location. The low estimate assumes you will lease 800 square feet and the high estimate assumes you will lease 1,000 square feet. If you choose to rent space bigger or more expensive than the space we recommend or you rent additional parking space you may spend more than our estimate. Your cost to lease space is difficult to estimate with certainty because there are unknown factors that will impact what you pay. These factors include the facility's location, its square footage, cost-per-square foot, renovation costs and any required maintenance fees. Your landlord may refund your security deposit or other fees paid, but most will not refund rental payments or other payments made. You should ask your leasing agent or landlord about their refund policy before you sign a lease agreement. We do not require you to purchase or build a facility to house the franchise. Your costs may increase over our projections should you choose to purchase or build. You should consider construction delays and their unpredictable cost before electing to build or purchase. You should seek professional advice if you choose to purchase or build.

Note 7: Our estimates are based on the historical experience of our affiliate. Estimates will vary based on municipality and service provider.

Note 8: These estimates represent three months of premiums. These estimates are based on the experience of our affiliate and may vary based on your location, insurance provider, and other factors.

Note 9: These estimates represent travel and lodging expenses for three people to attend our five-day training in Raleigh, North Carolina. These estimates do not include any labor costs.

Note 10: You will be required to spend \$5,000 per month on digital marketing and advertising during the 30 days before you launch your business and the 60 days after. We will require you to spend this with vendors we designate for pre-opening marketing expenses, including a pay per click management vendor. We may require you to provide proof of expenditures upon demand. You may choose to spend more money.

Note 11: You will need to retain an attorney, an accountant and other consultants to help you to establish your Franchised Business. Your cost will depend on the location of the Franchised Business and the prevailing rates of local attorneys, accountants and consultants. Your costs for these services are typically nonrefundable. You should inquire about the refund policy of the attorney, accountant or consultant at or before the time of hiring.

Note 12: The cost of business licenses and permits will vary by location and jurisdiction. You may be required to obtain a hauling license.

Note 13: This estimate includes the cost of business cards, uniforms, office supplies and other marketing materials bearing the COUNT JUNKULA Marks.

Note 14: You should have a three-month cash reserve to cover the operations of the COUNT JUNKULA business. Our estimates for the cash reserve you should have on hand include our estimates for three months of rent, utilities, insurance, initial staffing, employee background checks, software, royalties, Brand Fund contributions, and advertising expenses, offset by the revenues we estimate you will collect in the first three months of operation. Our estimates do not include any other charges or expenses, including finance charges, interest or debt service obligations or any other expenses. Your costs, and the amount you should have in reserve, will be affected by factors in the local market, your technical, marketing and general business skills, local economic conditions, local competition, local cost factors and where your Franchised Business is located. You may need to have more or less money in your cash reserve than what we have estimated. You may need to have additional working capital to cover lower than estimated sales or higher than estimated operating costs. You should speak with a financial advisor to get a more accurate estimate of the amount you should have in reserve. The operating costs for which you may use the cash reserve are typically non-refundable, but you should ask about refund policies before you patronize any vendor. The payments made to third parties may be refundable depending on the terms offered by each third party. The amounts shown in these and all other estimates in Item 7 are based on the experience of our affiliate.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Vendors, Products, Services, Equipment, and Supplies. You must purchase all goods, services, inventory, computer hardware or software, supplies, technology, and equipment you use in the Franchised Business from the vendors we approve or designate, which may include us or our affiliates, in strict conformance with our confidential Manuals and proprietary guidelines and the standards and specifications issued to you. If you wish to offer or use any product or service in your COUNT JUNKULA business from a vendor not yet approved by us, then you must obtain our prior approval, in the manner we designate in our then-current Manuals. We reserve the

right to revoke approval for any item or supplier for any reason, and you must cease to use the item or supplier upon 30 days' notice from us. We reserve the right to modify the standards and specifications for all the goods, services, inventory, computer hardware or software, supplies, and equipment you use in your Franchised Business, and you must comply after receiving notice from us.

Where we have designated an approved supplier, you must use that supplier. Not purchasing or leasing your business's Service Vehicle(s), equipment, inventory, computer hardware and software, supplies, merchandise, or any other items where we have designated an approved supplier would put you in violation of the Franchise Agreement.

You are required to lease or purchase a Service Vehicle that meets our specifications from our approved or designated supplier. For the Vehicle/Container Signage Fee, we, our affiliate, or our approved supplier will customize the bed of your Service Vehicle and wrap it with the Marks to meet our brand standards before you begin operations.

We have approved suppliers from which you will be required to purchase certain equipment, including dumpster containers, uniforms, background checks, signage and wrapping, and other items bearing our Marks.

We (or our affiliate) are the current approved supplier of uniforms, but we reserve the right to designate another vendor in the future.

You are required to use our approved supplier for your website and digital marketing services, including but not limited to pay per click advertising management services.

You are required to purchase certain computer hardware and software from an approved vendor which meet our specifications. We reserve the right to change the hardware and software requirements and approved vendors and reserve the right to designate an exclusive supplier. You are to have a laptop or desktop computer and printer, a GPS tracking and camera system for your Service Vehicle(s), and QuickBooks Online. We reserve the right to change the hardware and software requirements, vendor, or to require you to use proprietary technologies. You will pay us an Email Address Fee (currently \$6 per month per address) for your business email addresses.

We or our affiliate is the exclusive supplier of Dashula, a proprietary customer relations management system. Currently there is no charge for Dashula, but we reserve the right to charge you a Technology Fee. We may change the technologies provided to you at any time and we may raise the fee based upon supplier pricing increases and the introduction of new technology.

You are required to use the credit card processing service we approve who may pay our affiliate, ATM USA, a commission based upon the credit card processing volume utilized by our franchisees. Since you accept credit cards as a method of payment, you must comply with payment card infrastructure ("PCI") industry and government requirements. PCI security standards are technical and operational requirements designed to protect cardholder data. The standards apply to all organizations that store, process or transmit cardholder data and cover technical and operational payment system components involving cardholder data. Notwithstanding the credit card processing requirement, we do not represent, nor certify to you or your customers that the credit card processing service approved or provided by us or an affiliate is compliant, whether or

not certified as compliant, with the PCI Data Security Standards. Your credit card processing provider should assist you with this compliance.

We must approve the location of your office/warehouse space and parking. It is your responsibility to select your own location and the site must meet our standards and specifications. We have the right to require you and your landlord to provide in the lease that we shall have the right at our option and without compensation to you to take assignment of the lease should you materially default under the lease or should your franchise terminate or not be renewed for any reason. You are not allowed to relocate the business premises without our prior written approval. You are not allowed to park your Service Vehicle(s) at a location other than your office/warehouse space without our prior written approval.

We reserve the right to require you to use centralized services for your Franchised Business such as scheduling and call management. We or our affiliate may be the designated or approved provider of centralized services. We reserve the right to charge you an additional fee for these services.

Insurance. You are obligated to obtain and maintain at your own expense the types and amounts of insurance that we designate in our Manuals or otherwise in writing. All policies (except any workers' compensation insurance) must name us as an additional insured and all shall contain a waiver of all subrogation rights against us and our successors and assigns. In addition to any other insurances that may be required by applicable law or by your landlord, you must procure:

- (a) Commercial general liability insurance with the following coverages:
 - i. General Aggregate with limits of at least \$2,000,000
 - ii. Each Occurrence with limits of at least \$1,000,000
 - iii. Products Liability with limits of at least \$2,000,000
 - iv. Personal and Advertising Liability Injury with limits of at least \$1,000,000;
- (b) Owned and non-owned automobile insurance with a combined single limit of at least \$1,000,000, in addition to the insurance your state may require;
- (c) Employer practices liability insurance with a minimum limit of at least \$500,000;
- (d) Business interruption insurance with a coverage period of at least 6 months;
- (e) Worker's compensation insurance that complies with the statutory requirements of the state in which your business is located.

We reserve the right to designate a supplier for insurance, and we may also make recommendations. You must furnish us with certificates of insurance evidencing the existence and continuation of the insurance coverage we require as specified here and in our Manuals. We require that you purchase insurance from a nationally recognized insurance company and at all times during the term of this Agreement maintain in force and pay the premiums for all types of insurance listed above. Your insurance company must be qualified to sell insurance in the state in which your Franchised Business is located and must be rated at least AA by A.M. Best Company. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time (i.e. cyber liability insurance). Leases and contracts you enter into may require higher coverage, but at all times, you must maintain the minimum required insurance. If you fail to obtain the required insurance, we may purchase it on your behalf and you must reimburse us.

Method of Approving Local Suppliers and All Vendors. If you want to use goods, services, supplies, fixtures, equipment, inventory, or computer systems or suppliers that we have not approved, you must first submit to us certain information, including product or service specifications, product or service components, product or service performance history, product samples, supplier information, and any other relevant information. We will evaluate the proposed item or supplier based upon certain criteria and determine if you are approved to use the alternate item or supplier. We make the following criteria available to you and reserve the right to evaluate your request upon additional criteria: technical and performance properties of the item, including design, appearance, product reliability, durability, the manufacturer's warranties, quality control methods, financial ability of the product's producers and distributors, supplier history and reputation, and supplier capacity. Our review is generally completed in 90 days. If we do not approve of the supplier within 90 days, then that supplier is deemed not approved and you must not use that supplier. We will advise you in writing of our approval. We impose these restrictions to safeguard the integrity of both the System and our trademarks. We reserve the right to revoke approval for any item or supplier for any reason, and you must cease to use the item or supplier upon 30 days' notice from us. If you request that we evaluate an item or supplier, you will pay all fees and costs incurred by us to obtain the necessary information and to conduct the evaluation.

Revenue Derived. In the last fiscal year, we did not receive any revenue from our franchisees' required purchases or leases. In the future, we will derive revenue from the products and services you are required to purchase or lease from us or from other vendors and suppliers. We also reserve the right to receive rebates, fees, discounts, commissions, or other payments from suppliers or customers in the National Account program.

Interest in Suppliers. Jason Tudor and Chad Emerick own interests in us and our affiliate First Class Clean Corp, and which entities may be approved to supply you with certain goods and services like uniforms and items bearing the Marks. Haze Lancaster III owns an interest in us and our affiliate ATM USA, which entity is approved to supply you with credit card processing services. Otherwise, none of our affiliates, officers, or owners own any interest in any approved supplier of goods or services to our franchisee, although we reserve the right to do so in the future. We, our affiliates, and/or our owners will receive rebates from your use of certain products and suppliers. We, our affiliates, and our owners reserve all rights to receive rebates or other benefits from your use, lease, or purchase of products or services or use of suppliers. We also reserve the right to supply these products directly to you in the future, if we so choose.

Required Purchase Percent of Revenue. The cost of the items that you must purchase from us, our affiliates or from suppliers designated by us represents between 30% and 45% of your total purchases in connection with the establishment of your business. The cost of the items that you must purchase from us, our affiliates or from suppliers designated by us represents between 15% and 25% of your total purchases in operating your business.

Purchasing or Distribution Cooperatives. Currently you are not required to participate in a purchasing or distribution cooperative. However, we have the right to require you to participate in a local advertising, purchasing, or distribution cooperative in the future.

Miscellaneous. We may negotiate purchase agreements with suppliers, including price terms, for the benefit of the franchisees; however, we are not required to do so. We do not provide franchisees with any material benefits based upon a franchisee's use of approved suppliers.

You will have the right to service these customers in your Territory, but you must do so at the prices we establish and in accordance with our standards. If there is no established price, you may provide services for your standard rate. We will negotiate pricing and agreements with National Account customers on behalf of all of the franchisees. These negotiations and National Account agreements may lead to you providing higher volumes of service and/or discounted prices.

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	§§ 1, 6, Attachment 1, and Attachment 2	Items 7, 8, and 11
b. Pre-opening purchases/leases	§§ 4(a), 10, 11(p), 12(a), 16, and Attachment 2	Items 8 and 11
c. Site development and other pre-opening requirements	§§ 1 and 6	Items 7 and 11
d. Initial and ongoing training	§§ 4(a)(iii), 4(c), 11(h), and 11(y)	Item 11
e. Opening	§§ 1, 8(c), and 17(b)	Items 5, 7, 11
f. Fees	§§ 2(b)(vii), 2(e), 3, 4(a)(iv) and (v), 6(d), 9(b), 13(d)(vii), and Attachment 1	Items 5, 6, 7, 8, and 17
g. Compliance with standards and policies/ Manuals	§§ 1, 6, 7, 8(c), 8(f), 10(c) – (e), 11, and 12	Items 6, 8, 11, 12,13 and 15
h. Trademarks and proprietary information	§§ 1, 4, 7, 14, 15, 17, and 18	Items 13 and 14
i. Restrictions on products/services offered	§§ 11 and 12	Items 8 and 16
j. Warranty and customer service requirements	§§ 11(f), (l), (t), and (v)	Item 15

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
k. Territorial development and sales quotas	§ 5	Items 1, 5, 12
l. Ongoing product/service purchases	§§ 10 and 12	Items 6, 7, 8, 11 and 16
m. Maintenance, appearance and remodeling requirements	§§ 2(b)(ix), 6(a) – (b), (d), 10(d), and 13(d)(ix)	Item 9
n. Insurance	§ 16	Items 6, 8, and 9
o. Advertising	§ 8	Items 6, 8, 9, and 11
p. Indemnification	§§ 6(a)(vii), 11(h), and 19(b)	Items 6 and 9
q. Owner's participation/management/ staffing	§§ 11(g) – (j), (u), (y), and (z)	Item 15
r. Records and reports	§§ 11(g), (o), and (r)(v), and 14(e)	Items 6, 9, and 17
s. Inspections and audits	§§ 6(b) and (c), 11(o) and (r)(v), and 17(j)	Items 6, 9 and 17
t. Transfer	§§ 13, 17(b)(iii) and (v), (c)(iii), and Attachment 1	Item 17
u. Renewal	§ 2 and Attachment 1	Item 17
v. Post-termination obligations	§ 18 and Attachment 1, 2, and 4	Item 17
w. Non-competition covenants	§§ 14 and 15	Item 17
x. Dispute resolution	§ 21	Items 6 and 17

ITEM 10. FINANCING

Neither we nor any of our affiliates offer direct or indirect financing. Neither we nor any of our affiliates will guarantee your lease, note, or other obligations.

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

Except as disclosed below, we are not required to provide any assistance to you.

Pre-Opening Assistance

After you sign your franchise agreement, but before you open your business, we will provide the following assistance to you:

1. Site Selection. We will approve a location for the office you will use in your Franchised Business. It is your responsibility to select and outfit your own location in accordance with our specifications and standards. We are not required to provide or assist you in locating a site, obtaining your business premises, or negotiating a lease. We do not generally own or lease the buildings in which our franchisees operate. We must approve the site location and, if you do not own the premises, the lease. Generally, we approve or disapprove a site within 15 days of receiving the request, but have up to 30 days to do so. In the event we do not approve a proposed site by written notice to you within 30 days such site shall be deemed disapproved by us. If we cannot agree on a site, you will be in default of the Franchise Agreement and the agreement could be terminated. It is your responsibility to ensure that your premises conform to local ordinances and building codes as well as obtain any required permits. It is also your responsibility to construct, remodel and equip the premises. Some of the factors we consider in approving sites include general location and neighborhood, traffic patterns, population, size, available parking, and lease terms. You must receive approval of your lease and location within 90 days of signing the Franchise Agreement and open your office/warehouse space within 120 days of signing the Franchise Agreement. Your failure to do so is a breach of the Franchise Agreement and you are not entitled to a refund if the agreement is terminated. (Franchise Agreement Sections 1 and 6).

2. Training. We will offer you an Initial Training Program for up to three people. (Franchise Agreement Section 4). You or your owners and your Operations Manager must attend the required Initial Training Program and complete it to our satisfaction. You must complete training within 120 days after signing your Franchise Agreement. The Initial Training Program will include approximately five days of training held in the Raleigh, North Carolina area. Before you schedule training, you must complete pre-opening tasks such as signing an office lease, ordering your Service Vehicle(s), and obtaining all business-related licenses. We plan to schedule training classes four to six times a year, approximately every eight to twelve weeks. You or your owners and your Operations Manager must complete the training program to our satisfaction before we will authorize you to open your Franchised Business.

Your initial franchise fee includes the cost of the Initial Training Program for up to three persons pre-opening. You bear all indirect training costs and expenses, such as salary expenses of your employees and all expenses of travel, lodging, meals, and other living expenses you and your designee incur. The exact amount of time spent on each part of the Initial Training Program will depend on the time required for mastery by the students participating in the training.

Jason Tudor and/or Chad Emerick will oversee initial training and their background can be found in Item 2 of this document. Jason and Chad each have over one year of experience working

in the junk removal industry and have at least one year of experience with our COUNT JUNKULA affiliate-owned business.

The Initial Training Program covers the following information:

TRAINING PROGRAM

Subject	Hours Classroom Training	Hours On-The-Job Training	Location
Welcome: Overview of Training, Our Brand Culture, Mission and Vision	2	0	Raleigh, NC
Personnel: Recruiting and Managing Staff for Business Growth	2	2	Raleigh, NC
Marketing/Sales: Our Customers, Call Center Expectations, Advertising, Networking and Recurring Clients	2	2	Raleigh, NC
Logistics: Recycling, Scheduling, Routes and Disposal Procedures	2	2	Raleigh, NC
Operations: Daily Procedures, Estimating Fees, Customer and Service Standards	4	18	Raleigh, NC
Management: Billing, Franchise Reporting and Royalties	1	1	Raleigh, NC
Review: Assessment and Market Launch Planning	2	0	Raleigh, NC
HOURS	15	25	
TOTAL HOURS	40		

Following completion of pre-opening training, we offer one to two days of in-market support which will include business readiness evaluation. We evaluate pre-opening marketing, systems, networking outreach and activity, training readiness of your team on daily operations, and software set up for accounting, bookkeeping, and financial reporting. We will either authorize launch or identify additional training required.

3. Manuals. We will lend you our Manuals. (Franchise Agreement Section 11(a).) Our Manuals contain mandatory and suggested specifications, standards, and procedures. Our Manuals are confidential and remain our property. Your employees are to see them only on a need-to-know basis, subject to confidentiality agreements. We may modify this material from time to time and the modified terms are binding on you. The Manuals currently contain a total of 140 pages. Exhibit J contains the Table of Contents for our Manuals. We may periodically amend, update or replace the contents of the Manuals. You will comply with each amended, updated or

replaced provision within the time we specify. Revisions to the Manuals will be made in our sole discretion.

4. List of Approved Vendors and Suppliers and Specifications. Before you open your location, we will provide you with a copy of our list of approved vendors and suppliers and standards and specifications for all required supplies, equipment, technology, signage, décor and other goods and services. (Franchise Agreement Section 4.)

5. Additional Assistance. We are not required to provide you other supervision, assistance or services prior to the opening of the Franchised Business. (Franchise Agreement Section 4.) However, if requested, we will advise on additional topics related to the opening of your Franchised Business, including but not limited to purchasing equipment or inventory and hiring and training employees. To the extent permissible under applicable law, we reserve the right to set promotional and maximum and minimum prices/fees for certain products and services.

6. Our Rights. At any time that you or any of your affiliates are in breach of the obligations under the Franchise Agreement (for example, your failure to pay for the equipment or inventory when required), or any other agreement with us or any of our affiliates, we or our affiliate may defer the performance of our obligations under the Franchise Agreement (for example, our obligation to approve your site in a timely manner) or such other agreement, or defer the opening of your Franchised Business, until your breach has been cured. Our exercise of that right will not constitute a waiver of our rights under the Franchise Agreement or such other agreement, including, without limitation, our right to terminate the Franchise Agreement or such other agreement. (Franchise Agreement Section 17(g) – (i).)

After Opening

During the operation of the Franchised Business under your Franchise Agreement, we will provide you with the following assistance:

1. Advice. We will provide advice and consultation services to you. If you request advice or consultation service that requires us to make our staff present at your Franchised Business or that is greater than what we offer to other franchisees, we may charge you our additional training fee, plus expenses. (Franchise Agreement Section 4(a)(v).)

2. Advertising Materials. We may make available to you from time to time advertising materials we prepare for use by COUNT JUNKULA franchisees generally. You may use such materials in any local advertising. You will pay for all associated costs. We have the sole discretion to determine the advertising products, media, and geographical markets for the advertising. We have no obligation to supply you with any advertising material produced for us at our sole expense. (Franchise Agreement Section 8.)

You may develop advertising materials for your own use at your own cost. We require you to submit advertising and promotional materials to us in advance and to obtain our approval before using them. If we do not approve of your marketing materials within 20 days after you submit them to us, then they are deemed disapproved, and you may not use such materials. You are required to follow our instructions in connection with any advertising or promotional materials we provide for your use. (Franchise Agreement Section 8(d) and (f).) Failure to follow our

instructions regarding pre-approval of advertising materials will result in fines. Imposition of these fines will in no way waive our right to consider your use of unapproved advertising as a default-triggering event. (Franchise Agreement Section 23(m).)

3. System Improvements. We will make available to you from time to time all improvements and additions to the System to the same extent and in the same manner as they are made available to COUNT JUNKULA franchisees generally. You must keep your Service Vehicles and equipment in good working order and make the necessary repairs. We have the right to require you to repair, purchase, or lease a new vehicle at any time if your vehicle does not meet our then-current brand standards, and you must pay all fees and costs associated with such repairs, purchase, or lease. There is no limit on the amount you may be required to spend to refurbish your business or your Service Vehicle. (Franchise Agreement Section 6(d) and 10(d).)

4. Additional Training. During the term of your Franchise Agreement, we may offer additional training as we see fit or as you request. We will charge you our then-current additional training fee. You must pay for it at the time of the training, unless alternative billing arrangements are agreed to. Also, you bear all indirect training costs and expenses, such as salary expenses of your employees and all expenses of travel, lodging, meals and other living expenses you and your designee incur. While most additional training is optional, you may be required to attend the additional training and pay our associated fee. (Franchise Agreement Section 4 (a)(iv).)

5. Conferences and Conventions. While we are not required to do so, from time to time we may offer conferences and other training courses relating to our industry and to the conduct of the Franchised Business. You are required to attend all conferences and other required training courses. These courses may be conducted by our employees and/or by other trainers and will address various aspects of our business and other topics of interest to franchisees. We have the right to charge you a tuition fee for each attendee, whether or not the attendee is required to attend. Additionally, you will be responsible for all transportation, lodging, food and other costs incurred by you and your employees in attending such event. (Franchise Agreement Section 4(a)(iv).)

6. Online Presence. We may maintain a website in order to promote the Marks, or any or all of the Franchised Businesses within the System. We may also develop and maintain any other type of online, internet, virtual, or digital presence (each an "Online Presence") as we see fit. An Online Presence includes but is not limited to (1) the website, other webpages, URLs or domain names; (2) accounts, pages, or profiles on social media sites; social networking sites; news sites and groups; online, internet, or digital directories; video, photography, audio, and messaging services; blogs; or forums; (3) e-commerce sites or accounts; (4) digital or online advertising and marketing content and services; (5) mobile applications; (6) virtual reality platforms; (7) any identifiers of an Online Presence; or (8) a presence on any other type of online, internet, virtual, or digital tool, good, or service that may be developed. We will have the sole right to control all aspects of each Online Presence, including its design, content, functionality, links to any other Online Presence, legal notices, and policies and terms of usage. We will also have the right to discontinue operation of any Online Presence at any time without notice to you. You may not establish or operate an Online Presence (including a website, webpage, domain name, Internet address, social media account, blog, forum, advertisement, or e-commerce site) that in any way concerns, discusses or alludes to us, the System or your Franchised Business without our written consent. The Marks may not be used as part of, in conjunction with, to establish, or to operate any

Online Presence, except as specifically approved by us. You may not post, and must take such steps as necessary to ensure that your employees do not post any information on an Online Presence that relating to us, the System, the Marks, or the Franchised Business that (a) does not comply with our brand, social media, or Online Presence guidelines described in the Manuals, (b) is derogatory, disparaging, or critical of us, the System, or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks. Subject to the terms of the Franchise Agreement and Manuals, we may make available to you a subpage on our website that will be located at a sub-domain of the website to be specified by us (or on a subpage of another Online Presence) (the “Subpage”). You may or may not have access to modify your Subpage. We will modify content that you submit (e.g., new photography, number changes) on your behalf. The purpose of the Subpage is solely to promote your Franchised Business and to provide customers information related to your Franchised Business. The Subpage may not contain content which references any other business other than yours. We may, at any time, cease to make the Subpage available to you or the public. Upon the termination, non-renewal, or expiration of the Franchise Agreement for any reason or a default under the Franchise Agreement for any reason, we will not upload content for you, you may not use the Subpage and we may cease to make the Subpage available to you. For any Online Presence or email address you are approved to create, use, or maintain, we reserve the right to be exercised at our option to have the Online Presence or email address directly owned by us or to require it to be transferred to us after the expiration or termination of the Franchise Agreement. We have the right to require that any Online Presence or email address we permit you to create, use, or maintain be registered in our name. Upon request, you must provide us with any login credentials for any Online Presence or email address you are authorized to use. We have the right to access any Online Presence to take corrective action if any content or post on the Online Presence is in violation of our policies.

7. Centralized Services. While we do not currently require you to use a designated supplier as your solution for managing calls and scheduling, we reserve the right to require franchisees to use a designated, centralized service in the future. We may require you to pay us or a required vendor a fee for providing the centralized services. (Franchise Agreement Section 3(a)(v).)

8. Computer System. You must purchase and use the computer systems, hardware, software, application, and technology (together the “Computer Systems”) we require. You will need a computer (laptop or desktop) using an operating system licensed within the last 5 years, with broadband internet connection, printer, internet browser, spreadsheet, and word processor to back up the data and provide back-office support. The cost to purchase the Computer Systems will range from \$1,600 to \$2,800 depending on your hardware and software selection. You are required to use QuickBooks Online, with fees of approximately \$30 to \$50 per month, and a proprietary customer relationship management system, Dashula, for which there is currently no charge, and any other software we may designate in our Manuals. You will also need a GPS tracking and camera system for your Service Vehicle(s), which we estimate will cost \$25 to \$100 per month per Service Vehicle. You will pay us the Email Address Fee (currently \$6 per month) for each business email you require. The Website Fee (currently \$250 per month) supports the COUNT JUNKULA websites and microsites. We reserve the right to charge you a Technology Fee as well. (Franchise Agreement Section 11(p).)

Computer System requirements are also updated from time to time in the Manuals. Currently, other than the monthly fees described above, there are no set costs for maintenance,

updating, upgrading or support contracts for the Computer Systems, but as the current requirements change, you may be required to upgrade or update your Computer Systems. We have no obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Computer Systems. There are no restrictions on the frequency or the cost of upgrading. We have the free and unfettered right to independently retrieve any data and information from your Computer Systems, including video cameras, as we, in our sole discretion, deem appropriate, including electronically polling the daily sales, and other data of the Franchised Business. There are no contractual limitations on our right to access such data and information. We reserve the right to require proprietary software in the future. We reserve the right to require you to use and purchase proprietary Computer Systems. (Franchise Agreement Section 11(p).)

We have developed and may develop proprietary or non-proprietary Computer Systems. Accordingly, we may require that you enter into a license agreement with us or our affiliate, which may require you to pay us commercially reasonable fees and/or enter into license agreements directly with suppliers. Additionally, if we enter into a license agreement with a supplier and sublicense the Computer Systems to you, we may charge you for all amounts we pay to the supplier based on your use, plus a reasonable amount to compensate us for the services that we or our affiliate provide.

We recommend that you back up your data locally, which may require you to purchase a “back-up” subscription service. We are not responsible under any circumstances for any malfunction or “crash” of the Computer Systems we require, recommend, provide, or approve, including for any Franchised Business data lost as a result of that malfunction or “crash.”

Despite the fact that you must buy, use, and maintain the Computer Systems according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer Systems; (2) the manner in which your Computer Systems interface with our and any third party’s technology; and (3) any and all consequences if the Computer Systems are not properly operated, maintained, and upgraded.

9. Development Schedule. We estimate that between 30 and 90 days will elapse from when you sign the Franchise Agreement to the opening of your business for business. You must obtain your premises within 90 days after signing the Franchise Agreement. Your franchised business must be opened for business not later than 120 days after you sign the Franchise Agreement. You may not open your business for business until: (1) we determine that your business and Service Vehicle(s) have been equipped and stocked with materials and supplies in accordance with our brand standards; (2) the Initial Training Program we provided has been completed to our satisfaction by all required persons; (3) the initial franchise fee and all other amounts due to us have been paid; (4) you have furnished us with all certificates of insurance required by the Franchise Agreement; (5) you have obtained all necessary governmental permits, licenses and authorizations for the operation of your business; (6) you are in full compliance with all the terms of the Franchise Agreement; and (7) all items in our opening checklist have been completed to our satisfaction. (Franchise Agreement Sections 1 and 6)

TASK	TIME FRAME	FORM OF HELP
Sign Franchise Agreement	1-3 mos. before opening	Assistance from COUNT JUNKULA
Conduct Site Research	1-3 mos. before opening	Assistance from COUNT JUNKULA

TASK	TIME FRAME	FORM OF HELP
Complete Lease Negotiations	1-3 mos. before opening	Assistance from COUNT JUNKULA
Establish Vendor Relationships	1-3 mos. before opening	Assistance from COUNT JUNKULA
Attend training	1-3 mos. before opening	Provided by COUNT JUNKULA

The factors that may increase or decrease the time periods discussed above are: the amount of time and effort you commit to the site selection process, obtaining your Service Vehicle(s), and any upfit of your Franchised Business; the availability of acceptable sites within the geographical area you choose; your ability to obtain a warehouse lease and the Service Vehicle(s), associated financing and building permits; your credit and personal financials, and zoning and licensing requirements. Delays or a lack of effort by you, your contractors or your prospective landlord will increase these time periods. If you change your employment, business or financial status before the opening of your Franchised Business, you do so at your own risk. Any and all such changes should be made only as a result of careful thought and advanced planning after obtaining advice from appropriate professional advisors.

Advertising and the Brand Fund

1. **Brand Fund.** We reserve the right to implement a Brand Fund that will be supported by a fee up to 2% of your Gross Revenues. We may at our discretion defer Brand Fund contributions for you or another franchisee for an additional period of time we deem appropriate at the outset of yours or their business. Other franchisees' Brand Fund contributions may be calculated at a different rate or on a different basis and, under limited circumstances, certain franchisees may not be required to pay Brand Fund fees. We have the sole discretion to settle or forgive any accrued and unpaid Brand Fund contributions owed by a franchisee.

We have the sole discretion to determine where the Brand Fund contributions will be spent to promote, enhance, or further the growth of the COUNT JUNKULA brand, businesses, and System, including, but not limited to: research; promotional marketing, public relations, and advertising expenses to promote the brand; hiring marketing, public relations and advertising agencies, technology companies, or in-house personnel to assist in developing the COUNT JUNKULA brand name; developing, evaluating, or using technologies that we believe may benefit the brand, the customers, the franchisees, or the brand's reputation; developing new franchisee revenue sources; expenses associated with listings on websites, contest registrations, digital marketing content, influencer marketing, radio, billboards, TV, print, or internet advertising, and events and promotions designed to garner media attention and promote the brand name; expenses associated with conducting market research; travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials; production of marketing, public relations, or digital or social media content, including, but not limited to, advertisements, coupons, and other promotional materials; expenses incurred in developing and maintaining non-franchise sales portion of the Online Presence; and expenses incurred in using search engine optimization, pay-per-click, or other digital marketing software, services, or companies to help promote the brand. While we do not anticipate that any part of Brand Fund contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Brand Fund for public relations or recognition of the COUNT JUNKULA brand, for the creation and maintenance of an Online Presence, a portion of which can

be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available” or similar language.

We may occasionally provide for placement of advertising on behalf of the entire franchise system, including franchisees; however, we are more likely to provide you with advertising content to use in your local territory or on a regional basis with other franchisees in an advertising cooperative. You will be responsible for implementing any promotional or public relations programs or placing any advertising content we create, at your own expense. If we create any advertising content, which we are not obligated to do, you will receive one sample of the advertising content at no charge. You must pay for the duplication and distribution of the content.

Once implemented, the Brand Fund fees are payable to us. We have the right to establish in the future a nonprofit corporation or other business entity to collect Brand Fund contributions from our franchisees. The Brand Fund is administered by our accounting and marketing personnel under our direction. The Brand Fund is not audited. The Brand Fund is not a trust fund. We have no fiduciary duty to your or any franchisee in connection with the collection or use of the Brand Fund monies. Unless required by state law, you have no right to obtain an unaudited accounting. We are not required to spend any brand or advertising funds in your specific area or territory. We may have the Brand Fund borrow from us or other lenders to cover any Brand Fund deficits. We may have the Brand Fund invest any surplus for the Brand Fund’s future use. A brief statement regarding the availability of information regarding the purchase of COUNT JUNKULA franchises may be included in advertising and other items produced using the Brand Fund; provided that we will not use Brand Fund funds principally to sell franchises. Company-owned businesses will contribute to the Brand Fund on the same basis as franchisees. (Franchise Agreement Section 8(b)(iii).)

We are not currently collecting any contributions to the Brand Fund and did not expend any money from the Brand Fund in the prior year.

2. Advisory Council. We currently do not have an advisory council composed of franchisees that advises us on advertising policies. If we form or approve an advisory council, you must participate. Any advisory council would not have decision-making power. It would be advisory only. We have the right to form, change or dissolve any advisory council. (Franchise Agreement Section 11(q).)

3. Local Advertising Requirement and Digital Launch Marketing. We require that you spend 8% of Gross Revenue per month on local advertisement for the first 12 months of your operations. Beginning in the 13th month of your operations and for each month during the remainder of the term of the Franchise Agreement, we require that you spend 5% of Gross Revenues per month. We will require that you submit documentation at least quarterly to us to verify to us that you are meeting this requirement. (Franchise Agreement Section 8(c).)

You must spend at least \$5,000 per month on digital marketing and advertising during the time period that is 30 days before you open for business and 60 days after. This amount will not count toward the 2% Gross Revenues you must pay toward the Brand Fund should we choose to implement the program, but it will count toward required minimum local advertising spend. You may choose to spend more money. (Franchise Agreement Section 8(c).)

4. Local Advertising Cooperatives. While we have not yet established any local advertising cooperatives, we have the exclusive right to require that advertising cooperatives be formed, changed, dissolved, or merged. If you are required to participate in an advertising cooperative, you will be required to contribute your share of the cooperative's budget as determined by the cooperative's members. Each company-owned COUNT JUNKULA business in an advertising cooperative will also contribute its share of the cooperative's budget as determined by the cooperative's member. Each local advertising cooperative must adopt written governing documents. Each cooperative may determine its own voting procedures; however, each company-owned COUNT JUNKULA business will be entitled to one vote in any local advertising cooperative. The members and their elected officials are responsible for administration of the cooperative. Advertising cooperatives must prepare quarterly and annual financial statements prepared by an independent certified public accountant that must be made available to all franchisees in the advertising cooperative. The cooperative is not a trust fund. We shall have no fiduciary duty to you in connection with the collection or use of the cooperative monies or any aspect of the operation of any cooperative. (Franchise Agreement Section 8(b).)

ITEM 12. TERRITORY

Franchise Agreement: Upon the latter of your execution of the Franchise Agreement or Franchise Rider we will grant to you a protected territory that we designate in Attachment 1 to the Franchise Agreement ("Territory"). We have two Tiers of Territory that are based upon population size, according to the latest U.S. Census. The Territory will be defined by zip codes but could also be impacted by natural boundaries such as mountain ranges, rivers, etc. The Territory Tiers are described in this chart:

Tier 1	Greater than or equal to 400,000 people
Tier 2	Less than 400,000 people

We reserve the right to grant you a Territory with a smaller or greater population, as mutually agreed upon by you and us. Your Territory is protected only to the extent that, so long as you are compliant with your obligations under the Franchise Agreement and National Account program, we will not establish or operate, or license any other person to establish or operate, a mobile COUNT JUNKULA junk removal business under the System and the Marks within your Territory.

We can modify your Territory upon renewal. Your territorial rights are dependent upon adding another Service Vehicle each time you average \$30,000 in Gross Revenues per month for six consecutive months. If you fail to add the additional Service Vehicle(s) within 90 days of achieving this target, we reserve the right to alter your Territory. The Franchised Business is to be operated as a junk removal business in which you provide services onsite for commercial and residential properties, and you agree not to offer or sell any items or services online, at a different location, or through any other channel of distribution.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You may not advertise or market outside your Territory. You have no right to sell products or provide junk removal services, including dumpster rentals, outside of your Territory. We may, by policy, allow you to operate outside of your Territory under certain circumstances, but we have the right to rescind such a policy at any time and to prohibit you from advertising or providing your services outside of your Territory. You will not acquire any ownership right, right of first refusal, or any other preference to any area outside of your Territory in which we permit you to operate. Our current policy is to allow our franchisees to provide junk removal services in areas contiguous to their Territories if those areas are not operated by other COUNT JUNKULA franchisees or affiliates (“Gray Areas”). We have the right to assign any Gray Area in which you might operate to another franchisee or affiliate at any time without any liability to you. If we require you to stop operating outside of your territory, you must stop operations in such areas immediately. If we require you to stop operating in a Gray Area, you will be required to provide us with the information of any customers in the Gray Area, and we have the right to service, or allow an affiliate or another franchisee to service, those customers.

National Account Program: At our option and not obligation, we may enter into agreements with National Account. You will have the right to service these customers in your Territory, but you must do so at the prices we establish and in accordance with our standards. You will have the initial opportunity to decline to service a National Account once you begin operating or once the National Account is established. If you choose to service the National Account you must continue to service that account on the terms we establish. If there is no established price, you may provide services for your standard rate. We will handle the billing of National Account customers and will charge an additional fee that varies by National Account. National Account customers may be located in your Territory and the territories of other franchisees. We and our affiliates may solicit customers located in your Territory, whether or not you currently provide services to them, in order to develop them into National Accounts. If a National Account is located within a Gray Area, we reserve the right to designate any of our franchisees or affiliates to service that customer. You will not be able to service a National Account customer in a Gray Area unless we give you prior written permission.

If (a) you initially decline to service the National Account, (b) you decline to service a National Account customer within 24 hours of receiving notice of the service request, (c) you do not service the National Account customer in accordance with our standards or by any specified deadlines, (d) we reasonably determine that you are not able to reliably service the National Account customer, or (e) the National Account customer requests that you not fulfill the service order, we reserve the right to designate another party to service the National Account customer in the Territory from that time on without paying any compensation to you. These designated parties could be us, our affiliate, another franchisee, or other business. Services provided by the designated parties are not a breach of the Franchise Agreement.

Rights Reserved by Us: Regardless of either proximity to your Territory, or any actual or threatened impact on sales of your business, we retain the right all rights not expressly granted to you, including, among others, to: (a) use the Marks and System in connection with establishing and operating COUNT JUNKULA businesses at any location outside the Territory; (b) use the Marks or other marks in connection with selling or distributing any goods (including branded merchandise or product) or services anywhere in the world (including within the Territory), whether or not you also offer them, through channels of distribution other than a mobile COUNT JUNKULA-branded junk removal business including, for example, brick and mortar locations,

catalogs, mail order, or the Internet or other electronic means; (c) acquire, establish or operate, without using the Marks, any business of any kind at any location anywhere in the world (including within the Territory); and (d) use the Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Territory). Although we do not presently sell or license others to sell products, services, or franchises other than under the Marks, we have the right to do so within your Territory. We and our affiliate do not operate or franchise, or currently have plans to operate or franchise, a business under a different trademark that sells services similar to those that COUNT JUNKULA franchisees offer, but we reserve the right to do so in the future. If we decide to exercise these rights, we will not be obligated to compensate you for such sales made inside or outside your Territory.

Miscellaneous: You may not relocate the business premises without our written approval. If you relocate without our approval, the new site will be treated as the sale of a new franchise and subject to the new franchise fees. The Franchise Agreement does not grant to you any option, right of first refusal, or similar rights to acquire additional franchises within the Territory or contiguous territories.

ITEM 13. TRADEMARKS

We own all of the trademarks used by us and our franchisees and have the right to license them to franchisees. The trademarks and service marks listed below and any additional trademarks and service marks are referred to herein as the “Marks”. All rights in and goodwill from the use of our Marks ultimately accrue to us as the trademark owner. Upon execution of our Franchise Agreement, we will license to you the limited right to use the following Marks, registered on the Principal Register:

REGISTRATION NO.	EFFECTIVE DATE OF REGISTRATION ON PRINCIPAL REGISTER	MARK
5,976,830	February 4, 2020	COUNT JUNKULA
6,073,726	June 9, 2020	
6,157,925	September 22, 2020	I vaant your junk!
6,370,840	June 1, 2021	CALL THE COUNT

Presently there are no agreements in effect that significantly limit our rights to use or license the use of the Marks listed in this Item in a manner material to the franchise. All uses of the “COUNT JUNKULA” mark of which we are aware occur with our permission. We know of no infringing use of the “COUNT JUNKULA” Marks or design mark that could materially affect your use of them.

All necessary affidavits of use and renewal applications have been timely filed. We intend to file all necessary affidavits of use and renewal applications when they become due. None of the registrations is due for renewal. There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, or the Trademark

Administrator of any state or any court; nor are there any pending infringement, opposition, or cancellation proceedings or material litigation, involving the above Marks.

A federal or state trademark or service mark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. Prior to entering into the Franchise Agreement, you should check and be sure that there are no existing uses of our marks or names or any marks or names confusingly similar to any of them within the market area where you want to do business. If you find any similar names or marks, you must immediately notify us. Any action to be taken in that event is strictly within our discretion.

Your right to use the Marks is derived solely from Franchise Agreements entered into between you and us for the purpose of operating a COUNT JUNKULA business. You must follow our rules and regulations with respect to the use of the Marks. You may not use any Mark in connection with any business or activity, other than the business conducted by you pursuant to franchise agreements entered into between you and us, or in any other manner not explicitly authorized in writing by us. You cannot use any of the Marks or any other marks, names, or indicia of origin that are or may be confusingly similar to the Marks as part of a corporate name or other legal name. All usage of the Marks by you and any goodwill established from this usage is to our exclusive benefit. After the termination, expiration, or non-renewal of the Franchise Agreement, you may not, except with respect to COUNT JUNKULA businesses operated by you according to Franchise Agreements granted by us, at any time or in any manner identify yourself or any business as a franchisee or former franchisee of, or otherwise associated with, us or use in any manner or for any purpose any Mark or other distinguishing signs of our businesses or any colorable imitation of same.

You must immediately notify us of any unauthorized use of the Marks, any challenge to the validity of the Marks, any claim of apparent infringement or challenge to your use of any Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Marks. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We will indemnify and reimburse you for damages obtained by a third party based on your use of the Marks provided you have at all times fully complied with the Franchise Agreement. However, you would be responsible for any rebranding expenses. If there is any litigation relating to your use of the Marks, you must sign all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action.

We reserve the right to substitute different proprietary marks for use in identifying the System and the business operating under it if we, in our sole discretion, determine that substitution of different marks as Marks will be beneficial to the System. You must comply with such change, revision, or substitution and bear all expenses associated with them.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent or copyright registration, other than what is discussed below, but you can use the proprietary information in our Manuals,

our business method, and business processes all of which are trade secrets owned by us. The Manuals are described in Item 11. Although we have filed no applications for a copyright registration for the Manuals, we claim a copyright and the information is proprietary.

You must strictly limit your employees' access to the trade secrets, proprietary information, and confidential information (collectively, "Confidential Information"). You must share Confidential Information with them only to the extent they have a "need to know" to perform their jobs. All persons to whom you grant access to the Manuals or any other Confidential Information, any person who attends any training program we conduct, and all of your managerial employees must sign our form of confidentiality agreement. If you are a partnership, limited liability company or corporation, all of your owners, officers, or directors and any of these individuals' spouses will sign a form of the confidentiality provisions. You must use the Confidential Information only in the manner required by us. You must fully and strictly comply with all security measures required by us for maintaining the confidentiality of the Confidential Information.

If you or your owners, officers, managers, or employees conceive, invent, create, design and/or develop any ideas, techniques, methods, processes or procedures, designs, formulae, products, services, packaging or other concepts and features relating to COUNT JUNKULA business operations, business practices, or related goods and services in connection with the business (the "Innovations"), you (or they) will be deemed to have assigned all of your (or other) rights, title and interests in the Innovations, including any intellectual property rights, to us. You and your owners, officers, managers and employees also must cooperate with us in connection with protecting the Innovations, including executing any and all instruments and do any and all acts necessary to establish our ownership of the Innovations.

If you reproduce any items or materials suitable for copyright protection, you must make sure that each item bears a copyright notice in the form specified by us. You must use the Confidential Information only in the manner required by us and in no other manner. This information is strictly confidential, and you may not disclose to any person, or use any of that information for any purposes, except disclosure to a person who has signed and delivered to us a confidentiality agreement and only as necessary in connection with the operation of your COUNT JUNKULA business. In addition, you must fully and strictly comply with all security measures required by us for maintaining the confidentiality of all information designated by us as trade secrets.

You will not have the exclusive right to use the Innovations or any of our patents or patent applications, copyrights or Confidential Information, nor will you acquire, by use or otherwise, any right, title or interest in or to the Innovations, the copyrights or the Confidential Information, other than as expressly contained in, and limited by, the Franchise Agreement. Your right to use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights and the Confidential Information is limited and temporary. Upon expiration, non-renewal, or termination of the Franchise Agreement for any reason, you may not, directly or indirectly, use the Innovations, the claimed subject matter of any patents or patent applications, the copyrights or the Confidential Information in any manner or for any purpose whatsoever.

You must immediately notify us of any conduct that could constitute infringement of or challenge to the Innovations, the patents or patent applications, the copyrights and the Confidential Information. We will decide, in our sole discretion, whether to institute any action in connection

with infringement of or challenge to the Innovations, the patents or patent applications, the copyrights and the Confidential Information, and will control any proceedings and litigation. We are not required to protect your right to use the Innovations, the patents or patent applications, the copyrights or the Confidential Information. We will not indemnify you for losses arising out of your use or misuse of the Innovations, patents or patent applications, copyrights, or Confidential Information. There are no material determinations of any administrative body or court, no pending proceedings in any administrative body or court, nor any agreements that limit our ability to license to you the copyrights. We do not know of any patent or copyright infringement that could materially affect you.

We may, in our sole discretion, modify or discontinue use of the Innovations, the claimed subject matter of any patents or patent applications, the copyrights and the Confidential Information and/or use other information and/or rights in their place. If we decide to do so, you must do so also, at your expense.

During the term of the Franchise Agreement, you must maintain, to the extent collected, a current list of the names, home addresses, work addresses, e-mail addresses and telephone numbers of the customers who supply you this information (the "Customer List"). You must provide the Customer List to us upon request. The Customer List will be our property at all times, and you must not disclose the Customer List to any person or entity other than us, or sell the Customer List (or any portion of it) to any person or entity without our express written consent.

You and each of your principals, officers, managers and employees will be bound by certain provisions protecting our proprietary rights.

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

We encourage but do not require you to personally supervise the Franchised Business, and prefer to select franchisees who favor and appear committed to a "hands on" and well-informed approach to the business. If you do not personally manage the business, you are still required to monitor the business and its financial performance. We may require you to participate in various trainings, discussions, and meetings in which you must be able to report on the business. We strongly recommend that you devote a substantial amount of time to your COUNT JUNKULA business, whether or not you hire a manager. Franchisees who do not devote their full time and efforts to the establishment and operation of their businesses may have lower gross revenues, higher operating costs and lesser name recognition in their areas than those franchisees who do devote their full efforts to the business. The business must be directly supervised and managed by a qualified person, identified to us and approved by us, who has undergone and successfully completed our training program ("Operations Manager"). The Operations Manager must execute a confidentiality and non-competition agreement similar to the one you will execute if you purchase a franchise from us. The Operations Manager is not required to have an ownership interest in the franchise entity.

If you are a legal or business entity, each individual who has any ownership interest in your business, directly or indirectly, must sign the Guaranty and the Nondisclosure and Noncompetition Agreement. Additionally, your spouse, or, if you are a legal or business entity, the spouses of your

owners must sign the Guaranty and Nondisclosure and Noncompetition Agreement. By signing both the Nondisclosure and Noncompetition Agreement and the Guaranty, you (or each of your owners) agree to be bound by the restrictive covenants, the confidentiality provisions and certain other provisions contained in the Franchise Agreement.

All personnel employed by you in connection with the operation of your COUNT JUNKULA business must maintain the strict standards of safety, sanitation, environmental safety, cleanliness, and demeanor as may be established by us and by local law. All personnel must wear clothing appropriate to the COUNT JUNKULA image.

The people you retain to work in your Franchised Business will be your agents and employees. You are not permitted to use subcontractors or independent contractors to provide junk removal services. They are not our agents or employees and we are not a joint employer of such persons. You will be solely responsible for recruiting and hiring the persons you employ to operate the Franchised Business and must determine whom to hire, how many people to hire, retain, and train, and how you will compensate such persons. You are responsible for your employees' and agents' training, wages, taxes, benefits, safety, schedules, work condition, assignments, discipline, and termination. You must comply with all applicable employment laws. We will not operate your Franchised Business, direct your employees, or oversee your employment policies or practices.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Under the Franchise Agreement, you must offer and sell all products and services that we require, and only the products and services that we have approved. We may add, eliminate and change products and service items periodically, and you must comply with all directives. We impose these requirements to control the quality and uniformity of the goods and services you and other franchisees may offer through use of our trade name and trademarks. We reserve the right to charge you a fine up to \$10,000 per occurrence if you provide an unauthorized service or sell any unauthorized good.

You agree not to provide any services through any system or channel of distribution other than the method for which your Franchised Business is intended. You must not operate your Franchised Business outside of your Territory without receiving our permission to operate in a Gray Area.

You will be obligated to offer and sell those new products and services and to participate in all local, regional and promotional program initiatives and campaigns adopted by us in which we require you to participate. We have the right to designate which of our franchises may, or will be required to, participate in new product or service tests, new or modified product or service offerings and other programs and initiatives that we may, from time to time, develop. If we designate you for participation in any such program, initiative or campaign, you must participate when and as required by us. There are no limits on rights to require you to offer and sell those new products or services or to participate in those programs, initiatives and campaigns.

National Account: We will have the exclusive right to establish a customer relationship with and enter into agreements with National Account customers. We shall, in our sole discretion, have the right to designate an account as a National Account, even if the account was first identified by you. You will have the right to service these customers in your Territory, but you must do so

at the prices we establish and in accordance with our standards. You will have the initial opportunity to decline to service a National Account once you begin operations or once the National Account is established. If you choose to service the National Account you must continue to service that account on the terms we establish. If there is no established price, you may provide services for your standard rate. We will handle the billing of National Account customers and will charge an additional fee that varies by National Account. The current National Account fees will be described in the Operations Manual or in other communications from us.

The Franchise Agreement requires you to assign a security interest in certain assets to us as collateral in the event you default on your Franchise Agreement. The pledged assets include the Service Vehicle(s), accounts, credit card receivables, cash, equipment, and your franchise rights. We will agree to subordinate our rights to the security interest in the pledge assets to those of a prime lender for the purchase of the franchise and/or Service Vehicle(s) and/or development of your Franchised Business.

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

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Length of the franchise term	Franchise Agreement § 2(a)	Initial term is 10 years.
b. Renewal or extension of the term	Franchise Agreement § 2(b)	One 5-year renewal term provided you remain a franchisee in good standing.
c. Requirements for Franchisee to renew or extend	Franchise Agreement § 2(b)	You must be in good standing and exercise your option within a window of time. You must agree to the terms of the Franchise Agreement then being offered, make required upgrades to your business, secure a sufficiently long lease term of your office, present evidence that you have the right to remain in possession of your Service Vehicle(s) for the renewal term, sign a release, and pay your renewal fee of \$5,000. You may be asked to sign a contract with materially different terms and conditions than your original contract, including different terms for the royalties or territory size.

PROVISION	SECTION IN AGREEMENT	SUMMARY
d. Termination by Franchisee	Franchise Agreement §§ 2(d) and 17(e)	For cause, if we breach a material provision of the contract and fail to cure 90 days after written notice then you can terminate with 30 days' notice if you are compliant with the terms of your agreement. Also upon expiration of the franchise term if you do not exercise your option to renew. Subject to state law.
e. Termination by Franchisor without cause	Franchise Agreement Not Applicable	We cannot terminate except for cause.
f. Termination by Franchisor with cause	Franchise Agreement §§ 17(a) – (d)	Section 17(a) deals with automatic termination. Section 17(b) describes causes for termination upon notice. Section 17(c) describes causes for termination upon notice and failure to cure, including your cure rights. The laws of your state may provide additional rights to you concerning termination of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
g. “Cause” defined – defaults that can be cured	Franchise Agreement § 17(c)	Non-compliance; non-payment; unauthorized transfer; operating the Franchised Business in a way that is a health or safety hazard; unauthorized or misuse of the Marks and or System; maintaining or submitting false records; failing to maintain a good credit rating; defaulting under an agreement that covers the Service Vehicle(s); unauthorized use of the Service Vehicle(s); unauthorized providing of services outside your Territory; misuse of your computer systems; failure to provide services to National Account customers in a way that meets our standards; failure to add a required Service Vehicle; failure to have sufficient funds in your account; assigning, subleasing, or transferring the Service Vehicle without our consent. Generally, you will have 15 days to totally cure the default if we deliver a notice of default.

PROVISION	SECTION IN AGREEMENT	SUMMARY
h. “Cause” defined – defaults that cannot be cured	Franchise Agreement §§ 17(a), (b), and (d)	Making an assignment for the benefit of creditors, bankruptcy, appointment of a receiver, dissolution and the like; abandonment; unauthorized transfer; criminal conduct; failure to transfer after death or incapacity of an owner; two or more notices of default within a 12 month period or three or more notices in a three year period; failure to comply with covenants; misrepresentation; false statements and record; any behavior that impairs the value of the Marks or System; liability or discrimination; repeating a cured default within six months; dishonesty with employees, loss of a required license; illegal behavior; failure to comply with a government order related to health and safety; commencing operations without our permission; operating under unauthorized trademarks.
i. Franchisee’s obligations on termination/non-renewal	Franchise Agreement §§ 14, 15, and 18	Cease to operate the business; pay us sums due without set-off; return our property including the Manuals and business data; discontinue use of Marks; cooperate with our lease assignment rights, if any; unless we take over the premises, immediately remove all signs with Marks; cease representing self as a present or past COUNT JUNKULA franchisee; destroy or surrender marks, names, indicia; discontinue ads; assign us phone numbers; comply with our instructions regarding your computer systems; sell us such inventory and other business assets as we request, including Service Vehicle(s), additional vehicle beds, dumpsters, and related equipment for book value; if we do not exercise our purchase rights, de-identify the Service Vehicle(s) and vehicle beds.
j. Assignment of contract by franchisor	Franchise; Agreement § 13(a) and (e)	We may freely assign our rights and duties under the Franchise Agreement.
k. “Transfer” by franchisee – definition	Franchise Agreement § 13(b)	Broadly defined to include any issuance, sale, assignment, gift, pledge, mortgage or any other encumbrance, merger, consolidation, or consolidation.

PROVISION	SECTION IN AGREEMENT	SUMMARY
l. Franchisor's approval of transfer by franchisee	Franchise Agreement §§ 13(c)(ii) and (d)	Except for a limited set of transfers to other owners or to an entity wholly owned by the original owners, our prior written agreement is required for all transfers. You must give us notice of all transfers. The franchise can be terminated for non-compliance. We will not unreasonably withhold approval.
m. Conditions for franchisor's approval of transfer	Franchise Agreement § 13(d) – (g)	Transferee must assume your obligations under the franchise agreement; attend and successfully complete our training; provide all requested documents; refurbish the Franchised Business and Service Vehicle(s); present evidence that transferee will have possession of the lease and vehicles; execute a franchise and collateral agreements in the then current form; have a credit rating, moral character, reputation and business qualifications satisfactory to us; meet the then-current requirements for new franchisees. You must release us of all claims, be in compliance, and pay a transfer fee of 10% of the then-current franchise fee if you transfer the business to a COUNT JUNKULA franchisee who has completed our training or 20% of the then-current initial franchise fee if you transfer the business outside of the COUNT JUNKULA franchisee network or to someone who has not completed our training. Guarantees and share restriction agreements are required if to a corporation or LLC. If a sale is involved, you must offer us a 45-day right of first refusal.
n. Franchisor's right of first refusal to acquire franchisee's business	Franchise Agreement § 13(c)	You must give us 45 days prior notice of an intent to transfer. We may assign it to another.
o. Franchisor's option to purchase franchisee's business	Franchise Agreement: §§ 10(g), 13(c), and 18(b)	Upon termination, non-renewal, or expiration and if we require it, you must sell to us some or all of the assets of the business, including the Service Vehicle(s) and vehicle beds for their net book value.

PROVISION	SECTION IN AGREEMENT	SUMMARY
p. Franchisee's death or disability	Franchise Agreement § 13(h)	If you or one of your owners dies or becomes disabled, the business or the interest must be transferred to someone we approve. During the period between death or disability and transfer, the business must be operated by someone we approve. You or your representatives will have 9 months to complete any transfers of the franchise agreement terminates.
q. Non-competition covenants during the term of the franchise	Franchise Agreement §§ 14(a), (c) – (e), (g), and Attachment 4	You must not own or otherwise engage in any other business that provides junk removal services or dumpster rental. You will be required to get your managerial staff to agree to agree to this same non-competition covenant.
r. Non-competition covenants after the franchise is terminated/ expires	Franchise Agreement §§ 14(b) – (g), and Attachment 4	For 2 years after termination, non-renewal or expiration of the franchise for any reason, you must not own or engage in any other similar business located near your Franchised Business or any other COUNT JUNKULA business then in operation. You will be required to get your managerial staff to agree to agree to this same non-competition covenant.
s. Modification of the agreement	Franchise Agreement § 23(e)	We reserve the right to amend this Agreement if a Franchise Agreement change proposed by us is agreed to by 75% of the then-current Franchisees. Otherwise no modifications to the Agreement other than in writing.
t. Integration/ merger clause	Franchise Agreement § 23(c)	Only terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and franchise agreements may not be enforceable.
u. Dispute resolution by arbitration or mediation	Franchise Agreement §§ 21(a) – (b)	Except for certain claims, all disputes not first settled informally must be arbitrated in Raleigh, North Carolina, under rules of the American Arbitration Association.
v. Choice of forum	Franchise Agreement §§ 21(a), (b), and (i)	AAA, Raleigh, North Carolina; North Carolina courts (if any), which provision is subject to individual state laws.

PROVISION	SECTION IN AGREEMENT	SUMMARY
w. Choice of law	Franchise Agreement § 21(i)	North Carolina law, except federal Lanham Act and Federal Arbitration Act, which choice of law is subject to individual state laws.

For information particular to your state, please see the state addendums in Exhibit D.

ITEM 18. PUBLIC FIGURES

We use no public figures to promote the 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.

These financial performance representations disclose historical information of two COUNT JUNKULA businesses which have been operating at least six months. The first location is in Raleigh, North Carolina. One of our affiliates opened this business in July 2019. On December 31, 2020, the business was transferred to another affiliate company owned by two of our owners and officers. The business began offering dumpster rental services in August 2020. Another of our owners and officers opened the second location in Charlotte, North Carolina in March 2021. Because the Charlotte unit has been open for less than one year, we make fewer financial performance representations regarding its historical performance. These businesses offer substantially the same junk removal services as will be offered by franchised COUNT JUNKULA businesses. These results were achieved in territories comparable to what franchisees will have.

For purposes of the tables below, "Gross Revenues" means the total revenue generated by the COUNT JUNKULA business, including all revenue generated from the sale and provision of any and all approved products and services at or through the business and all proceeds from any business interruption insurance related to the non-operation of the business, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange. "Gross Revenues" does not include (a) tips received by employees through their employment with the business or (b) any sales tax and equivalent taxes that are collected by the business for or on behalf of any governmental taxing authority and paid thereto.

We have not audited these results, which have been reported to us by our affiliates, but we have no reason to question their reliability.

Table 1
Gross Revenue Generated During the
Units' First Six Months of Operations

Unit	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Total
Raleigh, NC	\$12,267	\$16,645	\$23,903	\$13,260	\$28,392	\$30,785	\$125,252
Charlotte, NC	\$17,760	\$23,979	\$23,622	\$33,927	\$32,779	\$46,725	\$178,791

This Table 1 shows the Gross Revenue generated by each unit during its first full six months of operations. The Raleigh unit opened in July 2019 and the Charlotte unit opened in March 2021.

Table 2
Gross Revenue and Percent Increase
For the Raleigh, NC Unit

Month	2019	2020	% Increase From Prior Year	2021	% Increase From Prior Year
January	N/A	\$30,785	N/A	\$56,420	83.3%
February	N/A	\$27,751	N/A	\$55,849	101.3%
March	N/A	\$34,209	N/A	\$63,694	86.2%
April	N/A	\$33,346	N/A	\$73,826	121.4%
May	N/A	\$34,688	N/A	\$76,059	119.3%
June	N/A	\$42,838	N/A	\$97,768	128.2%
July	\$3,355	\$58,983	1658.1%	\$85,707	45.3%
August	\$12,267	\$66,151	439.3%	\$101,737	53.8%
September	\$16,645	\$59,884	259.8%	\$94,267	57.4%
October	\$23,903	\$47,567	99.0%	\$97,568	105.1%
November	\$13,260	\$47,013	254.5%	\$113,671	141.8%
December	\$28,392	\$56,543	99.2%	\$118,282	109.2%
Total	\$97,822	\$539,758		\$1,034,848	91.7%

This Table 2 shows the Gross Revenue generated by the Raleigh unit during each month of its operations, from July 2019 to December 2021.

Table 3
Income Statement
For the Raleigh Unit, From January 1, 2021 to December 31, 2021

	Amount	% of Gross Revenues
Gross Revenue		
Junk Removal Revenue	\$981,616.57	
Dumpster Rental Revenue	\$53,231.52	
Recycling Revenue	\$8,616.60	
Discounts	(\$3,429.10)	
Total Gross Revenue¹	\$1,040,035.59	100%
Cost of Goods Sold		
Operating Supplies	\$17,522.00	1.68%
Operations Payroll ²	\$301,993.94	29.04%
Disposal Costs	\$84,243.01	8.10%
Total Cost of Goods Sold	\$403,758.95	38.82%
Gross Profit³	\$636,276.64	61.18%
Expenses		
Vehicle Expense ⁴	\$63,241.09	6.08%
Registration & Taxes	\$8,005.00	0.77%
General and Administrative Costs ⁵	\$19,682.27	1.89%
Office Supplies & Software	\$8,168.76	0.79%
Insurance	\$44,582.73	4.29%
Rent & Utilities	\$27,757.12	2.67%
Licenses and Permits	\$100.00	0.01%
Uniforms Expense	\$3,053.86	0.29%
Telephone	\$10,001.49	0.96%
Marketing and Advertising ⁶	\$99,500.28	9.57%
Merchant Processing	\$4,170.09	0.40%
Legal and Professional ⁷	\$7,078.16	0.68%
<i>Franchise Expenses⁸</i>		
Royalty	\$76,273.36	7.33%
Total Expenses	\$371,614.21	
EBITDAV⁹	\$264,662.43	
Net Profit as Percentage of Gross Revenues¹⁰	25.45%	

Note 1: “Gross Revenues” means the total revenue generated by the COUNT JUNKULA business, including all revenue generated from the sale and provision of any and all approved products and services at or through the business and all proceeds from any business interruption insurance related to the non-operation of the business, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange. “Gross Revenues” does not include (a) tips received by employees through their employment with the business or (b) any sales tax and equivalent taxes that are collected by the business for or on behalf of any governmental taxing authority and paid thereto.

Note 2: “Operations Payroll” includes payroll taxes but excludes owner compensation. “Operations Payroll” accounts for a franchise owner managing the day-to-day operations of the business, for one salesperson, and one office administrator.

Note 3: “Gross Profit” means Gross Revenues minus cost of goods sold, or minus the cost of providing services that the COUNT JUNKULA business offers.

Note 4: “Vehicle Expense” accounts for the fueling, repair, and maintenance of four Service Vehicles. It does not account for the vehicle lease or financing payments.

Note 5: “General and Administrative Costs” include hiring expenses, travel expenses, bad debt, bank charges, compliance costs, and other miscellaneous expenses.

Note 6: Under the terms of the Franchise Agreement, you are required to spend at least 8% of Gross Revenues per month on local advertising and marketing for the first 12 months of your operations. For the rest of the term, you must spend 5% of Gross Revenues per month.

Note 7: “Legal and Professional” includes expenses for accounting, human resources, legal, and payroll processing fees.

Note 8: This unit, which is owned by an affiliate, pays a different royalty than what you will be obligated to pay under the terms of your Franchise Agreement. For purposes of this table, we have calculated the Royalty as if the unit was bound by the terms of the Franchise Agreement offered under this disclosure document: 8% of Gross Revenues on Gross Revenues up to \$500,000 per calendar year; 7% of Gross Revenues on Gross Revenues of \$500,001 to \$1,000,000 per calendar year; 6% of Gross Revenues on Gross Revenues greater than \$1,000,000 per calendar year. For purposes of this table, we have also calculated the Royalty as though January 2021 was the first month in the calendar year. Under the terms of the Franchise Agreement, we also reserve the right to require you to pay a Brand Fund Contribution equal to up to 2% of Gross Revenues. We have not established a Brand Fund nor collect a contribution from franchisees at this time.

Note 9: “EBITDAV” means earnings before interest, taxes, depreciation, amortization, and lease or financing payments for the Service Vehicles. EBITDAV does not include owner compensation or other expenses not identified in this table.

Note 10: “Net Profit as a Percentage of Gross Revenues” means Gross Profit minus the Total Expenses identified in the Table divided by the Gross Revenues. Net Profit is before interest, depreciation, amortization, owners’ compensation or other expenses not identified in this table.

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

Written substantiation for the financial performance representations will be made available to you upon reasonable request.

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting our President, in writing at 1627 Navaho Drive, Raleigh, North Carolina 27609, (919) 352-9135, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. LIST OF OUTLETS AND FRANCHISE INFORMATION

Table 1
System-wide Outlet Summary for years 2019, 2020, and 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	0	1	+1
	2020	1	1	0
	2021	1	2	+1
Total Outlets	2019	0	1	+1
	2020	1	1	0
	2021	1	2	+1

*The Raleigh and Charlotte units are operated by companies owned by our owners and officers. For purposes of Item 19 and Item 20, we have counted them as company-owned units.

Table 2
Transfers from Franchisees to New Owners (Other than the Franchisor)
for years 2019, 2020, and 2021

STATE	YEAR	NUMBER OF TRANSFERS
All States	2019	0
	2020	0
	2021	0
Totals	2019	0
	2020	0
	2021	0

Table 3
Status of Franchised Outlets
For years 2019, 2020, and 2021

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMIN -ATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS - OTHER REASONS	OUTLETS AT END OF THE YEAR
North Carolina	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Totals	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets
For years 2019, 2020, and 2021

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
North Carolina*	2019	0	1	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	1	0	0	0	2
Totals	2019	0	1	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	1	0	0	0	2

*The Raleigh and Charlotte units are operated by companies owned by our owners and officers. For purposes of Item 19 and Item 20, we have counted them as company-owned units.

Table 5
Projected Openings as of December 31, 2021
For Year 2022

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
Florida	0	1	0
Georgia	0	1	0
North Carolina	0	1	0
South Carolina	0	1	0
Tennessee	0	1	0
TOTALS	0	5	0

Among the attached Exhibits you will find:

Exhibit B-1 BUSINESS DIRECTORY/Listing of Current Franchisees lists the names of all current franchisees and the addresses and telephone numbers of their Businesses as of the effective date.

Exhibit B-2 LISTING OF CERTAIN PAST FRANCHISEES lists the name, city, state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had a COUNT JUNKULA outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this FDD. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not signed confidentiality clauses with any current or former franchisees.

There are no trademark-specific franchisee organizations associated with the franchise system being offered which we have created, sponsored, or endorsed.

There are no independent franchisee organizations that have been asked to be included in this disclosure document.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit C are our audited financial statements for the period ending December 31, 2021 and December 31, 2020. Because we have not been franchising for 3 years or more, we do not have 3 years of audited financial statements. Our fiscal year ends in December.

ITEM 22. CONTRACTS

Copies of the following contracts or documents are also attached as Exhibits hereto:

Exhibit A COUNT JUNKULA Franchise Agreement with Attachment 1 (Franchise Rider), Attachment 2 (Lease Rider) Attachment 3 (Personal Guaranty), Attachment 4 (Nondisclosure and Noncompetition Agreement), Attachment 5 (Telephone Listing and Internet Authorization Agreement)

Exhibit F General Release Agreement

Exhibit G ACH/EFT Transfer Agreement

ITEM 23. RECEIPT

You will find copies of a detachable receipt in Exhibit M at the very end of this disclosure document. Please sign both acknowledging receipt of this disclosure document and return one of them to us for our files.

EXHIBIT A
FRANCHISE AGREEMENT

EXHIBIT A TO FRANCHISE DISCLOSURE DOCUMENT

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**COUNT JUNKULA FRANCHISING LLC
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into as of _____ by and between COUNT JUNKULA FRANCHISING LLC, a North Carolina limited liability company (“Franchisor”), and _____, a _____ (“Franchisee”). If Franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners, shareholders, partners, principals, or members (collectively, “Owners”).

RECITALS:

A. Franchisor has expended time, money and effort to develop a unique system for operating a business providing premium junk removal services to residential and commercial customers. (The methods of operation, know-how, experience and form of operation acquired, devised and/or established by Franchisor are referred to herein as the “System”; the chain of current and future COUNT JUNKULA businesses are referred to herein as the “Chain”).

B. The distinguishing characteristics of the System include the name “COUNT JUNKULA,” a distinctive method of providing residential and commercial junk removal services, and consistency and uniformity of products and services, all of which may be improved, amended and further developed by Franchisor from time to time.

C. Franchisor has the right to identify its goods and services with certain service marks, trade names and trademarks, including, but not limited to, the “COUNT JUNKULA” trademark (Registration Number 5,976,830 entered in the Principal Register on February 4, 2020 and Registration Number 6,073,726 entered in the Principal Register on June 9, 2020), as well as certain other trademarks, service marks, slogans, logos and emblems which have been and which may hereafter be designated by Franchisor for use in connection with the System (the “Marks”).

D. Franchisee desires to obtain a license from Franchisor for use of the Marks and the System solely for the operation of a business utilizing a combination of the concepts provided for in this Agreement within the Territory identified below (the “Franchised Business”), and Franchisee desires to use the Marks and the System, and other benefits derived from this franchise relationship strictly in accordance with the provisions set forth below.

NOW, THEREFORE, in consideration of the recitals and the mutual agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Grant.

Franchisor hereby grants to Franchisee, on the terms and conditions contained in this Agreement, and Franchisee accepts from Franchisor, a license (“License”) to establish, own, and operate under the System, one Franchised Business within the Territory (as defined in Section 5) and specified in the Franchise Rider. Franchisee agrees to identify the Franchised Business and

all of the products and services Franchisee sells or offers for sale only by the Marks. Franchisee has no right to use the System or the Marks for any purpose other than as expressly provided herein.

Franchisee shall offer both “Direct Removal Services”, meaning that Franchisee loads a customer’s junk into the Service Vehicle(s) and hauls the junk away, and “Dumpster Rental Services,” meaning Franchisee drops off an approved dumpster container (“Dumpster”) at a residential customer’s location, allows the customer to fill the Dumpster with debris, and then removes the Dumpster and disposes of the contents.

Pursuant to this grant, Franchisee, at its own expense, shall construct or remodel, equip, staff, open and operate the Franchised Business within the Territory in accordance with this Agreement and headquarter the Franchised Business at the location Franchisor approves (“Location”) and which is specified in the Franchise Rider. Unless otherwise agreed in a writing executed by Franchisor, Franchisee shall commence operating the Franchised Business within four (4) months after the execution of this Agreement, and shall diligently operate such business in accordance with this Agreement for the Term stated herein. Failure to timely open the Franchised Business shall constitute an event of default under the Agreement.

Franchisor and Franchisor’s affiliates reserve any and all rights not expressly granted to Franchisee under this Agreement.

2. Term, Expiration, and Additional License Period.

(a) **Initial Term.** The initial term of this Agreement shall commence upon the execution of this Agreement, and shall expire at midnight on the day preceding the tenth (10th) annual anniversary date of execution of this Agreement (the “Term” or the “Initial Term”), unless this Agreement has been sooner terminated in accordance with the terms and conditions herein.

(b) **Additional License Period.** Upon expiration of the Initial Term, Franchisee will have the right to be granted a renewal of the License for one (1) additional consecutive period of five (5) years from date of expiration on the Initial Term (the “Renewal Term”), provided the following conditions have been met:

(i) **Notice.** Franchisee has given Franchisor written notice of its intent to renew the License not less than six (6) months nor more than nine (9) months prior to the expiration of the Initial Term; provided that if Franchisor has not received notice from Franchisee of its desire to renew within such period, Franchisor will notify Franchisee in writing and Franchisee shall have a period of ten (10) days from the date notice is given to provide Franchisor with notice of its intent to renew;

(ii) **Compliance.** Franchisee is not in default of any of the provisions of this Agreement or any other agreement between Franchisee and Franchisor or its affiliates, both at the time Franchisee gives notice of its intent to exercise its rights under the terms of this Section 2(b) and at the commencement of the Renewal Term;

(iii) **Debts Current.** All debts and obligations of Franchisee under this Agreement shall be current, including but not limited to Franchisee's obligations to make contributions to the Brand Fund (as defined in Section 8(a)(i)) and each Cooperative (as defined herein) of which Franchisee is a member;

(iv) **Notice of Default.** Franchisee has not received more than three (3) notices of default during any consecutive twelve-month (12) month period during the Initial Term;

(v) **Renewal Agreement.** Franchisee, its Owners, and its guarantors execute and deliver to Franchisor, within thirty (30) days after delivery to Franchisee, the then-current form of COUNT JUNKULA franchise agreement and Franchisor's other then-current ancillary agreements, which agreements shall supersede this Agreement in all respects, and the terms, conditions, obligations, rights, and other provisions of which may be substantially and materially different from those spelled out in this Agreement (including, for example, different performance standards, fee structures, increased fees and/or reduced territory protections) (collectively, the "Renewal Agreement");

(vi) **Continued Possession.** Franchisee secures the right to continue possession of the Premises (as defined in Section 6(a)) and the Service Vehicle(s) (as defined in Section 10(a)) for the duration of the Renewal Term, or alternatively Franchisee secures a premises at another location approved by Franchisor or secures another vehicle approved by Franchisor for the same period; unless Franchisor determines that the location of Franchisee's business is no longer viable for the operation of Franchisee's business, in which case Franchisor may condition Franchisee's right to renew on Franchisee's obtaining a new site for Franchisee's business that Franchisor approves;

(vii) **Renewal Fee.** Franchisee has paid to Franchisor a renewal fee of Five Thousand Dollars (\$5,000), which fee shall be due in immediately available funds upon the execution of the Renewal Agreement;

(viii) **Release.** Franchisee, its Owners, and its guarantors execute and deliver to Franchisor a general release, in the form prescribed by Franchisor, releasing, to the fullest extent permitted by law, all claims that Franchisee, its Owners, and its guarantors may have against Franchisor and its affiliates and subsidiaries, and their respective officers, directors, shareholders, members, and employees in both their corporate and individual capacities;

(ix) **Renovation.** Franchisee shall make or provide for in a manner satisfactory to Franchisor, such renovating, upgrading, and re-equipping of the Franchised Business as Franchisor may require, including, without limitation, renovation, upgrading and/or replacement of signs, equipment, furnishings, fixtures, technology, Computer Systems (as defined in Section 11(p)(i) below), and decor, to reflect the then-current standards and image of the System;

(x) **Update of Service Vehicles.** Franchisee shall repair, update, upgrade, or replace its Service Vehicle(s) to comply with Franchisor's then-current standards for Service Vehicle(s) and Franchisee shall add Service Vehicle(s) to comply with the then-

current standards for the number of Service Vehicle(s) to be operated in a territory; provided, however, that Franchisee shall not be required to replace a Service Vehicle until the conclusion of its useful life; and

(xi) **Current Training.** Franchisee complies with Franchisor's then-current qualifications and training requirements.

(c) **Failure to Act.** If Franchisee fails to perform any of the acts set forth in subsections (i) through (xi) of Section 2(b) in a timely fashion, such failure will be deemed an election by Franchisee not to exercise its right to enter into a Renewal Agreement, and will cause Franchisee's right to enter into a Renewal Agreement to expire without further notice or action by Franchisor.

(d) **Expiration.** Renewal of the License after the Initial Term shall not constitute a renewal or extension of this Agreement, but shall be conditioned upon satisfaction of the above provisions and shall, upon expiration of the Initial Term, be governed by the Renewal Agreement then executed by Franchisee. If Franchisee fails to meet any of the conditions under this Section 2 with respect to renewal of the License, then the License shall automatically expire at the end of the Initial Term.

(e) **Continued Operation Following Expiration.** Unless Franchisee exercises its option to renew the License granted under this agreement in accordance with this Section 2, Franchisee has no right to continue to operate the Franchised Business after the expiration date. If Franchisor permits Franchisee to continue to operate the Franchised Business after the expiration date, but before the execution by Franchisee of a Renewal Agreement for a new term as required by Section 2(b) above, then the temporary continuation of the Franchised Business will be on a month-to-month basis, and will be terminable at Franchisor's will by giving Franchisee written notice of termination at least thirty (30) days before the termination is effective. If Franchisor allows Franchisee to continue to operate the Franchised Business on a month-to-month basis after termination, non-renewal, or expiration of this Agreement for any reason, then Franchisee must pay to Franchisor weekly an additional fee equal to the greater of One Thousand Dollars (\$1,000) or One Hundred Fifty Percent (150%) of the Royalties due for the same week for every week of month-to-month operation after the Expiration Date, up to Franchisor's then-current initial franchise fee, which fee shall be in addition to Royalties, Brand Fund contributions, and any other payments due to Franchisor under this Agreement. If the law of the jurisdiction in which Franchisor is located requires a longer notice period, the thirty (30) day period will be deemed modified to be the shortest notice period required by the laws of such jurisdiction.

3. **Franchise Fees and Payments.**

(a) **Initial Franchise Fee, Royalties, and Other Payments.** In consideration of Franchisor's execution of this Agreement and the services that Franchisor will perform, Franchisee agrees to pay to Franchisor the following fees in such manner as Franchisor may from time to time designate and on the due dates (each a "Due Date") specified below or in the Franchise Rider:

(i) **Initial Franchise Fee.** An initial franchise fee ("Initial Franchise Fee") in the amount set forth on the Franchise Rider attached hereto. The Initial Franchise Fee shall

primarily compensate Franchisor for Franchisor's pre-opening obligations under this Agreement. The parties recognize the value of the Initial Franchise Fee approximates the market value of the pre-opening services. The Initial Franchise Fee shall be deemed earned upon receipt.

(ii) **Vehicle/Container Signage Fee.** An initial vehicle/container signage fee ("Vehicle/Container Signage Fee") set forth on the Franchise Rider attached hereto. The Vehicle/Container Signage Fee shall compensate Franchisor for Franchisor, its affiliate, or a third party contracted by Franchisor to install the Service Vehicle(s)' custom truck bed and wrap the Service Vehicle(s) in a manner that fulfill the Franchisor's standards for the System and the Marks prior to the Franchisee beginning operations with the Service Vehicle.

(iii) **Royalty.** In further consideration of the grant of the License and in consideration of Franchisor's ongoing services to Franchisee, Franchisee agrees to pay to Franchisor a weekly Royalty fee (the "Royalty"), as set forth on the Franchise Rider attached hereto. The Royalty is due and payable on the Due Date set forth on the Franchise Rider or on such other date Franchisor designates with thirty (30) days' advanced written notice to Franchisee.

(iv) **Technology Fee.** Franchisor reserves the right to require Franchisee to pay Franchisor's then-current technology fee for the development and maintenance of technologies for use at the Franchised Business ("Technology Fee"). Franchisor has the right to increase the Technology Fee with thirty (30) days' notice to Franchisee based on supplier pricing increases, modification to or upgrades of the technology used in the System, and introduction of new technology.

(v) **Centralized Service Fee.** Franchisor reserves the right to require Franchisee to pay Franchisor's then-current centralized services fee for the provision of centralized administrative services, including, but not limited to, scheduling, sales, and call management ("Centralized Service Fee"). Franchisor has the right to increase the Centralized Service Fee with thirty (30) days' notice to Franchisee based on supplier pricing increases, modification to or upgrades of the technology used in the centralized services, and introduction of new services.

(vi) **Supplier Fees.** If Franchisor or its affiliate is the designated supplier for any required product or service for the Franchised Business (including but not limited to equipment, Computer Systems or marketing or Online Presence services), Franchisee shall pay Franchisor's or its affiliate's then-current rates for such products or services.

(vii) **Shared Fees.** Franchisor reserves the right to have suppliers bill it or an affiliate for goods and services that benefit the network of COUNT JUNKULA franchisees. Franchisee agrees to pay Franchisor its pro rata share of these goods and services costs and fees.

(b) Method of Payment.

(i) Account. On each Due Date, Franchisor may transfer from the Franchisee's bank operating account ("Account") the amount reported to Franchisor in Franchisee's sales report or determined by Franchisor by the records obtained by Franchisor, as well as any other amounts due to Franchisor under this Agreement or any other agreement between Franchisor and Franchisee. If a transfer from Franchisee's Account is refused, an administrative fee of Fifty Dollars (\$50) will be assessed, as well as reimbursement to Franchisor of any fee its bank charges for uncollected deposit funds. If Franchisee has not reported Gross Revenues to Franchisor for any fiscal period, Franchisor may transfer from the Account an amount calculated in accordance with its estimate of the Gross Revenues during the fiscal period. If, at any time, Franchisor determines that Franchisee has underreported its Gross Revenues, or underpaid the Royalty or other amounts due to Franchisor under this Agreement, or any other agreement, Franchisor may initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited to the Account effective as of the first reporting date after Franchisor and Franchisee determine that such credit is due. Alternatively, Franchisor shall have the right in lieu of the report submission procedure outlined above to obtain Gross Revenues data derived directly from electronic communication with any Computer System designated by Franchisor.

(ii) EFT. Franchisor may require Franchisee to remit payment of the Royalty and other fees by electronic funds transfer ("EFT"). In connection with payment of the royalty fee by EFT, Franchisee shall: (1) comply with procedures specified by Franchisor in the Operations Manuals; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by EFT as described in this Section 3; (3) give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Account for payments of the royalty fee and other amounts payable under this Agreement, including any interest charges; and (4) make sufficient funds available in the Account for withdrawal by EFT no later than the Due Date for payment thereof; and (5) maintain a single bank account to make all payments required by this Agreement. Franchisee must advise Franchisor at least fifteen (15) business days prior to any change in Franchisee's bank account or financial institution; no such change will be permitted without the prior written authorization of Franchisor. To ensure the orderly electronic transfer of the Royalty and all other fees as outlined in this Section 3, Franchisee will enter into and maintain a banking agreement with the financial institution which will be responsible for the transfer and payment of the fees owed by Franchisee to Franchisor, and a copy of that agreement will be submitted to Franchisor prior to the effective date of this Agreement. Franchisee shall not withhold any payments required to be made under this Agreement on any grounds, including any allegations of Franchisor's non-performance. Failure by Franchisee to have sufficient funds in the Account shall constitute a default of this Agreement and may subject this Agreement to termination for cause as hereinafter set forth.

(c) **Application of Payment.** If Franchisee is delinquent in the payment of any obligation to Franchisor, its subsidiaries, affiliates or designees, then Franchisor (or such subsidiaries, affiliates or designees), will have the right to apply any payment from Franchisee to any obligation due, including the oldest obligation due, whether under this Agreement or otherwise, notwithstanding any contrary designation by Franchisee as to such application.

(d) **Inflation Adjustments.** Franchisor and its affiliates reserve the right to increase the amount of any fee provided for hereunder, including, without limitation, the Royalty, or Brand Fund contribution due Franchisor or an affiliate under this Agreement or a related agreement ("Inflation Adjustment"). An Inflation Adjustment shall be in relation to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor, the cost-of-living-adjustment ("COLA") using the COLA factors determined by the United States Department of Labor, or such other measure determined reliable by Franchisor. Franchisor will notify Franchisee of the amount or percentage adjustment thirty (30) days prior to their effective date.

(e) **No Offset or Retention of Funds.** Franchisee may not offset or withhold payments owed to Franchisor or its affiliates for amounts purportedly due Franchisee as a result of any dispute of any nature or otherwise, but will pay such amounts to Franchisor or its affiliates and only thereafter seek reimbursement.

(f) **Interest.** If Franchisee fails to pay the full amount of the Royalty or any other amount due to Franchisor when due or Franchisee has insufficient funds to cover the electronic transfer when initiated by Franchisor, Franchisee shall pay interest on the amount due and unpaid at an interest rate equal to the lower of eighteen percent (18%) or the maximum interest rate allowed by law.

4. Franchisor Services.

(a) During the Term, Franchisor agrees to provide to Franchisee the following services:

(i) **Specifications and Approved Suppliers.** To the extent Franchisor has specifications, approved suppliers, or designated suppliers, Franchisor shall provide Franchisee with specifications and/or a list of required or approved suppliers for the Service Vehicle(s) and any other required or recommended good or service to be used in connection with the Franchised Business; provided that Franchisor reserves the right to amend and/or modify such specifications or supplier lists at any time;

(ii) **Additional Specifications and Standards.** To the extent Franchisor has standards and specifications for them, Franchisor shall provide Franchisee with standards and specifications for all services to be provided at the Franchised Business, and, if relevant, goods and merchandise to be sold, as well as other products and materials used in connection with the operation of the Franchised Business;

(iii) **Initial Training Program.** Franchisor shall provide Franchisee with a single pre-opening Initial Training Program for up to three (3) people, including the

Operations Manager (as defined in Section 11(y)) and such other persons as Franchisor may reasonably designate; provided that Franchisee shall be responsible for all expenses incurred by such persons in connection with training, including, without limitation, all cost of travel, lodging, meals and wages;

(iv) **Additional Training.** In Franchisor's sole discretion and/or at the request or Franchisee, Franchisor may offer additional or supplemental training. Franchisee shall be responsible for all expenses incurred by such persons in connection with additional or supplemental training, including, without limitation, all cost of travel, lodging, meals and wages. Franchisor also reserves the right to charge an additional fee and to require attendance at additional trainings;

(v) **Advice.** At Franchisee's reasonable request, Franchisor will promptly provide such advice and information as it considers reasonably appropriate to assist Franchisee with all methods and procedures associated with the System, including marketing, advertising, management, and administration. Franchisee understands and agrees that such advice and information may be rendered by phone, video conference, electronically, through the Operations Manuals, training and/or by such other means as Franchisor deems appropriate in its sole discretion. Franchisor may, in its discretion, convene meetings of franchisees as it considers necessary or appropriate, in its discretion. If Franchisee requests advice, information, or assistance at a level greater than what is provided to other franchisees, Franchisor reserve the right to charge Franchisee its then-current training fee;

(vi) **Information.** Franchisor shall communicate to Franchisee information relating to the operation of a COUNT JUNKULA business, and to the extent necessary or pertinent to the operation of the Franchised Business, Franchisor's know-how, new developments, techniques and improvements in the areas of management, employee training, inventory management, marketing, sales and customer service; and

(vii) **Service Vehicle Upfit.** Franchisor, Franchisor, its affiliate, or a third party contracted by Franchisor shall install each Service Vehicle's custom truck bed and wrap the Service Vehicle in a manner that fulfill the Franchisor's standards for the System and the Marks.

(b) **Legal Expense.** Franchisor may in certain situations incur legal expenses while providing assistance to Franchisee with respect to, without limitation, lease negotiations, or other legal compliance issues. Such assistance may be at the request of Franchisee or required by Franchisor and may be provided by Franchisor in-house or by outside counsel; provided however, that Franchisor shall have the sole discretion as to whether or not to provide legal assistance. In the event Franchisor does incur legal expenses on behalf of Franchisee, Franchisee shall reimburse Franchisor for such expenses immediately upon notice from Franchisor. Franchisor may, at its option, be reimbursed by EFT.

(c) **Acknowledgement.** FRANCHISEE AGREES THAT FRANCHISOR IS NOT OBLIGATED TO PROVIDE ANY TRAINING OR ASSISTANCE TO FRANCHISEE'S

PARTICULAR LEVEL OF SATISFACTION, BUT AS A FUNCTION OF FRANCHISOR'S EXPERIENCE, KNOWLEDGE AND JUDGMENT. FRANCHISEE ALSO ACKNOWLEDGES THAT FRANCHISOR IS NOT OBLIGATED TO PROVIDE ANY SERVICES TO FRANCHISEE THAT ARE NOT SET FORTH IN THIS AGREEMENT. IF FRANCHISEE BELIEVES FRANCHISOR HAS FAILED TO ADEQUATELY PROVIDE ANY PRE-OPENING OR POST-OPENING SERVICES TO FRANCHISEE OR TO FRANCHISEE'S EMPLOYEES, , WHETHER WITH RESPECT TO SITE SELECTION, SELECTION AND PURCHASE OF EQUIPMENT AND SUPPLIES, TRAINING, OR ANY OTHER MATTER AFFECTING THE ESTABLISHMENT OF THE FRANCHISED BUSINESS, FRANCHISEE MUST NOTIFY FRANCHISOR IN WRITING WITHIN THIRTY (30) DAYS FOLLOWING THE OPENING OF THE FRANCHISED BUSINESS OR FRANCHISEE WILL BE DEEMED TO CONCLUSIVELY ACKNOWLEDGE THAT ALL PRE-OPENING AND OPENING SERVICES REQUIRED TO BE PROVIDED BY FRANCHISOR WERE SUFFICIENT AND SATISFACTORY IN FRANCHISEE'S JUDGMENT, AND COMPLIED WITH ALL REPRESENTATIONS MADE TO FRANCHISEE. IF FRANCHISEE FAILS TO SO NOTIFY FRANCHISOR, FRANCHISEE WILL BE DEEMED TO HAVE WAIVED ALL CLAIMS RELATING TO OR ARISING FROM FRANCHISOR'S OBLIGATIONS TO PROVIDE PRE-OPENING ASSISTANCE.

5. Territorial Provisions.

(a) Territory Grant. Subject to the provisions of this Section 5, provided Franchisee is in compliance with its obligations under this Agreement, Franchisor agrees that until the earlier of the termination, expiration, or non-renewal of this Agreement, it will not establish and operate, nor license any party other than Franchisee to establish and operate, a mobile COUNT JUNKULA-branded junk removal business within the territory set forth in the Franchise Rider attached hereto (the "Territory"), except as provided for under Section 9 describing National Accounts. Until such time as the Location is identified and agreed upon in the Franchise Rider or in the Site Selection Approval Letter (as defined in the Franchise Rider), no Territory will be granted to Franchisee and Franchisor shall have the right to locate other franchises anywhere Franchisor determines without interfering with any territorial rights of Franchisee. Franchisor reserves the right to modify Franchisee's Territory if Franchisee fails to add a Service Vehicle according to the requirements of Section 10(b).

(b) Territory Activities. Franchisee recognizes and acknowledges that (i) it will compete with other COUNT JUNKULA businesses which are now, or which may in the future be, located near or adjacent to Franchisee's Territory and (ii) that such businesses may be owned by Franchisor, its affiliates, and/or third parties. Franchisee shall advertise, market, offer and sell approved products and services only within the Territory, except as Franchisor otherwise approves in advance, and in such event only in accordance with the requirements of this Agreement and the procedures set forth in the Operations Manuals. If Franchisor gives approval for Franchisee to operate outside the Territory, Franchisee shall not acquire any ownership right, right of first refusal, or any other preference to any area outside of the Territory. Franchisor may rescind any approval to operate outside of the Territory at any time and for any reason, and Franchisee shall immediately comply and cease operations outside of the Territory. Franchisee shall provide Franchisor with the information for any customers it has serviced outside of the Territory. Such

out-of-Territory customers may be serviced by Franchisor, an affiliate of Franchisor, or any of Franchisor's franchisees. Franchisee shall not solicit nor market to customers who are outside of its Territory, or provide goods or services to customers located outside of its Territory, without receiving Franchisor's prior written permission. Franchisee shall follow all of Franchisor's standards, procedures, and instructions regarding any activities outside of the Territory. If Franchisor grants Franchisee permission to conduct any out-of-Territory activities, Franchisee acknowledges and agrees that Franchisee does not gain any additional territory or exclusivity rights. Franchisor has the right to terminate or suspend Franchisee's approval to conduct any out-of-Territory activities, and Franchisee shall immediately comply and cease operations outside of the Territory. Franchisee shall not offer, market, or sell products and services through any other means or locations, including via the internet, except as permitted by Franchisor using Franchisor's approved mobile application(s) and/or e-commerce systems ("Mobile Applications"). Notwithstanding the foregoing, Franchisor does not warrant or represent that no other COUNT JUNKULA business will solicit or make any sales within the Territory, and Franchisee hereby expressly acknowledges and agrees that such solicitations or sales could occur within the Territory. Franchisor shall have no duty to protect Franchisee from any such sales, solicitations, or attempted sales.

(c) **Reasonable Efforts.** Franchisee must use commercially reasonable efforts to develop demand for the services offered by the Franchised Business and to service its customers, all in accordance with the standards and policies established by Franchisor.

(d) **Sufficiency.** Franchisee hereby acknowledges and agrees that the Territory is of sufficient size and scope to support the Franchised Business.

(e) **Reserved Rights.** Franchisor grants franchises and the rights to develop and operate COUNT JUNKULA franchised businesses only pursuant to the express terms of written agreements and not orally. All rights that are not granted to Franchisee in this Agreement are specifically reserved to Franchisor, and Franchisor will not be restricted in any manner from exercising them nor will Franchisor be required to compensate Franchisee should Franchisor exercise them. This includes the right, directly or through others and regardless of either (a) proximity to Franchisee's Location or Territory or (b) any actual or threatened impact on sales of Franchisee's business to:

(i) use the Marks and System in connection with establishing and operating COUNT JUNKULA businesses at any location outside the Territory;

(ii) use the Marks or other marks in connection with selling or distributing any goods (including branded merchandise and products) or services anywhere in the world (including within the Territory), whether or not Franchisee also offers them, through channels of distribution other than a mobile COUNT JUNKULA-branded junk removal business (including, for example, brick and mortar locations, kiosks, catalogs, mail order, or the internet, e-commerce, or other electronic means);

(iii) acquire, establish or operate, without using the Marks, any business of any kind at any location anywhere in the world (including within the Territory);

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(iv) use the Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Territory); and

(v) directly or through an authorized third party, advertise, solicit, and enter into contracts with and service National Account customers in any area, including in the Territory, whether or not Franchisee has or is currently providing services to the customer, subject to the terms of Section 9. If (1) Franchisee initially declines to service the National Account, (2) Franchisee declines to service a National Account customer within twenty-four (24) hours of receiving notice of the service request, (3) Franchisee fails to service the National Account customer in accordance with Franchisor's standards or by any specified deadlines, (4) Franchisor reasonably determines that Franchisee is not able to reliably service the National Account customer, or (5) the National Account customer requests that Franchisee not fulfill the service order, Franchisor may designate another party to service the National Account customer in the Territory from that time on without paying any compensation to Franchisee. Such designated parties could be Franchisor, Franchisor's affiliates, other franchisees, or another third party. Franchisor's exercise of the reserved rights described in this subsection are not a default of this Agreement or any other agreement between the parties.

(f) **No Additional Rights.** Franchisee has no right of first refusal or other options or rights to open any additional COUNT JUNKULA businesses.

6. Premises, Inspections, and Refurbishment.

(a) **Premises.** Franchisee shall obtain Franchisor's approval of the Location. The building at the approved Location that will serve as the headquarters for the Franchised Business (the "Premises") is subject to the following:

(i) **Leased Premises.** Within ninety (90) days after the Effective Date of this Agreement, Franchisee shall acquire or lease, at Franchisee's expense, commercial real estate that is properly zoned for the operation of the Franchised Business. Franchisee shall obtain Franchisor's approval of the lease. Failure by Franchisee to acquire or lease a site for the Franchised Business within the time required herein shall constitute a default under this Agreement, and Franchisor, in its sole discretion, may terminate the Franchise Agreement pursuant to the terms of Section 17 of this Agreement. If Franchisee intends to lease the Premises, Franchisee shall submit to Franchisor executed copies of all such leases immediately after execution and at such other times as Franchisor may request. The term of the leases plus all options for Franchisee to renew shall together equal or exceed the Term. All leases pertaining to the Premises shall also include an Addendum in the form of Attachment 2 attached hereto, or shall contain terms and conditions substantially similar to those contained in Attachment 2 which Franchisor has approved in writing.

(ii) **Owned Premises.** If Franchisee intends to own the Premises, Franchisee shall obtain approval of the Premises from Franchisor and furnish Franchisor proof of

ownership prior to the date Franchisee commences any construction, build-out or remodeling of the Premises. In the event that Franchisee proposes to lease the Premises from any Owner, manager, partner, director, or officer of Franchisee, or from any person or entity related to or affiliated with Franchisee or one or more of Franchisee's Owners, directors, officers or other principals (the "Related Party"), Franchisor may require the Related Party to sign this Agreement and/or separate agreements for the purpose of binding the Related Party to applicable provisions of this Agreement, as determined by Franchisor. Franchisee shall also execute a written lease agreement approved by the Franchisor with the Related Party and deliver a copy to Franchisor. The terms of any such lease must comply with the terms set forth in Section 6(a)(i).

(iii) **Premises Identification.** Subject to Franchisor's rights in Section 18 and regardless of whether the Premises are owned or leased, Franchisee shall remove all signs and other items and indicia which serve, directly or indirectly, to identify the Premises as a COUNT JUNKULA business within ten (10) days of the expiration, non-renewal, or termination of this Agreement for any reason. In the event Franchisee does not comply with this requirement, Franchisor may enter the Premises, without being guilty of trespass and without incurring any liability to Franchisee, to remove all signs and other items identifying the Premises as a COUNT JUNKULA business and to make such other modifications as are reasonably necessary to protect the Marks and the System and to distinguish the Premises from other COUNT JUNKULA businesses. Provided, however, that this obligation of Franchisee shall be conditioned upon Franchisor giving Franchisee prior written notice of the modifications to be made and the items to be removed.

(iv) **Suitability of Premises.** Regardless of whether the Premises are owned or leased, it shall be the responsibility of Franchisee to determine that the Premises can be used, under all applicable laws and ordinances, for the purposes provided herein and that the Premises can be constructed or remodeled in accordance with the terms of this Agreement. Franchisee shall obtain all permits and licenses that may be required to construct, remodel and operate the Franchised Business. Franchisee agrees that the Premises will not be used for any purpose other than the operation of the Franchised Business in compliance with this Agreement. Franchisee is responsible for constructing, renovating or upfitting or causing to be constructed, renovated or upfitted, the Franchised Business and the Premises. Franchisor may, but is not obligated to, offer assistance to Franchisee in selecting a site for the location and advising Franchisee in negotiating an acceptable lease agreement for the site. Franchisor shall not represent Franchisee in a legal capacity and advises Franchisee to seek independent legal counsel in the review and negotiation of its lease agreement. FRANCHISEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S APPROVAL OF A SITE FOR FRANCHISEE'S FRANCHISED BUSINESS IS NOT AND SHALL NOT BE CONSTRUED AS A GUARANTEE OR ASSURANCE THAT THE BUSINESS WILL BE PROFITABLE. If Franchisor does not approve of a site proposed by Franchisee within thirty (30) days after receiving the proposal thereof, such site shall be deemed disapproved by Franchisor and Franchisee shall not locate its Franchised Business at such site.

(v) **Relocation.** Franchisee shall not, without first obtaining Franchisor's written consent, which shall not be unreasonably withheld: (i) relocate the Franchised Business; or (ii) renew or materially alter, amend or modify any lease, or make or allow any transfer, sublease or assignment of its rights pertaining to the Premises. In the event that Franchisee relocates, Franchisee shall reimburse Franchisor for all of its costs associated with evaluating and approving or rejecting Franchisee's relocation proposal. If Franchisee relocates the Franchised Business without Franchisor's written consent, the new location will be treated as an entirely new franchise sale subject to new initial franchise fees as provided in Section 3 of this Agreement and to such other provisions as would apply to new franchise sales. If Franchisee's landlord terminates Franchisee's right to possess the Premises before the expiration of the Term, Franchisor and Franchisee shall choose a new location within sixty (60) days of Franchisee's loss of possession.

(vi) **Parking.** Any Premises approved by Franchisor shall have adequate parking for the Service Vehicle(s), unless otherwise designated by Franchisor in writing.

(vii) **Construction.** If construction is necessary to modify the Premises to fit Franchisor's specifications and requirements, Franchisee is solely responsible for the construction of the Premises and the Franchised Business. Franchisee will commence any required construction promptly after execution of a lease for or closing on the purchase of the Premises. Franchisee shall maintain continuous construction of the Franchised Business and Premises until completion. It is Franchisee's sole responsibility to make sure that the design and construction of the Franchised Business and the Premises are in compliance with all applicable laws including without limitation, the Americans with Disabilities Act. Franchisee shall indemnify and hold Franchisor harmless against any and all claims, actions, causes of action, costs, fees, fines and penalties, of every kind and nature, should the design and/or construction of the Franchised Business fail in any way to comply with any applicable laws, including, without the limitation, the Americans with Disabilities Act. Franchisee shall maintain the interior and exterior decor in such manner as may be prescribed from time to time by Franchisor.

(viii) **Signs.** Franchisee shall prominently display, at its own expense, both on the interior and exterior of the Premises of any Franchised Business advertising signs in such form, color, number, location and size, and containing such Marks, logos and designs as Franchisor shall designate. Franchisee will be responsible for ordering any required signage, including an exterior sign for the Franchised Business, from an approved vendor at Franchisee's expense. Franchisee shall obtain all permits and licenses required for such signs and shall also be responsible for ensuring that all signs comply with all laws and ordinances. Franchisee shall not display in or upon the Premises any sign or advertising of any kind to which Franchisor objects.

(b) **Pre-Operations Inspection.** Franchisee hereby grants Franchisor and its agents the right to inspect the operations of the Franchised Business and Service Vehicle(s), whether at the Premises or at customers' locations. Franchisor may enter the Premises and Service Vehicle(s) at any time prior to the beginning of operations in order to inspect, photograph, and/or videotape on-going new construction or leasehold improvements, designs, purchased and installed

equipment, operations and the performance of any and all services by Franchisee and/or Franchisee's employees, invitees or agents. Franchisee also grants Franchisor and its agents the right to enter and inspect the Service Vehicle(s) at any time prior to use by the Franchisee in order to assess its compliance with Franchisor's standards. Franchisee shall cooperate with Franchisor's representatives with those inspections by rendering whatever assistance they may reasonably request, including assistance necessary to enable Franchisor to contact and interview any architect, designer, vendor, contractor, sub-contractor or Franchisee employee. Upon reasonable notice from Franchisor, and without limiting Franchisor's other rights under this Agreement, Franchisee, at its sole expense, shall take such steps as deemed to be necessary by the Franchisor to immediately correct any and all deficiencies detected during any such inspection, including without limitation, correcting construction deficiencies or defects, replacing equipment and supplies, repairing or replacing the Service Vehicle(s), and requiring the Franchisee to desist from the further use of any equipment, designs, advertising materials, products, and/or supplies that do not conform with Franchisor's then-current plans and specifications, standards or requirements. Franchisee acknowledges and agrees that any and all inspections by Franchisor and all demands made by Franchisor to correct deficiencies and conform to Franchisor's standards and specifications will not constitute a representation or warranty by Franchisor that the Franchised Business, the Premises, or the Service Vehicle(s) comply with applicable laws, codes, ordinances, regulations or governmental standards.

(c) Operations Inspections. Franchisor and its agents have the right to inspect the Service Vehicle(s) (wherever they may be located, including at customers' locations), Premises, and/or Franchised Business, with or without notice, in person or remotely via communications technology, in order to inspect, photograph, and/or videotape use and operations of the Service Vehicle(s) and Franchised Business to ensure compliance with all requirements of this Agreement and the Operations Manual. Franchisee will cooperate with Franchisor's representatives in those inspections by rendering whatever assistance Franchisor may reasonably request, including using communications or audiovisual technology, such as a smartphone, to facilitate the remote inspection by Franchisor or Franchisor's agents and the assistance necessary to enable Franchisor to contact and interview contractors, vendors and suppliers, as well as Franchisee's customers and former customers. Upon reasonable notice from Franchisor, and without limiting Franchisor's other rights under this Agreement, Franchisee will take such steps as may be necessary to correct the deficiencies detected during any such inspection and immediately desisting from the further use of the Service Vehicle(s) or Premises that does not conform to Franchisor's then-current plans and specifications, the Operations Manuals, or other standards or requirements, and to repair or replace anything in the Franchised Business that does not so conform. Franchisee acknowledges and agrees that any and all inspections by Franchisor and all demands made by Franchisor to correct deficiencies and conform to Franchisor's standards and specifications will not constitute a representation or warranty by Franchisor that the Service Vehicle(s), Premises, Franchised Business, or its operations comply with applicable laws, codes, ordinances, regulations or governmental standards. Upon reasonable written notification from Franchisor of a scheduled inspection, one of Franchisee's Owners must be present during such inspection.

(d) Remodeling and Re-equipping. Subject to the limitation below, Franchisor reserves the right to require Franchisee to generally refurbish the Franchised Business, the Premises, and/or the Service Vehicle(s) at Franchisee's expense, in order to conform to the

building design, trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for COUNT JUNKULA franchises and may include, without limitation, structural changes, installation of new materials and equipment, remodeling, redecoration, changing color schemes, and modifications and/or repairs to existing improvements. Such remodeling and re-equipping may include, without limitation, replacing worn out, obsolete, or dated equipment, fixtures, furnishings and signs; structural modifications, redecorating; purchasing more efficient or improved equipment; replacing the Service Vehicle(s) with a new or used vehicle that meets Franchisor's then-current vehicle specifications; or requiring replacement of the wrap or equipment on the Service Vehicle(s) to meet Franchisor's then-current specifications. Franchisor may require Franchisee to perform remodeling and to purchase equipment at such times as Franchisor, in its sole discretion, deems necessary and reasonable. However, Franchisor shall not require Franchisee to replace a Service Vehicle until the conclusion of its useful life. FRANCHISEE ACKNOWLEDGES THAT EQUIPMENT, ALTERATIONS AND RENOVATIONS REQUIRED BY FRANCHISOR MAY INVOLVE SUBSTANTIAL ADDITIONAL INVESTMENT BY FRANCHISEE DURING THE TERM OF THIS AGREEMENT. In the event of Franchisee's delay, refusal, or failure to make repairs or modifications to the Premises or Service Vehicle(s) as specified by this Section 6(d), Franchisor or its agents may enter the Premises or Service Vehicle(s), without further notice and without liability for trespass or other tort and with Franchisee's complete cooperation, and remove, repair, and/or replace, at Franchisee's expense, any items which do not conform to Franchisor's then-current standards and specifications or which are not in conformity with Franchisee's obligation to maintain the Franchised Business, the Service Vehicle(s), and the Premises in the highest degree of repair and condition. In addition to any and all other remedies that the Franchisor may have in law or in equity, Franchisee shall reimburse the Franchisor for all out-of-pocket expenses incurred by Franchisor in connection with any refurbishing work performed by the Franchisor pursuant to this Section 6(d), plus an administrative fee of fifteen percent (15%) of the total aggregate amount of expenses incurred by the Franchisor. In the event that the Franchisee fails to reimburse Franchisor within seven (7) days of the date Franchisee is billed for all such amounts, Franchisee authorizes Franchisor to collect all amounts due in accordance with the terms of this Agreement, including any applicable interest.

7. Proprietary System and Marks; Franchisor Property Rights.

(a) **Ownership; Use by Others.** Franchisor and its affiliates shall have and retain all rights associated with the Marks other than those expressly licensed herein, including, but not limited to the following: (a) to use the Marks in connection with selling products and services; (b) to grant licenses to others for the Marks, in addition to those licenses already granted to existing franchisees or affiliates; (c) to develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee; and (d) to sell and distribute products via alternate distribution channels bearing the Marks. Franchisee acknowledges that any unauthorized use of the System or the Marks is and shall be deemed an infringement of Franchisor's rights. Franchisee shall execute any documents deemed necessary by Franchisor and its affiliates or their counsel for the protection of the System and the Marks or to maintain their validity or enforceability, or to aid Franchisor and its affiliates in acquiring rights in or in registering any of the System and the Marks or any trademarks, trade names, service marks, slogans, logos and

emblems subsequently adopted by Franchisor and its affiliates. Franchisee shall give notice to Franchisor of any knowledge that Franchisee acquires of use by others of the same or similar names or marks or of any claim or litigation instituted by any person or legal entity against Franchisee involving the System or any of the Marks. Franchisee shall cooperate with Franchisor and its affiliates in any suit, claim or proceeding involving the System or the Marks or their use to protect Franchisor's and its affiliate's rights and interest in the System and the Marks. In the event of any settlement, award or judgment rendered in favor of Franchisor or its affiliates relating to the use or ownership of the System or the Marks, such settlement, award or judgment shall be the sole property of Franchisor and its affiliates and Franchisee shall not be entitled to or make any claim for all or any part of it.

(b) Use of Marks. During the term of this Agreement or thereafter, directly or indirectly, Franchisee shall not commit any act of infringement or contest or aid in contesting the validity or ownership of the System or the Marks or take any other action to disparage them. Franchisee shall use the Marks only in connection with the operation of the Franchised Business and shall use them only in the manner authorized by Franchisor. Franchisee shall prominently display the Marks in the manner prescribed by Franchisor on all signs and other supplies and packaging materials designated by Franchisor. Franchisee shall not fail to perform any act required under this Agreement, or commit any act which would impair the value of the Marks or the goodwill associated with the Marks. Franchisee shall not at any time engage in any business or market any products or service under any name or mark which is confusingly or deceptively similar to any of the Marks. Franchisee shall not use any of the Marks as part of its corporate or trade name and shall not use any trademark, trade name, service mark, logo, slogan or emblem in connection with the Franchised Business that has not been authorized by Franchisor. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or applicable state law. Franchisee shall not attempt to register or otherwise obtain any interest in any Online Presence (defined below) containing or utilizing any of the Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Marks. Franchisee also acknowledges that its use of the Marks pursuant to this Agreement does not give Franchisee any ownership or other interest in or to the Marks, except the license granted by this Agreement.

(c) Designation as Franchisee. Franchisee shall take such additional action as may be necessary under the laws of the state in which the Franchised Business is operated to make clear to the public that Franchisee is an independent franchisee of Franchisor and not owned by Franchisor. Franchisee shall post on invoices, purchase orders, marketing materials and the like for all Franchised Business concepts that "This COUNT JUNKULA franchise is independently owned and operated by [name of franchisee entity] under license from COUNT JUNKULA FRANCHISING LLC".

(d) Discontinuance of Use: Additional Marks. Franchisor has the right to change, revise, or substitute different Marks for use in identifying the System, the Franchised Business, and the products or services sold or offered for sale through the Franchised Business, if Franchisor, in its sole discretion, determines that change, revision, or substitution of different Marks will be beneficial to the System. In such circumstances, the use of the substitute proprietary marks shall be governed by the terms of this Agreement. Franchisee shall comply with each such change, revision, or substitution and bear all expenses associated therewith. In the event that a court of

competent jurisdiction should order, or if Franchisor in its sole discretion should deem it necessary or advisable, Franchisee shall modify or discontinue use of any Mark. Franchisee shall comply with Franchisor's directions regarding any such Mark within thirty (30) days after receipt of notice from Franchisor or, if such modification or discontinuance is court-ordered, immediately. Franchisor shall not be obligated to compensate Franchisee for any costs or expenses incurred by Franchisee in connection with any such modification or discontinuance. Franchisee shall also use such additional or substitute Marks as Franchisor shall direct.

(e) **Changes in Law Affecting Marks.** In the event that the trademark law is amended so as to render inapplicable any of the provisions of this Agreement, Franchisee shall sign any documents and do such other act and think as in the opinion of Franchisor may be necessary to effect the intent and purpose of the provisions of this Agreement.

(f) **Copyrights and Patents.** Franchisee acknowledges that as between Franchisee and Franchisor, any and all present or future copyrights and patents relating to the System or the COUNT JUNKULA concept, including, but not limited to, designs, the Manuals, construction plans and specifications and marketing materials belong solely and exclusively to Franchisor, whether or not developed by Franchisee or Franchisor. Franchisee has no interest in Franchisor's copyrights or patents beyond the nonexclusive License granted in this Agreement.

(g) **Ideas and Innovations.** All concepts, designs, inventions, ideas, applications, trademarks, service marks, enhancements, modifications, improvements or other processes, methods and designs, technologies, techniques, materials, computer software, electronic code, original works or authorship, formulas, patents, copyrights, marketing and business plans and ideas, and all improvements and enhancements thereto that Franchisee or any of its Owners, guarantors, directors, officers, or employees may develop, invent, discover, conceive or originate, alone or in conjunction with any other person or persons during the Term that relate in any way, either directly or indirectly, to the Franchised Business and/or the System (collectively referred to as "Inventions and Ideas"), either in whole or in part during the Term, shall be the exclusive property of Franchisor. Franchisee must promptly disclose the existence of any and all Inventions and Ideas to Franchisor. To the extent any Invention or Idea does not qualify as a "work made-for-hire" for Franchisor, Franchisee or any of its Owners, guarantors, directors, officers, or employees hereby assign to Franchisor, without compensation, all right, title and interest in such Inventions and Ideas, and agree that they will execute any and all instruments and do any and all acts necessary or desirable to establish and perfect in Franchisor the entire right, title and interest in such Inventions and Ideas. Franchisor may incorporate such Inventions or Ideas into the System.

(h) **Customer and Other Data.** Franchisee shall maintain a current list of the names, home addresses, service history, work addresses, e-mail addresses and telephone numbers of the customers and past customers who have provided such information to the Franchised Business (the "Customer List"). Franchisee shall provide the Customer List to the Franchisor upon request. The Customer List shall be the property of Franchisor and Franchisor shall have the right to use the Customer List for any purposes, in Franchisor's sole discretion. Franchisee shall not disclose such information to any person or entity other than Franchisor, or sell such list(s) or any portions thereof to any person or entity without the express written consent of Franchisor. Likewise, other data collected by Franchisee or Franchisee's Computer Systems (Customer List and the other data

collectively referred to herein as “Franchisee Data”) is deemed to be owned by Franchisor, and Franchisee agrees to furnish the Franchisee Data to Franchisor at any time that Franchisor requests it. Franchisor hereby grants Franchisee a limited license to use Franchisee Data while this Agreement or a successor franchise agreement is in effect, but only in accordance with the policies that Franchisor establishes periodically and applicable law. Upon termination, non-renewal, transfer, or expiration of this Agreement for any reason, Franchisor shall be the exclusive owner of Franchisee Data and Franchisee shall not use or disclose the Franchisee Data in any form or manner. Franchisee shall not be due any compensation based upon Franchisor use of the Franchisee Data. Franchisee may not sell, transfer, or use Franchisee Data for any purpose other than marketing COUNT JUNKULA products and services.

(i) **Indemnification With Respect to Use of the Marks.** Provided Franchisee complies at all times with this Section 7, Franchisor shall indemnify Franchisee against and reimburse Franchisee for damages assessed against Franchisee, if any, based on Franchisee’s use of the Marks. Otherwise, Franchisor shall not be required to indemnify Franchisee against or reimburse Franchisee for any loss or damages arising out of Franchisee’s use or misuse of any Mark. Franchisor shall not indemnify Franchisee for any use or misuse of Franchisor’s copyrights, patents, Customer Lists, Franchisee Data, or indicia.

8. Advertising.

(a) **Contributions and Expenditures.** Recognizing the value of advertising and the importance of the standardization of advertising to the furtherance of the goodwill and public image of the System, Franchisor and Franchisee agree as follows:

(i) **Weekly Brand Fund Contributions and Expenditures.** Each week during the Term for which a brand fund (“Brand Fund”) has been established, Franchisee shall contribute to the Brand Fund such amount as Franchisor may designate from time to time, which amount may be increased as set forth in Section 8(a)(ii). Franchisor has the sole discretion to settle or forgive any accrued and unpaid Brand Fund contributions owed by any franchisee. Franchisee shall make its weekly contribution to the Brand Fund on the date and in the manner as Franchisor may designate from time to time, including bank drafting. Franchisee agrees to make such contributions by EFT or in such other manner as the Franchisor may require, on or before the Tuesday of each week during the Term based on Franchisee’s Gross Revenues from the week ending the immediately preceding Sunday, or such other date(s) identified by Franchisor with thirty (30) days’ prior written notice.

(ii) **Increases in Contributions.** The Franchisor may increase the required contribution to the Brand Fund to no greater than two percent (2%) of Gross Revenues.

(iii) Brand Fund.

(1) **Use.** Franchisor has the sole discretion to determine how and where the Brand Fund contributions will be spent to promote, enhance, or further the growth of the COUNT JUNKULA brand, businesses, and System, including, but not limited to: research; promotional marketing, public relations, and advertising

expenses to promote the brand; hiring marketing, public relations and advertising agencies, technology companies, or in-house personnel to assist in developing the COUNT JUNKULA brand name; developing, evaluating, or using technologies that Franchisor believes may benefit the brand, the customers, the franchisees, or the brand's reputation; expenses associated with listings on websites, contest registrations, digital marketing content, influencer marketing, radio, billboards, TV, print, or internet advertising, and events and promotions designed to garner media attention and promote the brand name; expenses associated with conducting market research; travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials; production of marketing, public relations, or digital or social media content, including, but not limited to, advertisements, coupons, and other promotional materials (including point of sale purchase materials); technology development and enhancements for the brand; expenses incurred in developing and maintaining non-franchise sales portion of an Online Presence; developing and maintaining an Online Presence; expenses incurred in using search engine optimization, pay-per-click, or other digital marketing software, services, or companies to help promote the brand; and for any other use Franchisor determines. Sums paid by Franchisee shall not be used to defray any of Franchisor's expenses, except for such reasonable administrative costs and overhead, if any, that Franchisor may incur in activities reasonably related to the administration or direction of the Brand Fund and promotion and advertising programs for franchisees, the COUNT JUNKULA brand, and the System, including, among other things, the cost of personnel for creating and implementing the programs paid for by the Brand Fund.

(2) **Administration.** The Brand Fund is not and shall not be an asset of Franchisor or its designee. The Brand Fund is administered by Franchisor's accounting and marketing personnel under Franchisor's direction. The Brand Fund is not audited. Unless required by state law, Franchisor has no obligation to provide Franchisee with an accounting. At Franchisor's option, Franchisor can create a separate entity to be the recipient of Franchisee's Brand Fund contributions and Franchisee agrees, upon Franchisor's request, to tender Brand Fund payments to said entity. Franchisor, in Franchisor's sole discretion, may spend in any fiscal year an amount greater or less than the aggregate contributions to the Brand Fund in that year, and the Brand Fund may borrow from Franchisor or other lenders to cover deficits of the Brand Fund or cause the Brand Fund to invest any surplus. Franchisee acknowledges that other franchisees may not be required to contribute to the Brand Fund or may be required to contribute at a different rate. Franchisor is not obligated to maintain the Brand Fund contributions or income earned in a separate account from other Franchisor funds.

(3) **Non-Variable Payment Option.** For administrative convenience and at Franchisor's option, in lieu of collecting the Brand Fund percentage designated in Section 8(a)(i), Franchisor, at its option, may designate an amount certain as a weekly payment, which will be drafted instead of the variable amount. Franchisor will use commercially reasonable efforts to have the amount certain

reasonably relate to the anticipated annual Brand Fund contribution which would otherwise be due if the exact percentage were calculated. Upon delivery by thirty (30) days' prior written notice by Franchisee to Franchisor, Franchisee can thereafter elect to abandon the sum certain contribution in lieu of the Brand Fund contribution percentage designated in Section 8(a)(i).

(4) **No Proportionality.** Franchisee agrees and acknowledges that Franchisor does not undertake any obligation to ensure that expenditures from the Brand Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Brand Fund by franchisees operating in such geographic area or that Franchisee or the Franchised Business will benefit directly or in proportion to its contribution to the Brand Fund.

(5) **Liability.** Neither Franchisor and its affiliates nor any of their respective officers, directors, agents or employees, shall be liable to Franchisee with respect to the maintenance, direction or administration of the Brand Fund, including without limitation, with respect to contributions, expenditures, investments or borrowing, except for acts constituting willful misconduct. THE BRAND FUND IS NOT A TRUST FUND. FRANCHISOR SHALL HAVE NO FIDUCIARY DUTY TO FRANCHISEE IN CONNECTION WITH THE COLLECTION OR USE OF THE BRAND FUND MONIES OR ANY ASPECT OF THE OPERATION OF THE BRAND FUND. FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR WILL HAVE NO LIABILITY TO FRANCHISEE FOR ANY DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED TO THE BRAND FUND OR ANY ADVERTISING PROGRAMS OR FRANCHISOR'S MODIFICATION OR DISCONTINUANCE FOR ANY REASON OF THE BRAND FUND OR ANY MARKETING, BRANDING, OR ADVERTISING PROGRAMS, OR FRANCHISEE'S PARTICIPATION THEREIN.

(b) **Regional Cooperative Advertising.** Franchisee agrees that Franchisor shall have the right, in its sole discretion, to designate from time to time a geographical area in which the Franchised Business is located or operates for the purpose of establishing an advertising cooperative (the "Cooperative"). If a Cooperative has been established applicable to the Franchised Business at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Cooperative. If a Cooperative applicable to the Franchised Business is established at any later time during the Term, Franchisee shall become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. In no event shall the Franchised Business be required to contribute to more than one Cooperative. The following provisions shall apply to each Cooperative:

(i) **Franchisor's Advance Approval.** Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, approved in advance by Franchisor in writing.

(ii) **Geographic Advertising.** Each Cooperative shall be organized for the purposes of producing and conducting general advertising programs and activities for use in and around the applicable geographic area and developing standardized promotional materials for use by the members.

(iii) **Same Basis.** Franchisor shall make contributions to each Cooperative of which it is a member on the same basis as required of comparable franchisees within the System.

(iv) **Franchisor's Approval.** No advertising programs or materials may be used by the Cooperative or furnished to its members, and no advertising or promotional activities may be conducted by the Cooperative, without the prior written approval of Franchisor. All such programs, materials and planned activities shall be submitted to Franchisor for approval in accordance with the procedure set forth in Section 8(f).

(v) **Contribution Amounts.** Each cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the governing body of the Cooperative.

(vi) **Timely Submission.** Franchisee shall make its contributions to the Cooperative on the date and in the manner designated by the Cooperative. Franchisee shall also submit such statements and reports as may be designated from time to time by the Cooperative. The Cooperative shall submit to Franchisor such statements and reports as Franchisor may designate from time to time.

(vii) **Discretionary Exemption.** Notwithstanding the foregoing, Franchisor, in its sole discretion, may, upon written request of a franchisee stating reasons supporting such request, grant to any franchisee an exemption from the requirement of membership in a Cooperative. Such an exemption may be for any length of time and may apply to one or more Franchised Businesses owned by such franchisee. If an exemption is granted to a franchisee, such franchisee may be required to expend on local advertising the full amount that would otherwise be payable to the Cooperative. Franchisor, in its sole discretion, may also exempt one or more Franchised Businesses owned or controlled by Franchisor from the requirement of membership in a Cooperative for such periods as Franchisor deems appropriate.

(viii) **Not a Trust Fund.** The Cooperative is not a trust fund. Franchisor shall have no fiduciary duty to Franchisee in connection with the collection or use of the Cooperative monies or any aspect of the operation of the Cooperative.

(c) **Local Advertising.**

(i) **Digital Launch Advertising.** Franchisee shall expend at least Five Thousand Dollars (\$5,000) per month ("Grand Opening Marketing Spend") to publicize the existence and opening of the Franchised Business using online marketing methods. This amount will not count toward the amount Franchisee must pay toward Franchisor's

Brand Fund, but it will count toward the amount Franchisee must spend each month for local advertising as set forth in Section 8(c)(ii). Grand Opening Marketing expenditures shall be used in the manner and for the uses approved by Franchisor and shall be expended during the time period that is thirty (30) days before the launch of the Franchised Business and sixty (60) days thereafter. Franchisee may expend additional amounts on such advertising, provided the form and content is approved by Franchisor as provided in Section 8(f). Franchisor may require Franchisee to provide proof of expenditures upon demand.

(ii) Local Advertising Requirement. In addition to the Grand Opening Marketing amounts Franchisee is required to spend pursuant to Section 8(c)(i), Franchisee shall spend the following amounts on local advertising as deemed advisable by Franchisee, in accordance with the Operations Manuals: Eight percent (8%) of Gross Revenues per month for the first twelve (12) months of Franchisee's operations and then beginning in the thirteenth (13th) month of Franchisee's operations and each month thereafter, Franchisee shall spend five percent (5%) of Gross Revenues per month. All such local advertising shall either have been prepared by Franchisor or approved by Franchisor pursuant to Section 8(f). If Franchisee fails to spend the required amount on local advertising, Franchisee must pay to the Brand Fund the amount Franchisee is required to spend on local advertising, less the amount Franchisee actually spent on local advertising that month.

(d) Supplemental Advertising. Franchisee shall have the right to conduct, at its separate expense, supplemental advertising in addition to the expenditures specified in this Section 8. All such supplemental advertising shall either have been prepared by Franchisor or approved by Franchisor pursuant to Section 8(f).

(e) Directory Advertising. Franchisee shall arrange for the listing of the Franchised Business's telephone number and email address in any print or online directory designated by Franchisor under the name "COUNT JUNKULA" or such other name as the Franchisor may designate. All advertising and promotion in such media (beyond a simple listing of name, address, and telephone number) shall be subject to Franchisor's approval. Franchisor has the right to arrange for directory listings for franchisees operating Franchised Businesses under the System and, at Franchisee's expense, for Franchisee; in which case Franchisee shall pay Franchisor as Franchisor may designate. Franchisee's rights to use and benefit from its assigned telephone number, email address, and directory listings are subject to the provisions of Section 18 of this Agreement.

(f) Approval by Franchisor. Any and all advertising and promotional materials Franchisee uses must be approved by the Franchisor. Prior to their use by the Cooperative or by Franchisee, all advertising and promotional materials not prepared or previously approved by Franchisor within the ninety (90) day period preceding their intended use shall be submitted to Franchisor for approval. If written approval is not received, the materials shall be deemed disapproved by Franchisor. Franchisor may disapprove of any advertising or promotional materials at any time. Neither the Cooperative nor Franchisee shall use any disapproved

advertising or promotional materials regardless of whether any such items had been previously approved by Franchisor.

(g) Franchisor Advertising. Franchisor may, from time to time, expend its own funds to produce such promotional materials and conduct such advertising as it deems necessary or desirable. In any advertising conducted solely by or for Franchisor, Franchisor shall have the sole discretion to determine the products and geographical markets to be included, and the medium employed and Franchisor shall not have any duty or obligation to supply Franchisee with any advertising or promotional materials produced by or for Franchisor at its sole expense. Franchisor may, from time to time, offer to provide to Franchisee such approved advertising and promotional plans and materials as Franchisor deems advisable. Franchisor expressly disclaims and Franchisee hereby acknowledges that Franchisee has not received or relied upon any warranty regarding the success of any advertising and/or promotional plans or materials recommended by Franchisor for use by Franchisee. Further, Franchisee acknowledges and agrees that all advertising and promotional plans and materials created in whole or in part by Franchisor are and remain the exclusive property of Franchisor. Franchisor shall have the right to include promotion of available franchises in all marketing and advertising materials, including, but not limited to, signage in Franchised Business, Online Presence, print media, and TV or radio spots.

(h) Ownership of Advertising. Franchisor shall be the sole and exclusive owner of all materials and rights which result from advertising and marketing program produced and conducted, whether by Franchisee, Franchisor, the Cooperative or the Brand Fund. Any participation by Franchisee in any advertising, whether by monetary contribution or otherwise, shall not vest Franchisee with any rights in the Marks employed in such advertising or in any tangible or intangible materials or rights, including, copyrights, generated by such advertising. If requested by Franchisor, Franchisee shall assign to Franchisor any contractual rights or copyright it acquires in any advertising.

(i) Online Presence and Email Address. Franchisee will not, directly or indirectly, establish or operate an Online Presence that in any way concerns, discusses or alludes to the Franchisor, the System or the Franchisee's Franchised Business without Franchisor's written consent, which Franchisor is not obligated to provide. An "Online Presence" includes (1) a website, other webpages, URL, or domain names, (2) accounts, pages, or profiles on social media sites; social networking sites; news sites and groups; online, internet, or digital directories; video, photography, audio, and messaging services; blogs; or forums, (3) e-commerce sites or accounts, (4) digital or online advertising and marketing content and services, (5) mobile applications, (6) virtual reality platforms, (7) identifiers of an Online Presence; or (8) a presence on any other type of online, internet, or digital tool, good, or service that may be developed. Further, the Marks may not be used as part of, in conjunction with, to establish or to operate any Online Presence or email address, unless specifically approved by the Franchisor, which approval Franchisor is not obligated to provide. Franchisee will not post, and will take such steps as necessary to ensure that its employees do not post, any information to an Online Presence relating to the Franchisor, the System, the Marks, or the Franchised Business that (a) does not comply with the Franchisor's then-current brand, social media, or Online Presence guidelines described in the Operations Manuals, (b) is derogatory, disparaging, or critical of the Franchisor, the System or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System

and/or the Marks. Franchisee shall not establish or permit or aid anyone else to establish any links to any Online Presence which Franchisor may create. Franchisee specifically acknowledges and agrees that any Online Presence will be deemed “advertising” under this Agreement, and will be subject to (among other things) Franchisor’s approval under this Agreement. Franchisor alone has the right, but not the obligation, to establish, maintain, modify or discontinue all internet and electronic commerce activities pertaining to the System, including through any Online Presence. Franchisor shall not be liable for downtime that may occur to any such Online Presence or email address, whether such downtime is caused by Franchisor or a third-party. Franchisor alone will be, and at all times remain, the sole owner of the copyrights to all material which appears on any Online Presence, including any and all material Franchisee may furnish to Franchisor for use on an Online Presence. Ownership of all URLs and other identifiers with any such Online Presence shall vest exclusively in Franchisor. Franchisor shall have the right, but not the obligation, to designate one or more webpage(s) or other form of Online Presence to describe Franchisee and/or the Franchised Businesses, with such webpage(s) or Online Presence to be located within Franchisor’s website or another Online Presence. Franchisee shall comply with Franchisor’s policies with respect to the creation, maintenance and content of any such web page(s) and any other Online Presence; and Franchisor shall have the right to refuse to post and/or discontinue posing any content and/or the operation of any webpage or Online Presence. Franchisee shall not establish a separate business email address, website or Online Presence, without Franchisor’s prior written approval (which Franchisor shall not be obligated to provide). If approved to establish an Online Presence or email address, Franchisee shall comply with Franchisor’s policies, standards and specifications with respect to the creation, maintenance and content of any such Online Presence or email address. Franchisor shall have the right to modify the provisions of this Section 8(i) relating to any Online Presence as Franchisor shall solely determine is necessary or appropriate. Franchisee shall not use the Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any Online Presence or email address of Franchisee, except as permitted by Franchisor’s then-current policies. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without Franchisor’s prior written consent as to Franchisee’s plan for transmitting such advertisements. For any Online Presence (and all URLs and other identifiers related to any Online Presence) and email addresses Franchisee is approved to create or use, Franchisor reserves the right, at its sole option and discretion, to have the Online Presence directly owned by Franchisor or to require any such Online Presence be transferred to Franchisor upon the termination, expiration, or non-renewal of this Agreement for any reason. Franchisor has the right to require that any Online Presence or email address Franchisee is permitted to create or maintain be registered in Franchisor’s name. Upon request, Franchisee must provide Franchisor with any login credentials for any Online Presence or email address Franchisee is authorized to use. Franchisor has the right to access any Online Presence to take corrective action if any content or post on the Online Presence is in violation of Franchisor’s policies and Franchisor may take ownership of any Online Presence upon expiration, non-renewal, transfer, or termination of this Agreement and operate it in Franchisor’s sole discretion.

9. National Accounts.

(a) Servicing National Account Customers.

(i) Establishing a National Account. At Franchisor's option and not obligation, Franchisor may enter into agreements with third parties to provide services to customers with multiple locations, whether those locations are all within Franchisee's Territory or not ("National Account"). Franchisee will have the right to service National Account customers within its Territory but may decline to serve the National Account customer upon the establishment of the National Account customer in the Territory or upon commencement of operations. If Franchisee does not decline to service the National Account customer, Franchisee shall continue to service the National Account customer through the duration of the Term and/or the length of the customer's National Account relationship with Franchisor. If Franchisee elects to provide services to National Account customers, Franchisee shall do so at the prices Franchisor establishes. If Franchisor has not established a price, Franchisee may provide services at Franchisee's standard rates. Franchisor reserves the right to manage all billing of National Account customers and Franchisee shall comply with Franchisor's billing requirements. Franchisor and its affiliates may solicit prospective National Account customers in Franchisee's Territory, whether or not Franchisee currently provides services to them. Franchisee shall comply with Franchisor's standards and requirements for providing services and products to National Account customers, which standards and requirements may be specific to each National Account customer. If a National Account is located outside Franchisee's Territory, Franchisor reserves the right to designate any of its franchisees or affiliates to service the National Account. Franchisee shall not service a National Account customer in an area outside of its Territory unless Franchisor gives Franchisee prior written permission to service the National Account.

(ii) Pricing. Franchisee agrees and acknowledges that Franchisor will negotiate the pricing for National Accounts and that such negotiations may result in discounted prices and higher volumes. Pricing for National Accounts may result in less revenue for Franchisees than if Franchisee were servicing the National Account customer independently. Franchisee acknowledges and agrees that Franchisor may set discounts, commissions, price structures, and performance and maintenance standards for National Accounts.

(iii) Service by Another Party. If (1) Franchisee initially declines to service a National Account, (2) Franchisee declines to service a National Account customer within twenty four (24) hours of receiving notice of the service request, (3) Franchisee fails to service the National Account customer in accordance with Franchisor's standards or by any specified deadlines, (4) Franchisor reasonably determines that Franchisee is not able to reliably service the National Account customer, or (5) the National Account customer requests that Franchisee not fulfill the service order, Franchisor may designate another party to service the National Account customer in the Territory from that time on without paying any compensation to Franchisee. Such designated parties could be Franchisor, Franchisor's affiliates, other franchisees, or another third party. Failing to service National

Account customers according to the terms of this Agreement, the Operations Manual, and/or the terms of the contract with the National Account customer is a default under this Agreement. Neither Franchisor nor any of its designated parties will be liable for or obligated to pay Franchisee any compensation for providing such services and neither Franchisor nor any of its designated parties will be considered in breach of any provision of this Agreement or any other agreement between the parties. Franchisee releases Franchisor, its affiliates, and other franchisee from any liability or obligation to Franchisee for providing services to such National Account customers in accordance with the terms of this Agreement and any policies and procedures that Franchisor develops and implements from time to time for National Accounts.

(b) National Account Fee. For services provided to a National Account customer, Franchisee shall pay Franchisor an additional fee (“National Account Fee”). The National Account Fee will vary by contract with National Account customers and will be listed in the Operations Manual or other communications from Franchisor. Franchisee shall pay Franchisor the National Account Fee according to the terms of Section 3 or as Franchisor may designate from time to time.

10. Service Vehicle(s).

(a) Service Vehicle. Franchisee shall be obligated to purchase or lease the vehicle(s) that Franchisor has authorized to provide approved goods and services to customers (each a “Service Vehicle”), the specifications for which are set forth in the Operations Manuals and are subject to change from time to time. All Service Vehicle(s) utilized in the Franchised Business must meet the System standards and must meet Franchisor’s specifications for equipment, safety, layout, appearance, decor and model. The Service Vehicle(s) must be wrapped and otherwise decorated in accordance with the System standards, which will include utilizing logos and designs that Franchisor specifies or approves. Additionally, the Service Vehicle(s) must be outfitted with the required equipment. Franchisor may require Franchisee to obtain equipment, wrapping and other decorative services for the Service Vehicle(s) from designated suppliers. Franchisor reserves the right to require Franchisee to utilize tracking systems and/or cameras with the Service Vehicle(s). Franchisor’s approval of a Service Vehicle(s) will not constitute a representation or warranty as to the safety of the Service Vehicle(s), nor does it constitute a representation or warranty by Franchisor that the Service Vehicle(s) complies with applicable laws, codes, ordinances, regulations or governmental standards.

(b) Number of Service Vehicle(s). Franchisee must have available a sufficient number of Service Vehicle(s) and equipment to promptly and adequately service all customers within the Territory. Franchisee shall begin operations of the Franchised Business with at least one (1) Service Vehicle(s). Franchisee shall add another Service Vehicle(s) each time Franchisee achieves an average of Thirty Thousand Dollars (\$30,000) of Gross Revenue per month per Service Vehicle for six (6) consecutive months. Subject to Franchisor’s approval, which shall not be unreasonably withheld, Franchisee may also add additional Service Vehicle(s) to meet the needs of the Franchised Business and its customers.

(c) **Approved Uses.** Franchisee and Franchisee's employees shall provide the services of the Franchised Business only with the approved Service Vehicle(s). Franchisee shall not use any vehicle other than the Service Vehicle(s) in the operation of any part of the Franchised Business without Franchisor's prior written consent. The Service Vehicle(s) must be used solely for the Franchised Business. Franchisor must give prior written permission for any other use of the Service Vehicle(s). It is acknowledged that such restrictions are necessary to present a uniform appearance to the public and preserve the goodwill associated with the Marks. Franchisee understands and acknowledges that the Service Vehicle(s) shall only be used for projects and work approved and/or authorized by Franchisor, and for no other purpose. Operators of the Service Vehicle(s) shall drive the Service Vehicle(s) in a manner consistent with federal, state, and local law and maintain all required drivers' licenses. Franchisee shall promptly pay all license and use charges and taxes assessed on or pertaining to the Service Vehicle(s) and shall hold Franchisor harmless therefrom. Franchisor shall have the right to approve certain types and/or models of Service Vehicle(s) for certain services. Franchisee shall not provide services to customers without the approved type and/or model of Service Vehicle. Franchisee may be required to attend additional training, at Franchisor's then-current additional training rate, before Franchisee is approved to use certain types and or/models of Service Vehicles in its Franchised Business.

(d) **Maintenance and Condition.** At its sole expense, Franchisee must upgrade, maintain and replace Service Vehicle(s) and Dumpsters periodically in accordance with System standards specified in in the Operations Manuals and other Franchisor communications from time to time, including appearance, logos, wraps, colors, signage, and equipment. All Service Vehicle(s) and Dumpsters must be maintained in good working order and be kept neat and clean. However, Franchisee shall not be required to replace a Service Vehicle until the conclusion of its useful life.

(e) **Disposition.** Franchisee shall not assign or sublet the lease for the Service Vehicle(s), sell or transfer the Service Vehicle(s), or otherwise part with possession of the whole or any portion of the Service Vehicle(s) during the Term without first obtaining the prior written consent of Franchisor, which consent shall not be unreasonably withheld. If Franchisee receives Franchisor's approval to assign, sublet, sell, or change possession of the Service Vehicle(s), Franchisee shall de-identify the Service Vehicle(s) as COUNT JUNKULA vehicles, including taking action to remove all references to COUNT JUNKULA and remove any uses of the Marks from the Service Vehicle(s). Franchisee shall provide Franchisor evidence of these steps at Franchisor's request. Franchisee shall provide Franchisor with a report identifying the party that is the assignee, sublessee, purchaser, or new possessor, such party's purchaser's contact information, and other information that Franchisor may require.

(f) **Lease.** Franchisor has the right to require Franchisee to lease the Service Vehicle(s) from a supplier that Franchisor approves. Franchisor or Franchisor's affiliate may be the designated supplier. Any lease of a Service Vehicle(s) shall be approved by Franchisor prior to Franchisee's execution of the lease. Franchisee shall provide Franchisor a copy of the lease at least ten (10) days prior to executing the lease and a copy of the executed lease no more than five (5) days after execution.

(g) **Purchase.** Franchisor has the right to require Franchisee to purchase the Service Vehicle(s) from a supplier that Franchisor approves. Franchisor or Franchisor's affiliate may be the designated supplier. Franchisee's purchase contract and/or financing documents shall contain the provisions that Franchisor may require from time to time, including, but not limited to the following provisions:

(i) a provision which requires any lender concurrently to provide Franchisor with a copy of any written notice of deficiency or default under the terms of the loan sent to Franchisee or its affiliate as the purchaser; and

(ii) a provision granting Franchisor, at its option, the right (but not the obligation) to cure any deficiency or default under the loan should Franchisee fail to do so, within ten (10) days after the expiration of any period in which Franchisee may cure such default or deficiency. Franchisee shall thereafter reimburse Franchisor for such amounts immediately upon demand.

11. Operations, Standards of Quality, Inspections.

(a) **Operations Manuals.** Franchisor will provide Franchisee with one (1) or more manuals, policy and procedure statements, or other written notice of standards and specifications which shall contain (i) the mandatory and suggested specifications, standards and operating procedures prescribed from time to time by Franchisor and (ii) information relative to other obligations of Franchisee hereunder and the operation of the Franchised Business (collectively, the "Operations Manuals"). For purposes of this Agreement "Operations Manuals" also includes separate manuals and alternative or supplemental communications of the Franchisor such as by bulletins, emails, video, audio, and other electronic or print methods. The Operations Manuals shall at all times remain the sole property of Franchisor and shall promptly be returned to Franchisor upon the expiration, non-renewal, or other termination of this Agreement for any reason. Franchisor may, from time to time, revise the contents of the Operations Manuals. To the extent that Franchisor shall deem it necessary or appropriate, Franchisor will provide Franchisee with policy and procedure statements or other written notice of specifications standards and procedures, policies, and other standards and specifications contained in the Operations Manuals, policy and procedure statements and other written notices as issued from time to time by Franchisor. Franchisee acknowledges and agrees that all information in the Operations Manuals, policy and procedure statements and other notices constitute confidential information and trade secrets, and shall not be disclosed at any time by Franchisee. Franchisee shall not copy, disclose, duplicate, record or otherwise reproduce, in whole or in part, for whatever reason, the Operations Manuals or any other communication or information provided by Franchisor. Franchisor shall have the right to modify the policies and procedures of the Operations Manuals at any time, which modifications shall be binding upon Franchisee.

(b) **Compliance with Specifications and Procedures.** Franchisee acknowledges that the Operations Manuals are designed to protect Franchisor's Marks, brand image, goodwill, and standards and systems, and not to control the day-to-day operation of the business. Franchisee shall comply with all rules, regulations, and directives specified by Franchisor, as well as all

mandatory standards, specifications and procedures contained in the Operations Manuals, as amended from time to time.

(c) **Compliance with Franchisor's Standards.** Franchisee shall operate the Franchised Business through strict adherence to Franchisor's standards, specifications and policies as they now exist, and as they may from time to time be modified. Such standards and policies include, without limitation: (i) services and products offered; (ii) hours of operation for a Franchised Business; (iii) safety standards; (iv) employee uniform requirements and specifications; and (v) use of specified emblems and Marks on uniforms, the Service Vehicle(s), and other products. Franchisee agrees to follow and to require its employees to follow the instructions of Franchisor.

(d) **Variations in Standards.** Because complete and detailed uniformity under varying conditions may not be possible or practical, Franchisor specifically reserves the right, in its sole discretion and as it may deem in the best interests of Franchisee or the Chain, to vary standards for the Franchised Business or any other Franchised Business in the Chain based upon peculiarities of particular locations or circumstances, including, but not limited to, density of population and other demographic factors, size of Franchisee's Territory, business practices or customs, or any other condition which Franchisor deems to be of importance to the operation of such Franchised Business or the Chain. Franchisee acknowledges that because of these factor and others, there may be variations from standard specifications and practices throughout the Chain and that Franchisee shall not be entitled to require Franchisor to grant like or similar variations or privileges to Franchisee.

(e) **Compliance with Laws.** Franchisee shall at all times during the Term comply with all laws, ordinances, rules and regulations of all applicable governmental bodies, and pay any and all taxes, assessments, fines and penalties arising out of the operation of the Franchised Business, including state and federal unemployment taxes and sales taxes. Franchisee shall comply with all environmental laws applicable to the services provided by the Franchised Business. Franchisee shall obtain and maintain all licenses and permits necessary to operate the Franchised Business. If Franchisee fails to make a tax payment and Franchisor does so on Franchisee's behalf, Franchisee must reimburse Franchisor.

(f) **Courtesy, Cooperation, Fair Dealing and Ethical Business Practices.** In all dealings with customers, suppliers, Franchisor and others, Franchisee will act according to the highest standards of honesty, integrity, fair dealing and ethical conduct. At all times and under all circumstances, Franchisee and its employees shall treat all customers and other persons, including Franchisor's agents, officers, and employees with the utmost respect and courtesy, and shall fully cooperate with Franchisor and its agents, officers, and employees in all aspects of the franchise relationship. Franchisee will operate Franchisee's business in full compliance with all applicable laws, ordinances and regulations, including all licensing requirements. Franchisee will not engage in any illegal discriminatory practices. Franchisor makes no representations as to what (if any) licenses, permits, authorizations or otherwise will be required in connection with Franchisee's establishment or operation of Franchisee's business. It is Franchisee's sole responsibility to determine what licenses, permits, authorizations or otherwise are required and to obtain them, all at Franchisee's expense. Franchisee will refrain from any practice which may injure the goodwill

associated with the Marks. Franchisee will notify Franchisor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which relates to, or which may affect the operation or financial condition of, Franchisee, Franchisee's business and/or the Marks.

Franchisee agrees to comply and/or assist Franchisor in Franchisor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise. Franchisee agrees to comply and assist Franchisor in Franchisor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist 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 Franchisee's business as may be required by Franchisor or by law. Franchisee confirms that Franchisee is not listed in the Annex to Executive Order 13224 and agrees not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at <http://www.treasury.gov>). 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 19 of this Agreement pertain to Franchisee's obligations hereunder.

(g) Franchisee Control. Franchisee acknowledges that it is responsible for the day-to-day operation of its Franchised Business, including hiring, setting the conditions of employment, supervision, discipline and termination of all personnel, purchases and maintenance of equipment and supplies, preparing Franchisee's own marketing plans and funding and implementing those marketing plans, maintenance of employment records, and daily maintenance, safety, security and the achievement of compliance with the Operations Manuals. Franchisor's ability to approve certain matters, to inspect the Franchised Business and its operations and to enforce its rights, exists only to the extent necessary to protect its interest in the System and the Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to Franchisee.

(h) Training. It will be solely Franchisee's responsibility to ensure that all new employees and current employees are trained to perform their duties in a proper manner at the Franchised Business and Franchisee shall implement and maintain an employee training program, at Franchisee's expense, pursuant to all specifications, standards and procedures prescribed by Franchisor. Franchisee shall ensure that all employees have all necessary certifications and credentials as required by applicable state laws and licensing regulations, and that all employees must satisfy all continuing educational training requirements as may be specified by applicable laws, regulations. In the event that Franchisee is unable to, or fails to, provide the employee training required by this Section 11(h), Franchisor may train Franchisee's employees at Franchisee's then-current training rates, and Franchisee shall reimburse Franchisor for all expenses, including reimbursement for mileage at the then-current IRS reimbursement rate, living and travel expenses incurred by Franchisor as a result of such training. Training by Franchisor will be at reasonable times and subject to availability of Franchisor's representatives. In the event that Franchisor provides training to Franchisee's employees upon Franchisee's request, Franchisee

hereby releases, indemnifies and holds harmless Franchisor and its affiliates, agents and employees from all claims, causes of action, expenses, costs, debts, fees, liabilities and damages of every kind arising out of or related to the training and/or the continuing education of Franchisee's employees as set forth herein. Franchisor shall have the right to approve certain types and/or models of Service Vehicle(s) for certain services. Franchisee shall not provide services to customers without the approved type and/or model of Service Vehicle. Franchisee may be required to attend additional training, at Franchisor's then-current additional training rate, before Franchisee is approved to use certain types and or/models of Service Vehicles in its Franchised Business. Franchisor reserves the right to assess a training fee or attendance fee for any conference, convention, or other training Franchisor or its approved suppliers provide.

(i) **Employment Matters.** Franchisee's employees are not Franchisor's agents or employees, and Franchisor is not a joint employer of these individuals. Franchisee shall not use independent contractors and/or subcontractors to provide junk removal services. Franchisee is solely responsible for performing all administrative functions at the Franchised Business, including payroll and providing workers' compensation insurance. Franchisee acknowledges that it is not economically dependent on Franchisor, and that Franchisor does not provide facilities, equipment or house or transport Franchisee's employees or provide to Franchisee's employees tools or materials required for Franchisee's employees to perform services for Franchisee. Franchisee shall comply with all employment laws and regulations. At all times, Franchisee shall ensure that Franchisee and Franchisee's employees are in compliance with federal, state, and local tax laws.

(j) **Employer Acknowledgment.** Franchisee shall obtain from each of its employees an acknowledgment signed by such persons providing that such individual understands, acknowledges, and agrees that (i) he or she is an employee of Franchisee and not Franchisor and (ii) he or she shall look solely to Franchisee, and not to Franchisor or its affiliates, agents, or employees, for his or her compensation and for all other employment matters.

(k) **Franchisee Developments.** Franchisor shall be deemed the owner and have the right to use and incorporate into the System for the benefit of other franchisees and Franchisor any modifications, ideas or improvements, in whole or in part, developed or discovered by Franchisee or Franchisee's employees or agents, without any liability or obligation to Franchisee or the developer thereof.

(l) **Business Relations.** Franchisee shall at all times operate the Franchised Business in a financially sound, prudent and business-like manner and, without limiting the generality of the foregoing, pay all its bills and accounts promptly when due and shall take no action, or omit to take any action, the result of which would be to tend to disrupt, damage or jeopardize Franchisee's relationship with suppliers or customers, Franchisor's good reputation, or the good reputation of Franchisor's other franchisees. Franchisee will not engage in any trade practice or other activity which is harmful to the goodwill or reflects unfavorably on the reputation of Franchisee, Franchisor, the Franchised Business, the Marks, the services and/or products sold at the Franchised Business, or constitutes deceptive or unfair competition or otherwise is in violation of any applicable laws.

(m) **Crisis Situations.** Franchisee shall notify Franchisor immediately upon the occurrence of any situation that may have a material impact on the Franchisee, Franchisor, Franchised Business, or which could have a deleterious effect on the COUNT JUNKULA brand, Marks or System. Franchisee shall follow all of Franchisor's policies, procedures, and instructions in every such situation, including, without limitation, managing public relations and communications, as directed by the Franchisor or as specified in the Operations Manuals, whether or not Franchisee has retained outside counsel or a public relations firm to assist with such matters. A Crisis includes, but is not limited to, any event that occurs at, with, or about the Premises or Service Vehicle(s) that has or may cause harm or injury to customers or employees. Examples include, but are not limited to, car accidents, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the System, Marks, or image or reputation of the Franchised Business, the System or Franchisor. Franchisee will cooperate fully with Franchisor with respect to Franchisor's response to the Crisis. In the event of the occurrence of a Crisis, Franchisor may establish emergency procedures which may require Franchisee to temporarily cease to operate the Franchised Business to provide services to customers, in which event Franchisor shall not be liable to Franchisee for any loss or costs, including consequential damages or lost profits occasioned thereby.

(n) **Change in Marital Status.** If Franchisee or one of its Owners has a change in marital status, Franchisee shall promptly inform Franchisor of that change and Franchisee agrees that any new spouse will sign Franchisor's form guaranty, and noncompetition and confidentiality agreements.

(o) **Books and Records; Financial Reporting.**

(i) **Books and Records.** Franchisee shall maintain during the term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Franchisee's expense, full, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles. Franchisee shall maintain such records, unless otherwise authorized by Franchisor, at the Premises. Franchisee agrees at all times to use the chart of accounts and accounting procedures established from time to time by Franchisor.

(ii) **Submission of Performance Reports.** Franchisee shall submit to Franchisor, for review or auditing the following performance reports: (a) Gross Revenues reports and performance reports for the previous Monday through Sunday; and (b) monthly financial statements, including a balance sheet and income statement, and such forms, reports, records, information, and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, including without limitation, by electronic telecommunications data transmission methods, upon request and as specified from time to time in the Operations Manuals or otherwise in writing. If Franchisee prepares and submits to Franchisor monthly profit and loss statements, Franchisor may require Franchisee to have a certified public accountant review such statements on a quarterly basis, the expense of which shall be borne entirely by the Franchisee, and then submit such quarterly reviews to the Franchisor. Franchisee also shall immediately notify Franchisor in writing when one (1) or more liens or judgments are filed

against the Franchisee, the Franchised Business and/or any of the personal guarantors (if any) under this Agreement.

(iii) **Submission of Financial Statements and Tax Returns.** Franchisee shall, Franchisee shall submit, within sixty (60) days following the close of business of Franchisee's fiscal year, copies of a balance sheet, profit and loss statement and cash flow report prepared and certified by a certified public accountant which cover the previous twelve (12) months of operations of the Franchised Business. The statements shall include a statement of income and a balance sheet certified by Franchisee as true and correct and shall be furnished within forty-five (45) days after the end of each fiscal year of the Franchised Business. The fiscal year of the Franchised Business must coincide with the calendar year. Franchisee also shall submit, within five (5) days of their filing, its federal and state tax returns for each year during the term of this Agreement; provided, however, that if Franchisee is not a corporation or partnership, Franchisee may, at its option, submit only those schedules to its personal tax filings which reflect the revenues and expenses of the Franchised Business.

(iv) **Audit of Franchisee's Records.** Franchisor or its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records, and tax returns of the Franchised Business and remove copies thereof from the Premises and/or Service Vehicle(s). Franchisor shall also have the right at any time, at Franchisor's expense, to have an independent audit made of the Franchised Business books, records and accounts. If any inspection or audit reveals that an underpayment exists, Franchisee shall immediately pay to Franchisor the amount owing to Franchisor, as determined by the inspection or audit. Upon discovery of an understatement of two percent (2%) or more, in addition to prompt payment of the underreported amount, Franchisee shall reimburse Franchisor for any and all expense connected with such inspections or audits, including but not limited to reasonable accounting and legal fees as well as interest as provided for in Section 3 of this Agreement. Such payments shall be without prejudice to any other remedies Franchisor may have under this Agreement or otherwise at law. If a discrepancy of less than two percent (2%) is revealed, Franchisor will bear the costs of the audit.

(v) **Forms.** Franchisee will use only such forms, including, without limitation, those used in and generated by the required Computer Systems, as are approved by Franchisor in the Operations Manuals or otherwise in writing. Franchisee will obtain all forms specified by Franchisor and/or the required Computer Systems, at Franchisee's expense, from suppliers approved by Franchisor. Franchisor may maintain and make available to Franchisee all or a portion of such forms on the intranet system in addition to, or in lieu of, providing hard copies to Franchisee.

(p) **Computer Systems.**

(i) **Obligation to Obtain Computer Systems.** Franchisee, at its expense, shall purchase or lease and thereafter maintain such computer hardware and software, mobile application(s) (including the Mobile Applications), cloud-based systems and/or software,

smartphone(s), tablet, broadband high-speed internet service, active e-mail account, required dedicated telephone and power lines, modem(s) printer(s), point-of-sale systems, scheduling systems, electronics, communications systems, and other computer-related or technology- related accessories or peripheral equipment as Franchisor specifies ("Computer Systems"). Franchisor's requirements for the Computer Systems will be updated from time to time as deemed necessary by Franchisor in accordance with changing technology and industry standards and may include the requirement to purchase or lease new Computer Systems. Franchisee must periodically update, as required by the Franchisor and/or the Computer Systems' manufacturers or vendors, all Computer Systems solely at the Franchisee's expense. Franchisee may be required to license proprietary Computer Systems directly from Franchisor or Franchisor's affiliates. Franchisee may be required to enter into license agreement(s) with Franchisor or other suppliers to provide all or part of the Computer Systems. Franchisor and its agents shall have the right to access all information related to the operation of the Franchised Business that is accessed or stored on the Computer Systems, whether in-person or from a remote location, without the need for Franchisee's consent, at the times and in the manner prescribed by Franchisor. Franchisor may use data from the Computer Systems in any way it deems fit. Despite the fact that Franchisee agrees to buy, use, and maintain the Computer Systems according to Franchisor's standards and specifications, Franchisee will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer Systems; (2) the manner in which the Computer Systems interfaces with Franchisor's and any third party's computer system; and (3) any and all consequences if the Computer Systems is not properly operated, maintained, and upgraded. Franchisee may not install any software, other than authorized upgrades, or make any hardware modifications to the Computer Systems that might hamper or interfere with the operation of the Computer Systems in the manner Franchisor requires. Franchisee acknowledges and agrees that Franchisor shall have no responsibility under any circumstances for any malfunction or "crash" of any Computer System provided by or approved by Franchisor, including, but not limited to, for any data lost as a result of such malfunction or "crash." Franchisor shall have unlimited, independent access to all information and data (including the Franchisee Data) produced by or otherwise located on any of Franchisee's Computer Systems.

(ii) **Connection to Franchisor's Systems.** Franchisor has the right to require Franchisee to connect to Franchisor's computer or wireless system. If required, Franchisee shall provide such assistance as may be required to connect its Computer Systems with Franchisor's computer or wireless system. Franchisor shall thereafter have the right from time to time and at any time to retrieve and use for any purpose such data and information from Franchisee's Computer Systems, or from any third party or Franchisor-provided Computer Systems as Franchisor, in its sole and exclusive discretion, deems necessary or desirable. In view of the contemplated interconnection of Computer Systems and the necessity that such systems be compatible with each other, Franchisee expressly agrees that it will strictly comply with Franchisor's standards and specifications for all item(s) associated with Franchisee's Computer Systems. Franchisor shall have no liability to Franchisee as a result of Franchisor access or failing to access the Computer Systems.

Franchisee shall provide Franchisor with all required passwords or login credentials to access the Computer Systems.

(iii) **Telephone and Connectivity.** Franchisee will secure and maintain separate business telephone lines for telephone, email and facsimile use at the Franchised Business as specified by Franchisor in the Operations Manuals or otherwise. Franchisee will also secure and maintain high speed Internet connection at the Franchised Business as specified by Franchisor in the Operations Manuals or otherwise. Franchisee will provide continuous telephone answering coverage by an employee whenever the Franchised Business is open for business. Franchisee will be solely responsible for the payment of all bills which result from the use and/or maintenance of the telephone lines and Internet connections at the Franchised Business and the operation of all Computer Systems.

(iv) **Data.** All data provided by Franchisee, uploaded to Franchisor's system from Franchisee's system, and/or downloaded from Franchisee's system to Franchisor's system, is, and will be owned exclusively by Franchisor and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Business (including but not limited to consumer and transaction data), is and will be owned exclusively by Franchisor during the term of, and following termination, non-renewal, or expiration of, this Agreement for any reason. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the establishment and operation of the Franchised Business pursuant to this Agreement.

(q) **Franchise Advisory Council.** Franchisor may, but is not obligated to, form a Franchise Advisory Council selected by Franchisor in Franchisor's sole discretion, which shall provide Franchisor input as Franchisor may request from time to time ("FAC"). The FAC exists at Franchisor's pleasure, and Franchisor is not obligated or bound by any input provided by the FAC. The FAC will consist of franchisees in full compliance with this Agreement and/or Franchisor's representatives. Franchisor has the right to add or remove members of the FAC in Franchisor's sole discretion.

(r) **Data Protection; Privacy.**

(i) **Data Protection and Security Policies.** Franchisee shall comply with, or, as applicable, adopt policies consistent with the then-current version of Franchisor's data protection and security policies as may be described in Franchisor's Operations Manuals ("Data Protection and Security Policies"). Such policies may govern how Franchisee Data and Personal Information (as defined below) contained in such data shall be accessed, shared, stored, protected, disposed of, or destroyed. Franchisor has the right, but not the obligation to create such Data Protection and Security Policies. Franchisee acknowledges that Franchisor may supplement, modify or amend the Data Protection and Security

Policies from time to time in its sole discretion, and that Franchisee shall comply with such modifications or amendments within thirty (30) days of notice from Franchisor. Franchisor may require Franchisee to institute a data privacy policy for its Franchised Business. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

(ii) **Privacy Laws.** Franchisee warrants and represents and covenants that it shall comply with (i) applicable prevailing industry standards concerning privacy, data protection, confidentiality and information security, including, without limitation, the then-current Payment Card Industry Data Security Standard of the PCI Security Standards Council (the "PCI-DSS"), (ii) those Security and Data Protection Policies mandated by the Operations Manuals, if any, and (iii) all applicable international, federal, state, and local laws, rules, and regulations, as the same may be amended or supplemented from time to time, pertaining in any way to the privacy, confidentiality, security, management, disclosure, reporting, and any other obligations related to the possession or use of Personal Information (collectively, "Privacy Laws").

(iii) **Marketing; Consumer Protection.** Franchisee warrants and represents not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Franchisor's written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003"), and to use of automatic dialing systems, SMS text messages, and artificial or prerecorded voice messages, including but not limited to the Telephone Consumer Protection Act of 1991 ("TCPA"). Franchisee must comply with the Fair and Accurate Credit Transactions Act (FACTA) and all other consumer protection laws and regulations.

(iv) **Security Breach.** Franchisee shall cooperate with Franchisor in any audit that Franchisor may conduct from time to time of its data storage and management systems and Franchisee's storage of Personal Information. In addition, if Franchisee becomes aware of any actual or suspected unauthorized access, processing, loss, use, disclosure, alteration, destruction or other compromise or acquisition of or access to any information, whether such information is stored in paper or electronic form, (i) that can be used to identify, locate or contact an individual, including but not limited to Franchisee's employees and customers (collectively, "Personal Information"); (ii) that is subject to any of the Privacy Laws and/or PCI-DSS; or (iii) that might reasonably expose Franchisor to any harm or prejudice of any type or actual or suspected intrusion by an unauthorized third party into Franchisee's or Franchisor's computers, networks, servers, IT resources, or paper files (a "Security Breach"), Franchisee shall immediately notify the Franchisor's President via telephone of such matter and shall thereafter cooperate with Franchisor to investigate and remedy such matter. Except to the extent required by applicable law, no public disclosure of any instance of such unauthorized access or breach shall be made by Franchisee unless Franchisor has authorized the provision of notice and the form of such

notice in writing. Franchisee shall reimburse Franchisor for all reasonable Notification and Remediation Related Costs (hereinafter defined) incurred by Franchisor arising out of or in connection with any such Security Breach that is directly or indirectly caused by Franchisee or its personnel. "Notification and Remediation Related Costs" shall include Franchisor's internal and external costs associated with addressing and responding to the Security Breach, including but not limited to: (i) preparation and mailing or other transmission of legally required notifications to affected individuals, regulators and attorneys general; (ii) preparation and mailing or other transmission of such other communications to customers, agents or others as Franchisor deems reasonably appropriate; (iii) establishment of a call center or other communications procedures in response to such Security Breach (e.g., customer service FAQs, talking points and training); (iv) engagement of information technology consultants, public relations and other similar crisis management services; (v) payment of legal and accounting fees and expenses associated with Franchisor's investigation of and response to the Security Breach; and (vi) payment of costs for commercially reasonable credit reporting services that are associated with legally required notifications or are advisable under the circumstances. Franchisee agrees to hold harmless, defend and indemnify Franchisor and its officers, directors, agents, and employees from and against any and all losses, expenses, judgments, claims, attorney fees and damages arising out of or in connection with any claim or cause of action in which Franchisor shall be a named defendant and which arises, directly or indirectly, out of the operation of, or in connection with a Security Breach or Franchisee's or Franchisee's officers, directors, agents or employees' violation of any Privacy Law or regulation, consumer protection-related law or regulation, e-mail marketing and other marketing laws and regulations, and the PCI-DSS.

(v) **Inspection.** Franchisor, through its employees and/or any agents designated by Franchisor from time to time, may at any time during business hours, and without prior notice to Franchisee enter upon and inspect the Premises and/or Service Vehicle(s) and examine Franchisee's Computer Systems, databases, business records and other supporting records and documents in order to verify compliance with its Data Protection and Security Policies, and Privacy Laws. Any such inspection shall be made at Franchisor's expense, provided that if such inspection is necessitated by Franchisee's repeated or continuing failure to comply with the Data Protection and Security Policies, Privacy Laws, this Agreement or the Franchise Agreement, Franchisor may charge Franchisee for the costs of making such inspection, including without limitation, travel expenses, room and board, and compensation of Franchisor's employees and/or agents.

(vi) **Personal Information Requests.** Franchisee shall fully comply with Data Protection and Security Policies as they relate to requests regarding individuals' personal information, as it may be defined under international, federal, state, and local law. If requested by Franchisor, Franchisee must cooperate or coordinate with Franchisor to identify personal information Franchisee has accessed, collected, retained, or used in any way.

(vii) **Use of Personal Information.** Franchisee shall not use, disclose, retain, transfer, share, or sell Personal Information, or personal information as it may be defined

under international, federal, state, and local law, unless such action is permitted by (i) the terms of this Agreement, (ii) the terms of the Data Protection and Security Policies, (iii) the standards in the Operations Manuals, and/or (iv) written approval of Franchisor.

(s) **Credit Card Processing.** Franchisee agrees to use such credit card processing services approved by Franchisor and to purchase and maintain, at Franchisee's expense, any equipment necessary to permit such credit card processing functionality. Notwithstanding the credit card processing requirement, Franchisor does not represent, nor does it certify or warrant, to Franchisee or Franchisee's customers that the credit card processing service approved by Franchisor is compliant, whether or not certified as such, with the PCI Data Security Standards.

(t) **Warranty and Customer Service.** Franchisee must guaranty the satisfaction of customers. Franchisee must follow the procedures for customer complaints found in the Operations Manual. Resolution of customer concerns may involve discounting products or services and other such measures that affect the Gross Revenues of the Franchisee.

(u) **Evidence of Relationship.** Franchisee shall hold itself out to the public as an independent contractor by, without limitation: (i) clearly identifying itself in all dealings with third parties as a franchised, independently owned and operated entity, including on all public records, checks, stationery, contracts, receipts, marketing materials, envelopes, letterhead, business cards, employment applications, and other employment documents, invoices and other communications, electronic or otherwise; and (ii) displaying a sign in the Franchised Business and Service Vehicle(s) so as to be clearly visible to the general public indicating that the Franchised Business is independently owned and operated as a franchised business.

(v) **Secret Shoppers; Toll-Free Number; Etc.** Franchisor may, at its sole discretion, institute various programs for verifying customer satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including, without limitation, marketing research surveys, a toll-free number, customer comment cards, secret shoppers, or otherwise. Franchisor will share with Franchisee the results of such programs as they pertain to Franchisee's business and Franchisee agrees to reimburse Franchisor for all costs associated with any and all such programs, which cost may be drafted by EFT at the sole discretion of Franchisor.

(w) **Telephone Number.** Franchisee shall establish a local telephone number for the Franchised Business. Franchisee shall keep Franchisor notified as to the current telephone number for the Franchised Business. In no event shall Franchisee use such number for any other business. Franchisee further covenants that in the event it obtains any additional or substitute telephone service or telephone number at the Franchised Business, it will promptly notify Franchisor and such additional or substitute number shall be subject to the terms of this subsection.

(x) **Payment of Taxes.** Franchisee shall promptly pay to Franchisor an amount equal to all taxes levied or assessed, including, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, taxes on royalties, any similar taxes or levies, imposed upon or required to be collected or paid by Franchisor or Franchisor's affiliates by reason of the furnishing of products, intangible property (including trademarks and trade names) or services by Franchisor to Franchisee

through the sale, license, or lease of property or property rights provided by this Agreement, other than taxes on Franchisor's net income.

(y) **Operations Manager.** Franchisee shall designate an individual to serve as the "Operations Manager" for the Franchised Business, which may be Franchisee, an Owner of Franchisee or another Franchisee employee. The Operations Manager shall meet the following qualifications:

(i) **Management Responsibility.** The Operations Manager shall devote full time and best efforts to the management, supervision, and conduct of the development and operation of the Franchised Business in order to ensure compliance with this Agreement and to maintain Franchisor's high standards. Management responsibility shall include, without limitation, maintaining the highest standards of service, environmental safety, sanitation, product quality and consistency and supervising employees to ensure that the highest standard of service is provided and to ensure that Franchisee's employees deal with customers, suppliers, Franchisor, and all other persons in a courteous and polite manner.

(ii) **Qualifications.** The Operations Manager shall be approved by Franchisor, complete Franchisor's initial training requirements, participate in and complete to Franchisor's satisfaction all additional training as may be reasonably required by Franchisor. The Operations Manager shall agree in writing to be bound by non-compete and confidentiality provisions substantially similar to those contained in Sections 14 and 15 of this Agreement.

(iii) **Change.** If at any time for any reason the Operations Manager no longer qualifies to act as such, Franchisee shall promptly designate another Operations Manager subject to the same qualifications set forth in this Section 11. The Franchisor shall receive advanced written notice of any change in the Operations Manager.

(z) **Requirements for Employees.** Franchisee must employ a sufficient number of employees to ensure efficient service to customers. Franchisee is required to obtain background checks on its employees. Franchisor may designate a required supplier of background checks that Franchisee must use. Franchisee is solely responsible for ensuring that its employees have the necessary permits and licenses to work in the Franchised Business, including driver's licenses.

(aa) **Prohibited Materials.** Franchisee shall not remove or haul any hazardous materials, including but not limited to solvents, liquid paints or chemicals, liquid waste, sludge, asbestos, materials containing PCBS, oil or gasoline. Franchisee shall not operate the Franchised Business to routinely pick up garbage and waste from customers on commercial or residential routes.

12. Products; Services.

(a) **Products and Supplies.** In the operation of the Franchised Business, Franchisee shall use and sell only those vehicles, products, materials, supplies, equipment, and technology that have been specifically designated or approved by Franchisor. To the extent that Franchisor

has established designated or approved suppliers, Franchisee shall obtain all vehicles, products, materials, supplies, equipment, technology and services that are used in operation of the Franchised Business from suppliers that Franchisor shall have specifically designated or approved. Franchisee may be required to purchase from Franchisor certain products or services, or Franchisor may designate an affiliate as the designated supplier of any vehicles, products, materials, supplies, equipment, technology, or service used in the operation of the Franchised Business. Franchisor may designate exclusive suppliers for any vehicles, products, materials, supplies, equipment, technology and services. Franchisor or its affiliates may receive payments or other compensation from suppliers on account of the suppliers' dealings with Franchisor, Franchisee, or other franchised businesses in the System. Franchisor may use any amounts that it receives from suppliers for any purpose that Franchisor deems appropriate. Franchisor and its affiliates may negotiate supply contracts with its suppliers under which Franchisor is able to purchase vehicles, products, equipment, supplies, and services at a price lower than that at which franchisees are able to purchase the same items. Franchisor may, from time to time, amend the list of approved products, equipment, vehicles, and suppliers, and Franchisee must comply with any such changes within thirty (30) days after receiving notice of the change. Products and services other than those required to be obtained from Franchisor or a designated supplier may be purchased from any source provided that the particular supplier, services, and products have been approved by Franchisor. Franchisor may, from time to time, amend the list and this section of approved products, services, and suppliers. If Franchisee requests that Franchisor review a new or alternate supplier, service, or product, Franchisee shall pay Franchisor's then-current evaluation fee plus any costs and expenses Franchisor incurs as a result of its evaluation.

(b) Services. Franchisee agrees that it will offer and sell only those services specifically designated or approved by Franchisor and do so in accordance with the terms of this Agreement and the Operations Manuals.

(c) Pricing. Franchisee shall have the right during the Term to set prices provided that, subject to applicable antitrust laws, such pricing: (1) complies with any minimum or maximum prices set by Franchisor; and (2) complies with any prices specified by Franchisor; (3) conforms to any bona fide promotional programs periodically established by the Franchisor, and (4) complies with Franchisor's National Account program. Franchisor retains the right to modify its pricing policies from time to time in its sole discretion. Franchisee must provide to Franchisor a price list containing all of the prices charged for the products supplied by the Franchised Business. The price list must be updated and supplied to Franchisor every time Franchisee alters its prices and, in any event, at least annually. Franchisor specifically reserves the right, in its sole discretion and as it may deem in the best interests of Franchisee or the Chain, to vary pricing standards and policies within the Franchised Business or any other Franchised Business in the Chain based upon peculiarities of particular location or circumstances, including, but not limited to, density of population and other demographic factors, size of a franchisee's territory, business practices or customs, cost of a franchisee's rent or mortgage payments, or any other condition which Franchisor deems to be of importance to the operation of such Franchised Business or the Chain. Franchisee acknowledges that because of these factors and others, there may be variations from standard pricing policies and practices throughout the Chain and that Franchisee shall not be entitled to require Franchisor to grant like or similar variations or privileges to Franchisee.

(d) **System Changes.** Franchisee acknowledges that the System, the services, and products offered by the Franchised Business may be modified (such as, but not limited to, the addition, deletion, and/or modification of operating procedures, products, and services) from time to time by Franchisor; and Franchisee agrees to comply, at its expense, with all such modifications, including, without limitation, all requirements needed to implement the modifications. Franchisee agrees there is no limit to Franchisor's ability to modify the System. Franchisee may be required to pay additional or increased fees to Franchisor, its affiliates, or third party vendors, as a result of these System changes.

(e) **Technology Changes.** Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it will abide by those reasonable new standards established by Franchisor, at Franchisee's sole cost and expense. Franchisee may be required to pay additional or increased fees to Franchisor, its affiliates, or third-party vendors, as a result of these changes to technology.

(f) **Promotional Requirements.** Franchisor has the right to require Franchisee to participate in national, regional, and local giveaways and promotions. Franchisee may be required to provide free or discounted products or services as a result of such giveaways or promotions. Franchisor is not required to reimburse Franchisee for Franchisee's costs and expenses incurred as a result of these giveaways and promotions.

FRANCHISOR AND ITS AFFILIATES MAKE NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES OR OTHER ITEMS FRANCHISOR APPROVES AND FRANCHISOR EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION AND ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, OR OTHER APPROVED ITEMS.

13. Transfer; Franchisor's Right of First Refusal.

(a) **Transfers by Franchisor.** This Agreement, and any and/or all of Franchisor's rights and/or obligations under it, are fully transferable by Franchisor in Franchisor's sole discretion and will inure to the benefit of any person or entity to whom Franchisor transfers it, or to any other legal successor to Franchisor's interest in this Agreement. If Franchisor transfers this Agreement, or any and/or all of Franchisor's rights and/or obligations under it, all past, current and future obligations of Franchisor to Franchisee will cease and be forever extinguished. Franchisor shall be released from all obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer or assignment, and Franchisee's obligations and duties shall be and will remain the same notwithstanding any such assignment. Franchisor may be sold and/or Franchisor may sell any or all of its assets to a competitive or other entity; or Franchisor may participate in an initial, or other, public offering or private placement of

Franchisor's stock; may merge, acquire other entities and/or assets (competitive or not); may be acquired by a competitive or other entity; and/or may undertake any refinancing, leveraged buy-out and/or other transaction. Franchisee waives any and all claims, demands and/or damages with respect to any transaction or otherwise allowed under this section or otherwise.

(b) Transfers by Franchisee. The rights and interest of Franchisee under this Agreement are and shall remain personal to Franchisee. Franchisee recognizes that Franchisor has granted the License in reliance on the business and financial capacity and other attributes of Franchisee, the personal skill, qualifications and representations of the Owners of Franchisee and in reliance upon Section 14, 15 and 23 of this Agreement. Therefore, neither Franchisee's interest, rights or privileges in the Agreement, the License, substantially all of the assets of the Franchised Business, or the Franchised Business, nor any Owner's interest in Franchisee or the Owner(s), shall be transferred, in whole or in part, voluntarily or involuntarily, by operation of law or otherwise, in any manner, except as provided in this Section 13. For purposes of this Agreement, the term "transfer" shall mean any issuance, sale, assignment, gift, pledge, mortgage or any other encumbrance (other than a lien against Franchisee's assets to secure a loan for the construction, remodeling, equipping or operation of the Franchised Business), transfer by bankruptcy, transfer by judicial order, merger, consolidation share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary. Except as provided below, any ownership or structural changes in Franchisee including but not limited to, any merger, reorganization, issuance of additional shares or classes of stock or additional partnership interests, shall constitute and be deemed a transfer and shall be subject to the provisions of Section 13(d).

(c) Franchisor's Right of First Refusal.

(i) Exercise of Right. Franchisee or an Owner, as applicable, shall give Franchisor forty-five (45) days prior written notice of any intended transfer of any of its rights or interest in the Franchised Business or Franchisee. Such notice shall set forth the name of the proposed transferee and a detailed statement of all the terms and conditions of such intended or proposed transfer. Irrespective of the qualifications or acceptability of any prospective transferee, Franchisor shall have the first right and option to purchase the interest under the same terms and conditions contained in the offer or purchase and sale document. Should the proposed transfer not involve the payment of any consideration, Franchisor has the option to purchase the interest at a price equal to one and one-half (1.5) times the Net Profits of the Franchised Business over the previous twelve (12) month period (or the average monthly Net Profit of the Franchised Business if it has been operating less than twelve (12) months multiplied by twelve (12)) multiplied by the percentage which the interest to be transferred bears to all interest in the Franchised Business, of Franchisee, as the case may be. As used in this Agreement, Net Profits means the amount of profit, if any, determined from statements of profit and loss prepared by an independent public accountant that Franchisor in its sole discretion finds acceptable. Within forty-five (45) days after Franchisor receives notice of a proposed transfer, Franchisor will notify Franchisee and the Owner, if applicable, in writing that it is (a) exercising its right of first refusal, (b) approving the transfer or (c) denying approval of the transfer pursuant to this Section 11. If Franchisor does not exercise its right of first refusal, any material change in the terms of an offer prior to closing shall cause it to be deemed a

new offer, subject to the same right of first refusal by Franchisor as in the case of the initial offer.

(ii) **Approval of Transfers.** If Franchisor decides not to exercise its right of refusal, Franchisor shall have the right to approve or disapprove the proposed transfer; provided, however, Franchisor's consent shall not be unreasonably withheld as provided in Section 13(d). If Franchisor approves the transfer in writing, Franchisee (or an Owner, as applicable) may make the proposed transfer on the exact terms and conditions specified in Franchisee's notice to Franchisor within sixty (60) days after the expiration of Franchisor's right of first refusal. If the transfer is not consummated within such 60-day period, Franchisee may not thereafter transfer such interest without again complying with this Section 13.

(d) **Conditions on Transfer.** Provided Franchisor chooses not to exercise its right of first refusal, Franchisor agrees that it will not unreasonably withhold its consent to a proposed transfer if all the following conditions are satisfied:

(i) **Compliance.** Franchisee is in full compliance with this Agreement and there are no uncured defaults by Franchisee hereunder, Franchisee is in full compliance with the other agreements between Franchisee and Franchisor or Franchisor's affiliates, and all debts and financial obligations of Franchisee under this Agreement are current, including Franchisee's obligations to the Brand Fund, each Cooperative of which Franchisee is a member, and all vendors, including, if applicable, Franchisor and its affiliates. Franchisee will remain liable for all obligations to Franchisor in connection with the Franchised Business which arose prior to the effective date of the transfer;

(ii) **Agreements.** The proposed transferee executes such documents as Franchisor may reasonably require to evidence that it has assumed the obligations of Franchisee under this Agreement, including, but not limited to, the then-current version of the Franchise Agreement, and if required by Franchisor, the proposed transferee executes, and in appropriate circumstances, causes such other parties as Franchisor may require to execute, Franchisor's then-current ancillary agreements to this Agreement, which documents may be substantially different than those executed contemporaneously with the execution of this Agreement. This Agreement between Franchisor and Franchisee will terminate once an approved transfer is completed;

(iii) **Release.** Franchisee, its Owners, and all of the personal guarantors of this Agreement, if any, execute a general release, in a form prescribed by Franchisor, releasing Franchisor and its affiliates, predecessors, successors and assigns, and their respective members, managers, officers, directors, owners and employees, in their corporate and individual capacities, from any and all claims, causes of action, demands, debts, liabilities, obligations, fees, costs and expenses, including without limitation, claims and causes of action arising under federal, state and local laws, rules, regulations and ordinances, arising prior to and including the date the transfer becomes effective.;

(iv) **Training.** Prior to the date of the proposed transfer, the proposed transferee's owners, principal operator and managers undertake and complete, to the satisfaction of Franchisor, such training and instruction as Franchisor shall deem necessary;

(v) **Qualifications.** Franchisor is satisfied that the proposed transferee (and if the proposed transferee is an entity, all owners of any interest in such entity) meets all of the requirement for Franchisor's new franchisees applicable on the date Franchisor receives notice of the proposed transfer and including, but not limited to, good reputation and character, business experience, management experience, and financial strength and liquidity;

(vi) **Continuing Obligations.** The Owner(s) transferring an interest in Franchisee acknowledges and agrees in writing that it is bound by Section 14, 15 and 23 of this Agreement, and all Owners and personal guarantors sign general releases in the form Franchisor requires;

(vii) **Transfer Fee.** Franchisee or the Owner, as applicable, pays to Franchisor a transfer fee ("Transfer Fee") equal to (a) Twenty Percent (20%) of the then-current Initial Franchise Fee for the applicable Territory if the transferee is not within the COUNT JUNKULA franchisee network and/or has not completed Franchisor's required training or (b) Ten Percent (10%) of the then-current Initial Franchise Fee for the applicable Territory if the transferee is within the COUNT JUNKULA franchisee network and has already completed Franchisor's required training. "Within the COUNT JUNKULA franchisee network" means a franchisee that is currently operating a COUNT JUNKULA franchise and is in good standing.

(viii) **Required Documents.** The proposed transferee and all owners of any interest in a transferee that is an entity provided Franchisor, at least forty-five (45) days prior to the proposed transfer date, copies of financial statements for the preceding three years, and where applicable, its certificate of incorporation and bylaws (and any amendments or modifications thereof), minutes and resolutions and all other documents, records and information pertaining to the transferee's existence and ownership;

(ix) **Update.** Within the time specified by Franchisor, Franchisee, at its expense, shall update, upgrade, or refurbish the Franchised Business and Service Vehicle(s), as necessary, to conform the Franchised Business and Service Vehicle(s) to Franchisor's then-current standards and specifications, including, without limitation, specifications regarding, size, color, trade dress, presentation of the Marks, fixtures, make, model, and installed equipment; provided, however, that Franchisee shall not be required to replace a Service Vehicle until the conclusion of its useful life; and

(x) **Continued Possession.** Franchisee shall provide evidence sufficient to Franchisor, acting reasonably, that the transferee has either taken an assignment or deemed assignment of the Service Vehicle(s) lease(s) (with the consent of the lessor), or that the Service Vehicle(s) lease(s) have been terminated and the proposed transferee has entered into new lease(s) meeting Franchisor's then current specifications.

(e) **Transfer of License.** Franchisee may not transfer its rights and interest in this Agreement and/or the License without the prior written consent of Franchisor, which consent may be granted or denied in the reasonable discretion of Franchisor. In the event Franchisor approves a transfer pursuant to this Section 13(e), the following requirements shall be met prior to the approved transfer:

(i) **Documents.** The proposed transferee shall execute such documents as Franchisor may reasonably require to evidence that it has assumed the obligations of Franchisee under this Agreement, and any then-current ancillary agreements, which documents may be substantially different than those executed contemporaneously with the execution of this Agreement;

(ii) **Acknowledgement.** The Franchisee acknowledges and agrees in writing that it is bound by Sections 14, 15 and 23 of this Agreement; and

(iii) **Transfer Fee.** Franchisee pays to Franchisor the Transfer Fee.

(f) **Permitted Transferees.** Notwithstanding the foregoing, providing Franchisee is in compliance with this Agreement, an Owner of less than Fifty One Percent (51%) of Franchisee's business ownership interests may transfer all or a portion of his interest in Franchisee to another Owner or to Franchisee (such person or entity being referred to as a "Permitted Transferee") and such a transfer shall not be subject to the restrictions of this Section 13; provided, however, Franchisee shall promptly notify Franchisor of any such transfer and any existing Owner shall sign Franchisor's form of release and termination agreement.

(g) **Transfer to a Wholly-Owned Entity.** Notwithstanding the foregoing, if Franchisee consists of one or more individual(s), Franchisee may transfer its interest under this Agreement to a corporation, limited liability company or other legal entity without such a transfer being subject to the restrictions of this Section 13 so long as: (1) the legal entity is owned entirely by all of the original individual franchisees or personal guarantors hereof; (2) each and all of the obligations of Franchisee and the new legal entity are personally guaranteed by the original individual franchisees or personal guarantors hereof; (3) Franchisor receives prior written notice of the transfer along with a complete set of the new legal entity's filed, date stamped formation documents; and (4) Franchisee and the new legal entity enter into a written assignment and assumption agreement in a form prescribed by Franchisor pursuant to which the new legal entity assumes and agrees to discharge all of Franchisee's obligations under this Agreement.

(h) **Death or Disability.**

(i) **Transfer Upon Death or Disability.** Upon the death or disability of Franchisee or any Owner of Franchisee, the Franchisee's or any such Owner's executor, administrator, conservator, guardian, or other personal representative must transfer the Franchisee's interest in this Agreement, or the Owner's ownership interest in Franchisee, to a third party (which may be Franchisee's or the Owner's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed nine (9) months from the date of death

or disability, and is subject to all of the terms and conditions in this Section 13. Failure to transfer Franchisee's interest in this Agreement, or the Owner's ownership interest in Franchisee, within this period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent Franchisee or the Owner from operating the Franchised Business in the manner required by this Agreement and the Operations Manuals or from performing its, his, or her obligations under this Agreement and the Operations Manuals.

(ii) **Operation upon Death or Disability.** During the period between death or disability of Franchisee or any Owner of Franchisee and the completion of the transfer described in Section 13(h)(i), the Franchised Business still must be operated in accordance with the terms and conditions of this Agreement. Upon the death or disability of Franchisee or any Owner of Franchisee, the Franchisee's or any such Owner's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed thirty (30) days from the date of death or disability, appoint an Operations Manager (unless Franchisee or the Owner had previously appointed an Operations Manager who remains responsible for the day-to-day operation of the Franchised Business). Any new Operations Manager must complete Franchisor's standard training program at Franchisee's expense, sign Franchisor's then-current form of confidentiality and non-compete agreement, and comply with any of Franchisor's then-current requirements for approval of an Operations Manager.

(iii) **Step-in on Death or Disability.** Not in lieu of any additional rights Franchisor may have, upon death or disability of Franchisee or any Owner of Franchisee, Franchisor may, but need not, assume operational authority for Franchised Business (or appoint a third party to assume operational authority) and take possession of the Premises and Service Vehicles until the transfer pursuant to Section 13(h)(i) is completed. The terms and conditions for the exercise of Franchisor's step-in right are set forth in Section 19(c).

(i) **Non-Waiver.** Franchisor's consent to a transfer of any interest in Franchisee or the Franchised Business granted through this Agreement will not constitute a waiver of any claims it may have against the transferring party, nor will it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

14. Covenants Against Unfair Competition.

(a) **Franchisee's Non-Compete and Non-Solicit – During Term.** Franchisee acknowledges it will receive valuable, specialized training and Confidential Information (as defined in Section 15) regarding the service, operational, sales, promotional, and marketing methods of the junk removal concept that Franchisor has developed through monetary and other resource expenditures that provide competitive advantages to Franchisor's System. During the Term, Franchisee and its Owners will not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(i) own, manage engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for, any Competitive Business (as defined in Section 14(d)); or

- (ii) offer or grant franchises or licenses for any Competitive Business; or
- (iii) become a franchisee or licensee of any Competitive Business; or
- (iv) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or
- (v) solicit, divert or attempt to solicit or divert any customer that has done business with or has been a customer of Franchised Business at any time during the term of this Agreement, to any Competitive Business, by direct or indirect inducement or otherwise, as Franchisee agrees that all goodwill associated with Franchisee's operation under the Marks and the System, and all customer information associated therewith, inure to Franchisor; or
- (vi) use any vendor relationship established through Franchisee's association with Franchisor for any purpose other than to purchase supplies, products, equipment, merchandise, or services for use or retail sale in the Franchised Business.

(b) Franchisee's Non-Compete and Non-Solicit – Post-Term. In partial consideration for Franchisor allowing Franchisee to license Franchisor's Marks and Confidential Information, Franchisee and each of the Franchisee's Owners covenant and agree that for a period of two (2) years after the termination, expiration, or non-renewal of this Agreement, regardless of the reason for such termination, expiration, or non-renewal ("Restrictive Period"), Franchisee and its Owners shall not, within the Protected Territory (as defined in Section 14(c) below) engage in any of the following:

- (i) franchise, license, engage in, own, manage, operate, or have any operational or management authority in any Competitive Business, including as franchisor, licensor, franchisee or licensee, provided that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Section 14(b) so long as Franchisee does not own themselves or through their spouses or partners more than one percent (1%) of the securities of such corporation; or
- (ii) engage in any Competitive Business as an employee, consultant, or independent contractor in any capacity in which Franchisee or its Owners would be in a position to use or disclose Confidential Information; or
- (iii) solicit, divert, or induce or attempt to solicit, divert, or induce for, or on behalf of, any Competitive Business any person or entity who was an employee of, independent contractor to, consultant to, or other service provider to the Franchised Business as of the date of termination, expiration, or non-renewal of this Agreement or who was an employee of, independent contractor to, consultant to, or other service provider to the Franchised Business during the one (1) year period prior to the date of termination, expiration, or non-renewal of this Agreement, to work for the Competitive Business; or

(iv) solicit, divert, induce or attempt to solicit, divert, or induce any person or entity who is an employee of, independent contractor to, consultant to, or other service provider to Franchisor, Franchisor's affiliates, or Franchisor's other franchisees to terminate or alter in any way its, his, or her relationship with Franchisor, Franchisor's affiliates, or Franchisor's other franchisees; or

(v) solicit, divert, or induce or attempt to solicit, divert, or induce any persons who were employees of, independent contractors to, consultants to, or any other service provider to Franchisor, Franchisor's affiliates, or Franchisor's other franchisees at the time of the termination, expiration, or non-renewal of this Agreement for, or on behalf of, any Competitive Business to work for any Competitive Business; or

(vi) solicit, divert, or attempt to solicit or divert to any Competitive Business any Customer (as defined in Section 14(e)).

(c) **Protected Territory.** For purposes of this Section 14, the term "Protected Territory" means the following:

(i) An area which is within a twenty-five (25) mile radius of:

(A) The Location of the Franchised Business as of the date of termination, expiration, or non-renewal of this Agreement, and

(B) The location of any other COUNT JUNKULA location owned by Franchisor or its affiliates or franchisees as of the date of termination, expiration, or non-renewal of this Agreement; or

(ii) Only in the event the foregoing is determined by a court of law to be too broad, an area which combined includes (a) the Territory defined in Attachment 1 as of the date of termination, expiration, or non-renewal of this Agreement and (b) the territories in which Franchisor or its affiliates or other franchisees operate any COUNT JUNKULA businesses or locations as of the date of termination, expiration, or non-renewal of this Agreement;

(iii) Only in the event the foregoing is determined by a court of law to be too broad, the Territory defined in Attachment 1 as of the date of termination, expiration or non-renewal of this Agreement.

(d) **Competitive Business.** For purposes of this Section 14, the term "Competitive Business" means any business or commercial activity, other than a COUNT JUNKULA business that Franchisee is authorized by Franchisor to operate, that provides junk removal services, hauling services, and/or dumpster rental services.

(e) **Customer.** For purposes of this Section 14(e), the term "Customer" means (i) any customer to which the Franchised Business sold any product or for which the Franchised Business performed any service at any time within the one (1) year period prior to the termination,

expiration, or non-renewal of this Agreement, or (ii) any prospective customer that the Franchised Business called on at any time or had any communications within the one (1) year period prior to the termination, expiration, or non-renewal of this Agreement, or (iii) any prospective customer about whom the Franchised Business gathered information at any time within the one (1) year period prior to the termination, expiration, or non-renewal of this Agreement that could be used to the competitive disadvantage of the Franchisor, Franchisor's affiliates, or Franchisor's other franchisees at the time of termination, expiration, or non-renewal of this Agreement.

(f) **Reasonableness.** The foregoing in-term and post-termination covenants against unfair competition with respect to similar Competitive Businesses shall apply regardless of how or why the Agreement terminates, expires, or does not renew. The parties agree that the foregoing covenants contained in this Section 14 contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect Franchisor's goodwill or Franchisor's other business interest and its franchisees and the provisions do not prevent Franchisee or its Owners from earning a living. Franchisee agrees that the scope of activities prohibited in this Section 14, and the length of the term and geographical restrictions in this Section 14, are necessary to protect the legitimate business interests and are fair and reasonable and are not the result of overreaching, duress, or coercion of any kind. Franchisee's full, uninhibited, and faithful observance of each of the covenants in this Section 14 will not cause any undue hardship, financial or otherwise. Enforcement of each of the covenants in this Section 14 will not impair Franchisee's or its Owners' ability to obtain employment commensurate with Franchisee's or its Owners' abilities or on terms fully acceptable to Franchisee or otherwise to obtain income required for the comfortable support of Franchisee and its Owners and their families, and the satisfaction of the needs of all of Franchisee's and its Owners' creditors. Franchisee's and its Owners' special knowledge of the Franchised Business and of Competitive Businesses (and anyone acquiring this knowledge through Franchisee or its Owners) is such as it would cause Franchisor serious injury and loss if Franchisee or its Owners (or anyone acquiring this knowledge through Franchisee or its Owners) were to use this knowledge to the benefit of a competitor or were to compete with Franchisor or its franchisees. The covenants in this Section 14 are to be construed as independent of any other covenant or provision of this Agreement. The existence of any claim Franchisee or any of its Owners may have against Franchisor or any of its affiliates (regardless of whether arising under this Agreement) is not a defense to the enforcement of these covenants against Franchisee or its Owners. In the event of any violation of the provisions of this Section 14, the Restrictive Period shall be extended by a period of time equal to the period of the violation. Franchisee and Franchisor agree that the running of the applicable post-termination Restrictive Period shall be tolled during any period of such violation.

(g) **Managerial and Supervisory Employees.** Franchisee covenants that it shall cause all persons who are involved in managerial or supervisory positions with Franchisee to enter into an agreement to be bound by provisions substantially similar to Sections 14 and 15 of this Agreement. Franchisee agrees to provide Franchisor with copies of such executed agreement upon request. If Franchisee has reason to believe that any person has violated any such provisions of this Agreement, Franchisee shall promptly notify Franchisor and cooperate with Franchisor to protect Franchisor against unfair competition, infringement, or other unlawful use of the Marks, trade secrets, service methods, or System of the Franchisor. Franchisee further grants Franchisor

the right, but not the obligation, to prosecute any such lawsuits at Franchisor's expense on behalf of Franchisee.

15. Trade Secrets and Confidential Information.

Franchisee understands and agrees that Franchisor has disclosed or will hereafter disclose to Franchisee certain confidential or proprietary information and trade secrets. Except as necessary in connection with the operation of the Franchised Business and as approved by Franchisor, Franchisee shall not, during the Term or at any time after the expiration, non-renewal, transfer, or termination of this Agreement, regardless of the cause thereof, directly or indirectly, use for its own benefit or communicate or divulge to, or use for the benefit of any other person or entity Confidential Information. "Confidential Information" means all trade secrets, knowledge, know-how, standards, methods and procedures related to the establishment and operation of the Franchised Business not generally known to the public and all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business, including but not limited to all databases (whether in print, electronic or other form); designs; electronic code; computer software; all names, addresses, phone numbers, e-mail addresses, and service records of customers; mail lists; manuals; promotional and marketing materials; marketing strategies; information about proprietary equipment and methods of operation; and any other data and information that the Franchisor or its affiliates designates as confidential including all information contained in the Operations Manuals, which may be provided as one or more separate manuals, written instructional guides, electronic files, or other communications from the Franchisor or its affiliates, which may be changed or supplemented from time to time. Franchisee shall disclose to its employees only such Confidential Information as is necessary to operate its business hereunder and then only while this Agreement is in effect. Any and all information, knowledge, or know-how, including without limitation, electronic code, materials, equipment, marketing, and other data which Franchisor designates as secret or confidential shall be deemed secret and confidential for purposes of this Agreement. Franchisee will require all personnel having access to any Confidential Information from Franchisor to execute an agreement requiring them to maintain the confidentiality of information they receive in connection with their employment at the Franchised Business. Those confidentiality agreements will be in a form satisfactory to Franchisor.

16. Insurance.

(a) **Types and Extent of Coverage for a Franchised Business.** Franchisee shall, at its sole expense, obtain and maintain throughout the Term such insurance coverages with such limits as specified below or as modified from time to time in the then-current version of the Operations Manuals (or such greater amounts of insurance as may be required by the terms of any lease or mortgage relating to the Premises or Service Vehicle(s)):

- (i) Commercial general liability insurance with the following coverages:
 - (A) General aggregate with limits of at least Two Million Dollars (\$2,000,000);

- (B) Each Occurrence with limits of at least One Million Dollars (\$1,000,000);
 - (C) Products Liability with limits of at least Two Million Dollars (\$2,000,000); and
 - (D) Personal and Advertising Liability Injury with limits of at least One Million Dollars (\$1,000,000);
- (ii) Owned and non-owned Automobile insurance with a combined single limit of at least One Million Dollars (\$1,000,000), in addition to the insurance Franchisee's state may require;
- (iii) Employer Practices Liability insurance with a minimum limit of at least Five Hundred Thousand Dollars (\$500,000);
- (iv) Business Interruption insurance with a coverage period of at least six (6) months; and
- (v) Worker's compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located.

(b) Other Insurance Requirements. Franchisee shall obtain from a nationally recognized insurance company which is rated at least AA by A.M. Best Company, and at all times during the term of this Agreement maintain in force and pay the premiums for all types of insurance listed above with complete operations coverage. All policies of insurance required to be maintained hereunder shall: (i) be written as primary policy coverage and not "excess over" or contributory with any other applicable insurance, including Franchisor's insurance; (ii) shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer(s)' liability; (iii) shall not contain any special limitations on the scope of coverage afforded to Franchisor; (iv) shall provide that any failure by Franchisee or any of Franchisee's employees, agents, subcontractors, or suppliers, to comply with any notice, reporting, or other similar provisions of such policies shall not affect the coverage provided to Franchisor. From time to time in Franchisor's sole discretion, Franchisor may increase or modify such limits of liability or require additional types of coverage (including but not limited to cyber liability coverage). The insurance policies shall name Franchisor and any affiliates, officers, members, owners, subsidiaries, and employees Franchisee designates as an "additional insured" and shall expressly protect both Franchisor and Franchisee (and any other additional insured) on a primary and non-contributory basis and shall require the insurer to defend both Franchisee and Franchisor (and any other additional insured) in any action while reserving Franchisor's right to involve counsel of Franchisor's own choosing in protection of its own and system wide interests. Additionally, Franchisee's insurance policy must waive on behalf of Franchisee's insurer any right of subrogation by the insurance company against Franchisor and Franchisor's officers, shareholders, and employees. Franchisee understands that doing so does not necessarily furnish Franchisee with protection levels adequate to Franchisee's needs and that Franchisee's obligation to indemnify Franchisor as set forth above in this Agreement may exceed the amount of insurance Franchisee is required to obtain or does obtain. At least thirty (30) days prior to the time any insurance is first required to be carried by Franchisee, Franchisee will deliver or caused to be

delivered to Franchisor Certificates of Insurance evidencing the proper coverage with limits not less than those required by this Agreement and evidencing that Franchisor is named as an additional insured under such policy on a primary and non-contributory basis as required in this Agreement. At least thirty (30) days prior to expiration of any such policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing that Franchisee has procured proper renewal or replacement coverage with limits not less than those required by this Agreement and reflecting that Franchisor and its affiliates are additional insured under the policy on a primary and non-contributory basis as required herein. All Certificates will expressly provide that at least thirty (30) days' prior written notice will be given to Franchisor in the event of any alteration to, or cancellation of, the coverage evidenced by the Certificates of Insurance. Franchisor, or its insurer, shall have the right to participate in discussions with Franchisee's insurance company or any claimant (in conjunction with Franchisee's insurance company) regarding any claim of liability, and Franchisee agrees to adopt Franchisor's reasonable recommendations to its insurance carrier regarding the settlement of any such claims.

(c) **Failure to Acquire Insurance.** Should Franchisee for any reason fail to procure or maintain the insurance required by this Agreement, Franchisor will have the right and authority to immediately procure such insurance deemed to be necessary and to charge the amount of the cost to procure and maintain such insurance to Franchisee, along with a reasonable fee for Franchisor's expenses in procuring the insurance, Franchisor is authorized to collect from Franchisee all insurance related expenses paid on behalf of Franchisee through automatic EFT as provided for in Section 3 of this Agreement.

17. Termination.

(a) **Automatic Termination.** Franchisee shall be in default under this Agreement, and this Agreement and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee in the following events:

- (i) Franchisee makes a general assignment for the benefit of creditors or a petition in bankruptcy is filed by Franchisee;
- (ii) a petition in bankruptcy is filed against and not opposed by Franchisee;
- (iii) Franchisee is adjudicated as bankrupt or insolvent;
- (iv) a bill in equity or other proceeding is filed for the appointment of a receiver or other custodian for Franchisee's business or assets if filed and consented to by Franchisee;
- (v) a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction;
- (vi) proceeding for a composition with creditors under any state or federal law should be instituted by or against Franchisee;

(vii) a final judgment remains unsatisfied or of records for thirty (30) days or longer (unless an appeal or supersedeas bond is filed);

(viii) Franchisee is dissolved;

(ix) any portion of Franchisee's interest in the Franchised Business becomes subject to an attachment, garnishments, levy or seizure by any credit or any other person claiming against or in the rights of Franchisee;

(x) execution is levied against Franchisee's business or property; or

(xi) the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

(b) **Termination with Notice; No Opportunity to Cure.** Franchisee shall be in default and Franchisor may, at its option, terminate this Agreement and all rights granted herein, without affording Franchisee any opportunity to cure the default, effective upon the date the notice is deemed received pursuant to Section 22 and in no event longer than five (5) days after Franchisor sent the notice, upon the occurrence of any of the following events:

(i) Franchisee at any time ceases to operate or fails to respond to communications or otherwise abandons the Franchised Business for more than three (3) days without Franchisor's prior written permission;

(ii) Franchisee forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located;

(iii) Except as otherwise permitted in this Agreement, any Owner of more than twenty-five percent (25%) interest in Franchisee transfers all or part of such interest or Franchisee transfers any interest in the Franchised Business, a material portion of the assets of the Franchised Business, or Franchisee;

(iv) Franchisee, the Operations Manager, or an Owner of more than twenty-five percent (25%) of Franchisee (a) is proven to have engaged in fraudulent conduct, (b) is convicted of, or pleads guilty or no contest to a felony or a crime involving moral turpitude, or (c) is convicted of, or pleads guilty or no contest to any other crime or offense that is reasonably likely to have an adverse effect on the Chain, the System, the Marks or the goodwill associated therewith; provided, that if the act or conviction involves an Owner of Franchisee, Franchisor will not terminate this Agreement if Franchisee notifies Franchisor promptly after it learns of the event constituting the default, and within fifteen (15) days of the date of the notice, either (a) the person or entity that committed the wrongful act divests his or its entire interest in Franchisee, or (b) Franchisee obtains Franchisor's consent for such Owner to maintain his or its ownership interest;

(v) An approved transfer is not effected within nine (9) months of the death or disability of any individual Franchisee; or the death, or disability of any Owner of any interest in Franchisee;

(vi) Twice within a twelve (12) month period or three (3) times within a three (3) year period, Franchisee is given notice of being in default under any of the terms or requirements of this Agreement, whether or not such defaults are timely cured after notice;

(vii) Franchisee fails to comply with any of the covenants of Franchisee set forth in this Agreement;

(viii) Franchisee, an Owner or an Operations Manager makes any material misrepresentation to Franchisor, or breaches any warranty or representation made to Franchisor, whether in this Agreement or otherwise;

(ix) Franchisee knowingly or intentionally maintains false books or records or submits any false records, statement or report to Franchisor;

(x) Franchisee, an Owner, or an Operations Manager, by act or omission, materially impairs the value of, or the goodwill associated with, the Chain, any of the Marks or the System;

(xi) Franchisee, an Owner, or an Operations Manager takes, withholds, misdirects, or appropriates for Franchisee's own use any funds from Franchisee's employees' wages for employees' taxes, FICA, insurance or benefits, or generally fails to deal fairly and honestly with Franchisee's employees or customers;

(xii) Franchisee loses or is denied any federal, state or local license the Franchisee must possess in order to operate the Franchised Business;

(xiii) Franchisee is found liable by any judicial, administrative, or arbitral body for violation of federal, state, or local laws barring discrimination on the basis of race, sex, national origin, age or sexual orientation, or is found liable for any common law civil claim the facts of which are grounded in allegations of discrimination on the basis of race, sex, national origin, age, or sexual orientation;

(xiv) Franchisee, an Owner, or an Operations Manager is convicted of or pleads guilty or nolo contendere to a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is injurious to the Chain, the Marks, or the goodwill associated therewith, or Franchisor has proof Franchisee, or its Owner, has committed such a felony, crime or offense, including, but not limited to, abuse, abuse of customers, use of employees who do not meet Franchisor's then-current standards and training requirements, health or safety hazards, drug or alcohol problems, or permitting unlawful activities at Franchisee's business;

(xv) Franchisee, after curing a default, commits the same act of default again within six (6) months;

EXHIBIT A TO FRANCHISE DISCLOSURE DOCUMENT

(xvi) Franchisee fails to rectify diligently any order issued by a governmental or regulatory authority concerning breach of any health, safety or other regulation or legal requirement applicable to the Franchised Business within the time frame required by the government authority, or Franchisee fails to rectify a violation of health and safety law or regulation within forty-eight (48) hours of notice from Franchisor;

(xvii) Franchisee begins operation of the Franchised Business prior to receiving prior written approval from Franchisor that Franchisee may open for business;

(xviii) Franchisee operates under any trademark not approved by Franchisor or otherwise uses any trademark not approved by Franchisor in the operation of the Franchised Business; or

(xix) Any of the following occur prior to the opening date: (a) any representations or warranties of Franchisee and/or its Owners prove to be inaccurate or false, (b) the Operations Manager fails to take or pass any of Franchisor's required training, (c) the Operations Manager or an Owner fails to pass any credit or character check performed by or on behalf of the Franchisor, and/or (d) Operations Manager or an Owner fail to timely or diligently perform any duties or obligations during the period prior to the opening date.

(c) **Termination After Opportunity to Cure.** Except for those defaults provided for under Sections 17(a) or 17(b), Franchisee shall be in default hereunder for any failure to comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by this Agreement or in any manual, policy and procedure statement or other written document provided by Franchisor, or to carry out the terms of this Agreement in good faith. For such defaults, Franchisor will provide Franchisee with written notice and, to the extent curable, fifteen (15) days to cure or, if a default cannot reasonably be cured within fifteen (15) days, to initiate within that time substantial and continuing action to cure such default and to provide Franchisor with evidence of such actions. If the defaults specified in such notice are not cured within the fifteen (15) day period, if substantial and continuing action to cure has not been initiated, or if the default is not curable, Franchisor may, at its option, terminate this Agreement upon written notice to Franchisee.

Such defaults shall include, without limitation, the occurrence of any of the following events:

(i) Franchisee fails to construct or remodel the Premises, identify a site for the Premises within the time set forth in this Agreement, have the Premises lease approved by Franchisor (if applicable) within the time set forth in this Agreement, update or acquire a new Service Vehicle(s), or commence operating the Franchised Business, in accordance with this Agreement;

(ii) Franchisee fails, refuses, or neglects to promptly pay any monies owing to Franchisor, its affiliates of the Brand Fund when due or to submit the financial or other information required under this Agreement;

(iii) Any Owner of twenty five percent (25%) or less of Franchisee makes a transfer of such interest in violation of this Agreement; provided, however, that Franchisee's right to cure such a default shall be conditioned upon Franchisee immediately notifying Franchisor of the improper transfer and taking all actions necessary to either (a) obtain Franchisor's approval thereof, or (b) if approval is not desired or the transfer or transferee is not approved by Franchisor, to re-acquire the interest so transferred;

(iv) The operation of the Franchised Business presents a health or safety hazard to the public or to customers, employees, or independent contractors;

(v) Franchisee, an Operations Manager, an Owner, or Franchisee's employees misuses or makes any unauthorized use of the System or the Marks;

(vi) Franchisee maintains false books or records or knowingly submits any false reports to Franchisor;

(vii) Franchisee submits to Franchisor on two (2) or more separate occasions at any time during the Term or any renewal hereof, any reports or other data, information or supporting records which understate the Gross Revenues of the Franchised Business, the Royalty fees and/or any other sums owed to Franchisor for any period of, or periods aggregating, three (3) or more weeks, and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

(viii) Franchisee fails to make prompt payment of undisputed bills, invoices or statements from suppliers of products and services or fails to maintain a good credit rating;

(ix) Franchisee defaults under any lease or agreement with any third party covering the Service Vehicle(s), and Franchisee fails to cure such default to the satisfaction of such third party within any applicable cure period granted to Franchisee by such third party; or Franchisee does or omits to do anything which gives anyone the right to terminate the Service Vehicle(s) leases(s) or take possession of any Service Vehicle(s);

(x) Franchisee fails to use the Service Vehicle(s) in compliance with this Agreement, the Operations Manual, Franchisor's standards, or with federal, state, or local law or uses an unauthorized vehicle in the operations of the Franchised Business;

(xi) Franchisee fails to obtain Franchisor's prior permission to conduct any out of Territory activities or Franchisee fails to cease any out of Territory activities upon notice from Franchisor;

(xii) Franchisee fails to comply with any supplier of Computer Systems material requirements for use of the Computer Systems, including Franchisor's or Franchisor's affiliates' requirements if Franchisor is a supplier;

(xiii) Franchisee fails to provide services to National Account customers or other customers according to Franchisor's standards, including standards relating to pricing, timing, and service quality or receives repeated complaints about the Franchised Business;

(xiv) Franchisee fails to have sufficient funds in the Account;

(xv) Franchisee fails to add a Service Vehicle when it is required under the terms of this Agreement; or

(xvi) Franchisee assigns or sublets the lease for the Service Vehicle(s), sells or transfers the Service Vehicle(s), or otherwise parts with possession of the whole or any portion of the Service Vehicle(s) during the Term without first obtaining the prior written consent of Franchisor.

Franchisee hereby authorizes Franchisor to notify any lender, creditor, customer, vendor, or landlord of the Franchisee or Franchised Business upon the occurrence of any default under this Section 17, or any event or circumstances which the giving or notice or passage of time or both would constitute an event of default under this Section 17, and to otherwise communicate with such lenders, creditors, customers, vendors, or landlords with respect to any such default, or any such event or circumstance.

(d) **Relief in Equity.** Franchisee agrees that neither termination of this Agreement, nor an action at law, nor both, would be an adequate remedy for a breach or default by Franchisee, or by any other persons bound by this Agreement, in the performance of any obligation relating to Franchisor's Marks or indicia, the trade secrets revealed to Franchisee in confidence pursuant to this Agreement or the obligations of Franchisee and such other persons upon and after termination of this Agreement. The parties therefore agree that in the event of any such breach or default, in addition to all other remedies provided elsewhere in this Agreement or by law, Franchisor shall be entitled to relief in equity from a judge or arbitrator, at its option, (including a temporary restraining order, temporary or preliminary injunction and permanent mandatory or prohibitory injunction) to restrain the continuation of any such breach or default or to compel compliance with such provisions of this Agreement.

(e) **Termination by Franchisee.** If Franchisor fails to perform any material obligation imposed upon it by this Agreement, and such failure is not cured within ninety (90) days after Franchisee delivers written notice of such failure to Franchisor, then, provided Franchisee is otherwise compliant with Franchisee's obligation under this Agreement and any other agreement with Franchisor, Franchisee may terminate this Agreement at any time thereafter by delivering thirty (30) days' written termination notice to Franchisor.

(f) **Limitation of Services or Benefits.** The Franchisor shall have the right, but not the obligation, to temporarily or permanently limit or remove certain services or benefits provided or required to be provided to Franchisee hereunder in lieu of exercising its right to terminate this Agreement pursuant to the terms hereof, including, without limitation, eliminating Franchisee's right to use the Franchisor's Online Presence, restricting or removing Franchisee's right to purchase products directly or indirectly from the Franchisor or its affiliates, limiting the

Franchisor's advertising and promotional assistance, and restricting or removing Franchisee's right to use the Computer Systems or Mobile Applications. Nothing in this subsection constitutes a waiver of any other right or remedy of the Franchisor under this Agreement. Franchisee acknowledges that the Franchisor's exercise of its rights pursuant to this subsection shall not be deemed a constructive termination. Any services or benefits removed or limited pursuant to this subsection may be reinstated at any time in the Franchisor's sole discretion.

(g) Step-In Rights. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights Franchisor may have against Franchisee, upon a failure to meet any of the requirements of this Agreement or upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to, assume operational authority for the Franchised Business (or appoint a third party to assume operational authority) and take possession of the Premises and Service Vehicles until such time as Franchisor determines that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. The terms and conditions for the exercise of Franchisor's step-in right are set forth in Section 19(c).

(h) Cross-Defaults. Any default by Franchisee under this Agreement shall be a default under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any Owner or affiliate of Franchisee). Any such default under any other agreement or any other obligation between Franchisor (or any affiliate of Franchisor) and Franchisee (or any Owner or affiliate of Franchisee) shall be a default under this Agreement. Any default by Franchisee (or any Owner or affiliate of Franchisee) under any lease, sublease, loan agreement, or security interest may be regarded as a default under this Agreement, regardless of whether or not any such agreements are between Franchisee (or any Owner or affiliate of Franchisee) and Franchisor (or any affiliate of Franchisor).

(i) Extended Cure Period. Notwithstanding anything to the contrary in this Agreement, Franchisor reserves the right to grant to Franchisee in Franchisor's sole discretion an extended cure period for any breach. Franchisee acknowledges that Franchisor's decision to grant such an extended cure period shall not operate as a waiver of any of Franchisor's rights and that Franchisor may choose to condition such an extension upon the signing of a general release by Franchisee and/or its Owners and affiliates. If any law applicable to this Section requires a longer notice period prior to termination of this Agreement than is specified in this Agreement, a different standard of "good cause," or the taking of some other action not required under this Agreement, the prior notice, "good cause" standard, and/or other action required by such law will be substituted for the comparable provisions in this Agreement.

(j) Noncompliance. Without waiving any rights that Franchisor may have, and in Franchisor's sole discretion, Franchisor may elect not to terminate Franchisee's franchise agreement as a result of a default. In the event a default occurs, Franchisor may elect to give written notification (a "Notice of Noncompliance") to Franchisee that the Franchised Business is not in compliance with the terms and conditions of this Agreement. Such Notice of Noncompliance shall state a period for Franchisee to cure the noncompliance, which shall be a period not less than thirty (30) days. For a period of six (6) months from and after the date of such Notice of Noncompliance, Franchisee shall reimburse Franchisor for reasonable costs that Franchisor incurs

with respect to the Franchised Business, including without limitation the costs of any audit or inspection of the Franchised Business in excess of Franchisor's audit program, any mystery shopping for the Franchised Business during such six (6) month period in excess of Franchisor's normal mystery shopping program applied to all Franchised Businesses, additional training that Franchisor determines is required to bring the Franchised Business up to Franchisor's standards, and any personnel costs incurred by Franchisor at the Franchised Business site to ensure the proper management and operation of the Franchised Business. Nothing in this subsection shall limit Franchisor's termination rights as otherwise set forth in this Agreement, which Franchisor reserves the right to exercise at any time.

18. Obligations upon Termination, Non-Renewal, or Expiration.

(a) **Franchisee's Obligations.** Upon termination, non-renewal, or expiration of this Agreement for any reason, all rights granted hereunder to Franchisee shall terminate and revert to Franchisor, and Franchisee shall have the following obligations with respect to the Franchised Business:

(i) **Cease to Operate.** Franchisee shall immediately cease to operate the business licensed under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a COUNT JUNKULA franchisee with respect to such business;

(ii) **Cease to Use Information.** Franchisee shall immediately and permanently cease to use, in any manner whatsoever, all trade secrets, Confidential Information, methods, procedures and techniques used by or associated with the System, and the proprietary Marks COUNT JUNKULA and all other trademarks and distinctive forms, slogans, signs, symbols, logos and devices associated with the COUNT JUNKULA Chain;

(iii) **Cease to use Marks.** Franchisee shall immediately and permanently cease to use, in any manner whatsoever, the Mark "COUNT JUNKULA" and all other Marks and distinctive forms, slogans, signs, symbols, logos and devices associated with the COUNT JUNKULA Chain and System.

(iv) **Return of Franchisor's Property.** Franchisee shall immediately return to Franchisor any property held or used by Franchisee which is owned by Franchisor, including the Customer List, and shall cease to use, and either destroy or convey to Franchisor, all signs, advertising materials, stationery, forms and any other materials that bear or display the Marks. Franchisee shall deliver to Franchisor all login credentials associated with any Online Presence, including but not limited to Mobile Applications, directory, marketing, website, point-of-sale, social media, and all other accounts and systems affiliated with the Franchised Business. Franchisee shall immediately deliver to Franchisor all Operations Manuals, policy and procedure statements, instructions, and other materials related to operating the Franchised Business, including, without limitation, Franchisee Data, Customer Lists, marketing collateral, brochures, charts and any other materials provided by Franchisor and all copies thereof, and shall neither retain nor convey to another any copy or record of any of the foregoing;

(v) **Cancel Assumed Names.** Franchisee shall take such actions as may be necessary to cancel any assumed name or similar registration which contains the mark COUNT JUNKULA or any other Marks of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with its obligation within thirty (30) days after termination, non-renewal, or expiration of this Agreement;

(vi) **Pay Amounts Due.** Franchisee shall promptly pay all sums owed to Franchisor. Such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and the termination. Any outstanding obligations to Franchisor shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by Franchisee located on the Premises or in the Service Vehicle(s) on the date this Agreement is terminated, expires, or does not renew;

(vii) **Pay Subsequent Amounts Due** Franchisee shall promptly pay to Franchisor all damages, costs and expenses including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination, non-renewal, or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any term, covenant or provision of this Agreement;

(viii) **Cooperate with Franchisor's Assumption Rights.** Franchisor shall have the option, to be exercised within thirty (30) days of termination, expiration, or non-renewal of this Agreement, to assume any of Franchisee's Online Presence(s), assumed name or equivalent registration and business licenses, telephone numbers, white and yellow pages and online telephone directory listings and advertisements, and e-mail addresses and/or Internet domain names which contain the Mark of Franchisor or its affiliates, and Franchisee shall sign all documents necessary to permit Franchisor to assume Franchisee's rights in such items. If Franchisor elects not to exercise this option, Franchisee shall take all action necessary to cancel each of the items listed above and shall furnish Franchisor with evidence satisfactory to prove its compliance within fifteen (15) days after receiving notice of Franchisor's termination or expiration of this Agreement and the expiration of the option granted herein. In the event Franchisee fails to timely do so, Franchisor shall have the right, for which purpose Franchisee hereby appoints Franchisor as its attorney-in-fact, to obtain such cancellation on Franchisee's behalf and at Franchisee's expense;

(vix) **Comply with Covenants.** Franchisee shall comply with the covenants contained in this Agreement, including, but not limited to, the covenants against unfair competition and the covenants not to disclose trade secrets or Confidential Information;

(x) **Remove Equipment.** Franchisee shall remove all equipment related to the operation of the Franchised Business from the Service Vehicle(s) within twenty-four (24) hours of termination, expiration, or non-renewal of this Agreement; and

(xi) **Computer Systems.** Franchisee shall comply with Franchisor's instructions relating to the Computer Systems.

(xii) **Deidentify.** If Franchisor does not exercise its right to purchase as described below in Section 18(b), Franchisee shall de-identify the Service Vehicle(s) and/or Dumpsters within five (5) days of termination, expiration, or non-renewal of this Agreement, which de-identification procedures shall include removing all references to COUNT JUNKULA and removing any uses of the Marks from the Service Vehicle(s) and/or Dumpsters.

(b) Right to Purchase.

(i) **Franchised Business and its Assets.** Upon the termination, non-renewal, or expiration of this Agreement, Franchisor, or Franchisor's designee, shall also have the option, but not the obligation, to purchase some or all of the assets of the Franchised Business, including the Service Vehicle(s) and Dumpsters, by providing Franchisee written notice of Franchisor's election within sixty (60) calendar days after such termination, non-renewal, or expiration. Franchisor has the unrestricted right to assign this option to purchase the Franchised Business and its assets. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's assets, including, without limitation, representations and warranties as to ownership and condition of and title to the assets; liens and encumbrances on the assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise. Franchisor may purchase all or only a portion of the assets of the Franchised Business and may exclude from its purchase any assets or cash, for any reason, in Franchisor's sole discretion. Franchisor shall have the right to set off and apply any amounts due to Franchisee pursuant to this subsection against any and all other amounts which may be due from Franchisee to Franchisor. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Business, or Franchisor may require that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing.

(ii) **Acquisition of Service Vehicles.** If Franchisee owns the Service Vehicle(s), Franchisor shall have the right to purchase the Service Vehicle(s) upon the terms established in this Section 18(b). If Franchisee has leased or subleased the Service Vehicle(s), at Franchisor's option, and subject to the lessor's consent, Franchisee shall assign to Franchisor any interest which Franchisee has in any lease or sublease for the Service Vehicle(s). Franchisor may exercise its rights to acquire the lease or sublease for the Service Vehicle(s) even if Franchisor elects not to purchase other assets of the Franchised Business pursuant to this Section 18(b).

(iii) **Purchase Price.** If Franchisor exercises its right to purchase, Franchisor shall pay the Franchisee the book value for the assets within sixty (60) calendar days of such notice to Franchisee of the exercise the right. For purposes of this Section 18, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a ten (10) year

depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any assets that is subject to a lease or finance agreement, the purchase price of such asset shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt.

19. Independent Contractor; Indemnification; Step-In Rights.

(a) **Independent Contractor.** It is understood and agreed by the parties that this Agreement creates only a contractual relationship between the parties subject to the normal rule of contract law. This Agreement does not create a fiduciary relationship between the parties and Franchisee is and shall remain an independent contractor. Franchisee agrees to hold itself out to the public as an independent contractor, separate and apart from Franchisor. Franchisee agrees that it shall not make any contract, agreement, warranty, or representation on the Franchisor's behalf without Franchisor's prior written consent, and Franchisee agrees that it shall not incur any debt or other obligation in Franchisor's name. This Agreement shall not be deemed to confer any rights or benefits to any person or entity not expressly named herein.

(b) **Indemnification.** Franchisee hereby waives all claims against Franchisor for damages to property or injuries to persons arising out of the operation of the Franchised Business. Franchisee must fully protect, indemnify, defend, reimburse and hold Franchisor and its owners, directors, officers, insurers, successors and assigns and Franchisor's affiliates harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with, or incidental to the operation of, the Franchised Business (regardless of cause or any concurrent or contributing fault or negligence of Franchisor or its affiliates) or any breach by Franchisee or Franchisee's failure to comply with the terms and conditions of this Agreement. Franchisor also reserves the right to select its own legal counsel to represent its interests, and Franchisee must reimburse Franchisor for all of Franchisor's costs and all attorneys' fees immediately upon Franchisor's request as they are incurred.

(c) **Step-In Rights Generally.** In the event Franchisor exercises its step-in rights in accordance with the terms as set forth above, Franchisee must (in addition to paying all other amounts owed due under this Agreement) reimburse Franchisor or a designated third party for all reasonable costs and overhead, if any, incurred in connection with its operation of the Franchised Business including, without limitation, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations, plus Franchisor's then-current Management Fee. Franchisee agrees that Franchisor or the third party may use monies from the Gross Revenues of the Franchised Business for these reimbursements and fees. If Franchisor (or a third party it appoints) undertakes to operate the Franchised Business pursuant to the exercise of Franchisor's step-in rights, Franchisee agrees to indemnify and hold Franchisor or the third party (and Franchisor's or the third party's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's or the third party's

operation of the Franchised Business. Franchisor (or a third party) has a duty to utilize only reasonable efforts to operate the Franchised Business and will not be liable to Franchisee, Franchisee's Owners, or their respective heirs, beneficiaries, or devisees for any debts, losses, or obligations the Franchised Business incurs, or to any of Franchisee's or its Owners' creditors for any products, other assets, or services the Franchised Business purchases, while Franchisor (or a third party) operates it. The Management Fee shall be equal to twenty percent (20%) of Gross Revenues ("Management Fee"). The Franchisee shall pay the Management Fee for as long as the Franchisor or the third party is operating the Franchised Business. The Management Fee is due weekly and is based on the Franchised Business's weekly Gross Revenues.

20. Franchisee Representations.

(a) FRANCHISEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE PROPOSED FRANCHISE AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS OWNER OR BUSINESS. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY, OR GUARANTEE, OR REPRESENTATION OTHER THAN AS SET FORTH IN THE DISCLOSURE DOCUMENT, EXPRESS OR IMPLIED, FROM ANY EMPLOYEE OR AGENT OF THE FRANCHISOR AS TO THE POTENTIAL SALES VOLUMES, PROFITS, OR LEVEL OF SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT OR THE SUITABILITY OF THE PREMISES OR THE SERVICE VEHICLE(S). FRANCHISOR HAS NOT REPRESENTED THAT (I) FRANCHISEE WILL EARN, CAN EARN, OR IS LIKELY TO EARN A GROSS OR NET PROFIT, (II) FRANCHISOR HAS KNOWLEDGE OF THE RELEVANT MARKET, OR (III) THE MARKET DEMAND WILL ENABLE FRANCHISEE TO EARN A PROFIT FROM THE FRANCHISED BUSINESS;

(b) FRANCHISEE ACKNOWLEDGES THAT IT RECEIVED A COPY OF THE COMPLETE FRANCHISOR'S DISCLOSURE DOCUMENT, AGREEMENTS RELATED THERETO, IF ANY, AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS SIGNED OR CONSIDERATION WAS PAID.

(c) FRANCHISEE ACCEPTS THE TERMS, CONDITIONS AND COVENANTS CONTAINED IN THIS AGREEMENT AS BEING REASONABLE AND NECESSARY TO MAINTAIN FRANCHISOR'S STANDARDS OF QUALITY, SERVICE AND UNIFORMITY AND IN ORDER TO PROTECT AND PRESERVE THE GOODWILL OF THE MARKS. FRANCHISEE ACKNOWLEDGES THAT OTHER FRANCHISEES OF FRANCHISOR HAVE BEEN OR WILL BE GRANTED FRANCHISES AT DIFFERENT TIMES AND IN DIFFERENT SITUATIONS. FRANCHISEE FURTHER ACKNOWLEDGES THAT THE PROVISION OF THE FRANCHISE AGREEMENTS PURSUANT TO WHICH SUCH FRANCHISES WERE GRANTED MAY VARY MATERIALLY FROM THOSE CONTAINED IN THIS AGREEMENT AND THAT FRANCHISEE'S OBLIGATION ARISING HEREUNDER MAY DIFFER SUBSTANTIALLY FROM OTHER FRANCHISEES.

(d) FRANCHISEE RECOGNIZES THAT THE SYSTEM MAY EVOLVE AND CHANGE OVER TIME AND THAT THE LICENSE AND OPERATION OF THE FRANCHISED BUSINESS INVOLVE AN INVESTMENT OF SUBSTANTIAL RISK AND ITS SUCCESS IS DEPENDENT PRIMARILY UPON THE BUSINESS ACUMEN AND EFFORTS OF FRANCHISEE AND OTHER FACTORS BEYOND FRANCHISOR'S CONTROL. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISE AND HAD AMPLE TIME AND OPPORTUNITY TO CONSULT WITH INDEPENDENT PROFESSIONAL ADVISORS, INCLUDING BUT NOT LIMITED TO LAWYERS AND ACCOUNTANTS, AND HAS NOT RELIED UPON ANY EXPRESS OR IMPLIED GUARANTEE AS TO POTENTIAL VOLUMES, REVENUES, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY FRANCHISEE. EVEN THOUGH THIS AGREEMENT CONTAINS PROVISIONS REQUIRING FRANCHISEE TO OPERATE THE FRANCHISED BUSINESS IN COMPLIANCE WITH FRANCHISOR'S SYSTEM: (1) FRANCHISOR OR ITS AFFILIATES DO NOT HAVE ACTUAL OR APPARENT AUTHORITY TO CONTROL THE DAY-TO-DAY CONDUCT AND OPERATION OF FRANCHISEE'S BUSINESS OR EMPLOYMENT DECISIONS; AND (2) FRANCHISEE AND FRANCHISOR DO NOT INTEND FOR FRANCHISOR OR FRANCHISOR'S AFFILIATES TO INCUR ANY LIABILITY IN CONNECTION WITH OR ARISING FROM ANY ASPECT OF FRANCHISOR'S SYSTEM OR FRANCHISEE'S USE OF THE FRANCHISOR SYSTEM OR THE OPERATION OF THE FRANCHISED BUSINESS, WHETHER OR NOT IN ACCORDANCE WITH THE REQUIREMENTS OF THE OPERATIONS MANUALS.

(e) If Franchisee is a corporation, a limited liability company or a partnership, Franchisee makes the following representations and warranties: (1) Franchisee is duly organized and validly existing under the laws of the state of its formation; (2) Franchisee is qualified to do business in the state or states in which the Franchised Business is located; (3) execution of this Agreement and the development and operation of the Franchised Business is permitted by its governing documents; and (4) Franchisee's Articles of Incorporation, Articles of Organization or written partnership agreement shall at all times provide that Franchisee's activities are limited exclusively to the development and operation of the COUNT JUNKULA Franchised Business.

(f) If Franchisee is an individual, or a partnership comprised solely of individuals, Franchisee makes the following additional representations and warranties: (a) each individual has executed this Agreement; (b) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and (c) notwithstanding any transfer for convenience of ownership, pursuant to this Agreement, each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement.

(g) If Franchisee is an individual, or a partnership comprised solely of individuals, Franchisee makes the following additional representations and warranties: (a) each individual has executed this Agreement; (b) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and (c) notwithstanding any transfer for convenience of ownership,

pursuant to this Agreement, each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement. If Franchisee violates a term or condition contained within this Agreement, including but not limited to, withholding any monies owed to Franchisor in the absence of a court order permitting the withholding of such monies, Franchisee shall reimburse Franchisor for all reasonable costs incurred by Franchisor in pursuing the enforcement of this Agreement. These costs shall include, but not be limited to, court costs and fees, accounting costs and fees, expert witness costs and fees, reasonable attorneys' fees, the reasonable value of Franchisor's employees' time, witness fees and travel expenses incurred by Franchisor. The recovery of the costs and fees specified above shall include the recovery of all costs and fees incurred by Franchisor relating to or arising from any and all defenses, counterclaims and/or crossclaims asserted by Franchisee or the personal guarantors under this Agreement. This obligation will give rise to and remain a lien in favor of Franchisor against any and all of the personal property, goodwill, cash, furnishings, equipment, signs, fixtures and inventory owned by Franchisee and located on and around the Premises operated pursuant to this Agreement until Franchisee is in full compliance with this Agreement and any amounts owed are paid in full. All costs to be collected by Franchisor pursuant to this provision shall be collected via electronic bank transfer as specified in this Agreement.

(h) If Franchisee is a corporation, a limited liability company or a partnership, Franchisee has provided to Franchisor a current list of all owners and Franchisee agrees that Franchisee will advise Franchisor of any and all changes in ownership.

(i) If Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer on its records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restriction imposed on assignment by Franchisor, Franchise Agreement(s) to which the corporation is a party." If Franchisee is a limited liability company, each membership or management certificate or other evidence of interest in Franchisee shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the Franchisor, Franchise Agreement(s) to which the limited liability company is a party." If Franchisee is a partnership, its written agreement shall provide that ownership of an interest in the partnership is held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignment by this Agreement.

(j) Franchisee covenants that during the Term, it will at all times faithfully, honestly and diligently perform its obligations under this Agreement, and that it will continuously exert its best efforts to promote and enhance the business of the Franchised Business and other Franchised Businesses established and operated by Franchisee under the System.

(k) Franchisee and all guarantors hereof acknowledge and agree that the obligations regarding the use of Confidential Information and trade secrets set forth in this Agreement will apply throughout the Term and after the expiration, non-renewal, or termination of this Agreement for any reason, without limitation as to time or geographic scope. Franchisee covenants that upon termination, non-renewal, or expiration of this Agreement for any reason, Franchisee will

immediately and permanently cease to use, in any manner whatsoever, any Confidential Information, trade secrets, methods, procedures and techniques associated with the System.

(l) Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Franchisor's approval of a site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site approved by Franchisee to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Franchised Business at the site is based on its own independent investigation of the suitability of the site.

21. Governing law, Jurisdiction and Venue.

(a) **Mediation.** Before Franchisee and Franchisor may bring an action against the other, Franchisor and Franchisee must first meet to mediate the dispute (except as otherwise provided below). Any such mediation shall be non-binding. Mediation shall be conducted by the CPR Center for Alternative Dispute Resolution, under the rules established by the International Franchise Association endorsed National Franchise Mediation Program, and in accordance with its then-current rules for mediation of franchise disputes (and in the event such program is not then in existence, by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes). Notwithstanding the previous sentence, the parties may mutually agree on a mediator and/or procedures and/or venue for mediation. The non-binding mediation provided for herein shall be commenced by the party requesting mediation (the "complainant") providing written notice of the request for mediation (the "request") to the party with whom mediation is sought (the "respondent"). The request shall specify with reasonable particularity the matter or matters on which non-binding mediation is sought. A copy of the request shall be given by the complainant simultaneously to Franchisor if Franchisor is not a complainant or respondent. Non-binding mediation commenced under this Section 21(a) shall be concluded within sixty (60) days of the issuance of the request or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Complainant and respondent shall each bear its own costs of mediation, and each shall bear fifty percent (50%) of the cost of the mediator or mediation service. The mediator selected shall have experience in franchise matters.

(b) **Arbitration.** Franchisee acknowledges that it has and will continue to develop a substantial and continuing relationship with Franchisor at its principal offices in the State of North Carolina, where Franchisor's decision-making authority is vested, franchise operations are

conducted and supervised, and where Agreement was rendered binding. Therefore, the parties agree that, to the extent that any disputes cannot be resolved directly between Franchisee and Franchisor, and following compliance with the applicable mediation requirements set forth in Section 21(a) above, any action arising out of or relating to this Agreement or the making, performance, or interpretation thereof shall upon thirty (30) days written notice by either party be resolved, except as elsewhere expressly provided in this Agreement, upon application by any such party by binding arbitration in Raleigh, North Carolina, in accordance with the Federal Arbitration Act under the Commercial Arbitration Rules then prevailing of the American Arbitration Association, including without limitation the Optional Rules for Emergency Measures of Protection ("AAA"), and not under any state arbitration laws, and judgment on the arbitration award may be entered in any court of competent jurisdiction. Franchisee and Franchisor agree that arbitration shall be conducted on an individual - not a class-wide basis. The Federal Arbitration Act shall apply to all arbitration and arbitration venue questions. Any award by the arbitrator(s) shall be final, binding and non-appealable, except for errors of law. The matter shall be heard by one (1) arbitrator mutually selected by the parties who shall have at least ten (10) years' experience in practicing franchise law during which franchise law is or has been their primary area of practice and shall have substantial experience in the preparation of franchise agreements and franchise disclosure documents. Franchisee understands that by agreeing to arbitrate it gives up jury and appeal and other rights it might have in court.

(c) **Injunctive Relief.** Notwithstanding the provisions of Section 21(a) above, Franchisee agrees that Franchisor, at its option, will have the right to seek preliminary injunctive relief from a court of competent jurisdiction, or in the first instance from an Arbitrator, to restrain any conduct by Franchisee in the development or operation of the Franchised Business that could materially damage the good will associated with the System, the Marks and the Chain, provided that if Franchisee counters, as Franchisee may, by initiating arbitration, Franchisor agrees to arbitrate the entire dispute thereafter except preliminary injunctive relief (and permanent injunctive relief also, if Franchisee will not agree that the preliminary injunction shall remain effective indefinitely until the arbitrator shall dissolve it), leaving the court action pending, if it chooses, to facilitate enforcement. Franchisee agrees Franchisor will not be required to post a bond to obtain any injunctive relief with respect to use of the Marks.

(d) **Attorneys' Fees and Costs.** The non-prevailing party agrees to reimburse the prevailing party for all expenses reasonably incurred (including attorney's fees): (i) to enforce the terms of this Agreement, an obligation owed to Franchisor by Franchisee and/or the Owners, or an obligation owed to Franchisee by Franchisor; and (ii) in the defense of any claim that one party asserts against the other party on which the prevailing party substantially prevails in court, arbitration or other formal legal proceedings, whether incurred prior to or in preparation for such proceedings or thereafter. In the event Franchisor is the prevailing party, Franchisor has the right to reimburse Franchisor through EFT transfer for any legal fees.

(e) **JURY TRIAL AND CLASS ACTION WAIVER.** FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS AND GUARANTORS, IF APPLICABLE) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY FRANCHISOR AND FRANCHISEE. NEITHER FRANCHISEE NOR FRANCHISOR SHALL SEEK TO

LITIGATE OR ARBITRATE AGAINST THE OTHER PARTY TO THIS AGREEMENT OR SUCH PARTY'S AFFILIATES, EITHER AS A REPRESENTATIVE OF, OR ON BEHALF OF, ANY OTHER PERSON, CLASS, OR ENTITY ANY DISPUTE, CONTROVERSY, OR CLAIM OF ANY KIND ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES, THE SALE OF THE FRANCHISE, OR OTHER CLAIMS OR CAUSES OF ACTION RELATING TO THE PERFORMANCE OF EITHER PARTY TO THIS AGREEMENT. NO LITIGATION, ARBITRATION OR OTHER ACTION OR PROCEEDING UNDER THIS AGREEMENT SHALL ADD AS A PARTY, BY CONSOLIDATION, JOINDER, OR IN ANY OTHER MANNER, ANY PERSON OR PARTY OTHER THAN FRANCHISEE AND FRANCHISOR AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, FRANCHISEE OR FRANCHISOR, UNLESS BOTH FRANCHISEE AND FRANCHISOR CONSENT IN WRITING. FRANCHISOR HAS THE ABSOLUTE RIGHT TO REFUSE SUCH CONSENT. FRANCHISEE AGREES AND ACKNOWLEDGES THAT ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES, OR ANY AGREEMENT OR RELATIONSHIP BETWEEN FRANCHISEE AND ANY AFFILIATE OF FRANCHISOR WILL BE CONSIDERED UNIQUE ON ITS FACTS AND SHALL NOT BE BROUGHT AS A CLASS OR GROUP ACTION. IN THE EVENT FRANCHISOR IS THE PREVAILING PARTY, FRANCHISOR HAS THE RIGHT TO REIMBURSE FRANCHISOR THROUGH EFT TRANSFER FOR ANY LEGAL FEES.

(f) WAIVER OF CERTAIN DAMAGES. EXCEPT FOR FRANCHISEE'S OBLIGATIONS TO INDEMNIFY FRANCHISOR UNDER THIS AGREEMENT AND CLAIMS FRANCHISOR BRINGS AGAINST FRANCHISEE FOR FRANCHISEE'S UNAUTHORIZED USE OF THE MARKS, UNAUTHORIZED USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION, OR BREACH OF FRANCHISEE'S NON-COMPETITION COVENANTS, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS AND GUARANTORS, IF APPLICABLE) WAIVE ANY RIGHT TO OR CLAIM FOR PUNITIVE, CONSEQUENTIAL, MULTIPLE, INCIDENTAL OR OTHER DAMAGES IN EXCESS OF THE ECONOMIC DAMAGES ACTUALLY SUSTAINED, WHETHER ASSERTED AS A RELATED OR INDEPENDENT TORT, AS A BREACH OF CONTRACT, OR AS ANY OTHER CLAIM OR CAUSE OF ACTION BASED ON STATUTORY OR COMMON LAW. EXCEPT FOR ANY SPECIFIC WRITTEN WARRANTIES EXPRESSLY PROVIDED IN CONNECTION WITH A SPECIFIC ITEM, FRANCHISOR SHALL NOT BE LIABLE TO ANY PERSON OR ENTITY IN RELATION TO ANY GOODS AND/OR SERVICES (INCLUDING ANY ASPECT OF THE LABOR OR INSTALLATION OF ANY EQUIPMENT, OR PRODUCTS) PROVIDED BY FRANCHISOR, FRANCHISOR'S AFFILIATES AND/OR ANY PERSON/COMPANY REFERRED/APPROVED BY FRANCHISOR OR THEM. SUCH ITEMS ARE PROVIDED WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE BEING EXPRESSLY DISCLAIMED.

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE THEIR RIGHT TO (AND FRANCHISEE'S OWNERS AND GUARANTORS, IF APPLICABLE) IRREVOCABLY WAIVE AND SURRENDER THEIR RIGHT TO PURSUE A JUDICIAL REMEDY OF ANY

CLAIM ARISING OUT OF, OR RELATED TO THIS DISPUTE, EXCEPT AS ELSEWHERE EXPRESSLY PROVIDED IN THIS AGREEMENT.

(g) WAIVER OF PUNITIVE DAMAGES. FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS AND GUARANTORS, IF APPLICABLE), HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE EACH SHALL BE LIMITED SOLELY TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY THE NON-BREACHING PARTY.

(h) Remedies Cumulative. All rights and remedies conferred upon Franchisee and Franchisor by this Agreement and by law shall be cumulative of each other, and neither the exercise nor the failure to exercise any such right or remedy shall preclude the exercise of any other such right or remedy.

(i) Governing Law. This Agreement and any claim or controversy arising out of or relating to rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed under the laws of the State of North Carolina and any dispute between the parties shall be governed by and determined in accordance with the substantive law of the State of North Carolina and the Federal Arbitration Act, which laws shall prevail in the event of any conflict of law. The venue for any arbitration concerned with the enforcement and interpretation of this Agreement shall be Raleigh, North Carolina. Nothing in this Section 21(i) is intended, or shall be deemed, to make any North Carolina law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if such law would not otherwise be applicable. Any and all claims and actions arising out of or relating to this agreement, the relationship of franchisee and franchisor, or franchisee's operation of the Franchised Business, brought by franchisee against franchisor, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

22. Notices.

Except as otherwise provided in this Agreement, all notices, requests, demands and other communications required or permitted to be given or made under this Agreement shall be in writing and shall be given (i) by personal delivery, (ii) by registered or certified mail, return receipt requested, postage prepared, or (iii) by delivery to a nationally recognized overnight courier service, in each case, addressed as follows:

If intended for Franchisor, addressed to:

Franchisor: COUNT JUNKULA FRANCHISING LLC
1627 Navaho Drive
Raleigh, North Carolina, 27603

If intended for Franchisee, addressed to:

The notice address set forth in the Franchise Rider, or,

If Franchisee has opened its Franchised Business, the address of the approved Location of the Franchised Business, or

in either case, to such other address as may have been designated by notice to the other party.

Notice shall be deemed given and effective upon the first to occur of receipt, when proper delivery is refused, or two (2) calendar days after deposit in registered or certified U.S. Mail or with a nationally recognized overnight courier, as described above. Any notice that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery.

Additionally, Franchisor may provide the notice described in this section by email or other electronic system to (a) the email address set forth on the Franchise Rider, (b) the email address Franchisor has approved or provided for Franchisee to use with the Franchised Business, or (c) another electronic account that Franchisor has approved or provided for Franchisee to use with the Franchised Business. Such email notices shall be deemed given and effective upon the day on which the email was sent, unless Franchisor receives notice of rejected delivery by the email account or other electronic account.

23. Miscellaneous.

(a) **Severability.** The invalidity or unenforceability of any one or more provision of this Agreement shall in no way affect any other provision. If any court of competent jurisdiction determines any provision of this Agreement to be invalid, illegal or unenforceable, that portion shall be deemed severed from the rest, which shall remain in full force and effect as though the invalid, illegal or unenforceable portion had never been a part of this Agreement.

(b) **Construction.** All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, as the case may require. All acknowledgements, warranties, representations, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all those executing this Agreement as Franchisee.

(c) **Entire Agreement.** This Agreement, the documents incorporated herein by reference and the exhibits attached hereto, comprise the entire agreement between the parties and all prior understands or agreements concerning the subject matter hereof are canceled and superseded by this Agreement. This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. Franchisee expressly acknowledges that no oral promises or declarations were made to it and that the obligations of the Franchisor are confined exclusively to those set forth in this Agreement. Franchisee understands and assumes the business risks inherent in this enterprise. Notwithstanding the foregoing, nothing in this Agreement or any

related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document

(d) **Assignees.** This Agreement shall be binding upon the heirs, successors, permitted assigns and legal representatives of the parties.

(e) **Amendments.** Franchisor reserves the right to amend this Agreement if a Franchise Agreement change proposed by Franchisor is agreed to by seventy five percent (75%) of the then-current Franchisees. Further, except for those permitted to be made unilaterally by Franchisor, no supplement, amendment or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto.

(f) **Waivers.** No failure of Franchisor to exercise any right given to it hereunder, or to insist upon strict compliance by Franchisee with any obligation, agreement or undertaking hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Franchisor's right to demand full and exact compliance by Franchisee and shall not affect or impair Franchisor's rights with respect to any subsequent default of the same or of a different nature, nor shall any delay or omission of Franchisor to exercise any right arising from such default affect or impair Franchisor's rights as to such default or any subsequent default. Franchisor has the unrestricted right to elect to not enforce (or to selectively enforce) any provision of this Agreement or any other agreement, standard or policy, whether with respect to Franchisee and/or any other franchisee or other person, or any affiliate of Franchisee or Franchisor, without liability.

(g) **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same Agreement. The parties to this Agreement may utilize electronic means, including electronic mail and facsimile, to execute and transmit the Agreement or PDF copies of the Agreement and all such electronically transmitted copies of the Agreement shall be deemed as valid as originals.

(h) **Headings.** The headings used in the Agreement are for convenience only, and the paragraphs shall be interpreted as if such headings were omitted.

(i) **Time of Essence.** Franchisee agrees and acknowledges that time is of the essence with regard to Franchisee's obligations hereunder, and that all of Franchisee's obligations are material to Franchisor and this Agreement.

(j) **Agreement Binding Upon Signature of Franchisor.** Franchisee acknowledges that this Agreement shall not take effect until its acceptance and execution by an authorized officer of Franchisor.

(k) **Evolving Agreements.** Franchisee acknowledges that Franchisor has entered, and will continue to enter, into agreements with other Franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that Franchisor and Franchisees other than Franchisee

may have different rights and obligations does not affect the parties' duty to comply with this Agreement.

(l) **Delegation.** Franchisor shall have the right to delegate Franchisor's duties under this Agreement to any affiliated or non-affiliated entity, agent, or employee and Franchisee agrees to such assignment without any right to approve such actions.

(m) **Fines.** For each instance where Franchisee fails to obtain prior written approval for advertisements, fails to attend required training or Franchisor sponsored conventions, offers unauthorized products or services, fails to timely submit a report, or otherwise fails to comply with Franchisor's operating standards set forth in the Operations Manual or this Agreement, Franchisor shall, at Franchisor's option, have the right to levy a fine in an amount up to Ten Thousand Dollars (\$10,000) per occurrence. Alternatively, in the case of failure to attend required training or franchisor sponsored conventions or failure to timely submit reports, Franchisee's Royalty for the balance of the calendar year shall increase by one percent (1%). The imposition of a fine pursuant to this subsection shall not act as a waiver of any of Franchisor's other remedies under this Agreement. Furthermore, Franchisor has the right to collect any such fines by means of EFT.

(n) **Final Act.** The last signature applied to this Agreement shall be the signature of Franchisor's officer at Franchisor's headquarters in North Carolina. The Agreement shall not be binding on Franchisor until signed by Franchisor.

(o) **Covenant of Good Faith.** No covenant of good faith and fair dealing shall be implied into this Agreement, except that if applicable law shall imply such a covenant in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply such a covenant, Franchisee acknowledges that (a) this Agreement grants Franchisor the discretion to make decisions, take actions, and refrain from taking actions not inconsistent with Franchisor's explicit rights and obligations hereunder that may favorably or adversely affect Franchisee's interests; (b) Franchisor will use its judgment in exercising such discretion based on Franchisor's assessment of its own interests and balancing those interests against the interests of Franchisee and other franchisees within the Chain generally; and (c) Franchisor will have no liability to Franchisee for the exercise of its discretion, so long as such discretion is not exercised in bad faith toward Franchisee; and (d) in absence of such bad faith, no trier of fact in any legal action shall substitute its judgment for Franchisor's judgment so exercised.

(p) **Security Agreement.** Franchisee agrees to give no security interests, pledges or encumbrances in Franchisee's inventory, leasehold, fixtures, vehicles (including Service Vehicle(s)), equipment, securities or franchise agreement without the prior written approval of Franchisor, which shall not be deemed a consent to assignment. Franchisor will not unreasonably withhold approval but is legitimately concerned to ensure: (a) that Franchisee not lose the business; (b) that the business not be lost to the franchise system; and (c) that Franchisor not have to defend a claim to franchisee rights by anyone it shall not have agreed to accept as a franchisee. In order to secure the prompt performance of Franchisee's obligations under this Agreement, Franchisee grants Franchisor and Franchisor takes a first priority security interest in all of Franchisee's assets,

including without limitation, all present and after acquired inventory and equipment wherever located, accounts, deposit accounts, chattel paper, instruments, contract rights (including Franchisee's rights under this Agreement) and general intangibles, including payment intangibles, and all proceeds and products thereof including insurance proceeds. All items in which a security interest is granted are referred to as the "Collateral". Franchisor agrees to subordinate Franchisor's security interest in the Collateral to the prime lender for the purchase of the Franchised Business and/or Service Vehicle(s), and/or development of the Franchised Business. This Agreement and the License granted to Franchisee hereunder may not be used by Franchisee as collateral or be the subject of a security interest, lien, levy, attachment or execution by Franchisee's creditors, any financial institution, or any other party, except with Franchisor's prior written approval. The security interest is to secure payment of the following (the "Indebtedness"): (a) all amounts due under this Agreement or otherwise by Franchisee; (b) all sums which Franchisor may, at Franchisor's option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness; (c) all expenses, including reasonable attorneys' fees, which Franchisor incurs in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting Franchisor's rights under the security interest and this Agreement; and (d) all other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of Franchisee to Franchisor or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not Franchisor executes any extension agreement or renewal instruments. Franchisee will from time to time as Franchisor requires join with Franchisor in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to Franchisor. Upon default and termination of Franchisee's rights under this Agreement, Franchisor shall have the immediate right to possession and use of the Collateral. Franchisee agrees that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at Franchisor's option and without notice, become due and payable immediately, and Franchisor shall then have the rights, options, duties, and remedies of a secured party under, and Franchisee shall have the rights and duties of a debtor under the Uniform Commercial Code of North Carolina (or other applicable law), including, without limitation, Franchisor's right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by Franchisor in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to Franchisee pursuant to the notice provisions set forth above. This Agreement shall be deemed a security agreement and a financing statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

FRANCHISEE ACKNOWLEDGES THAT, IN ALL OF ITS DEALINGS WITH FRANCHISOR'S OWNERS, OFFICERS, DIRECTORS, EMPLOYEES, AND REPRESENTATIVES, THESE INDIVIDUALS ACT ONLY IN THEIR REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. FRANCHISEE

EXHIBIT A TO FRANCHISE DISCLOSURE DOCUMENT

ACKNOWLEDGES THAT THIS AGREEMENT AND ALL BUSINESS DEALINGS BETWEEN FRANCHISEE AND THESE INDIVIDUALS AS A RESULT OF THIS AGREEMENT ARE SOLELY BETWEEN FRANCHISEE AND FRANCHISOR. NOTWITHSTANDING THE FOREGOING, IF FRANCHISOR ENGAGES ANY BROKER, THAT BROKER WILL BE SOLELY LIABLE FOR ITS CONDUCT WITH FRANCHISEE EXCEPT THAT FRANCHISOR WILL REMAIN LIABLE FOR THE BROKER'S CONDUCT SOLELY TO THE EXTENT OF FRANCHISOR'S OWN CRIMINAL, INTENTIONAL OR GROSSLY NEGLIGENT CONDUCT IN ENGAGING THE BROKER. IN ADDITION, FRANCHISOR MAKES NO WARRANTY AS TO FRANCHISEE'S ABILITY TO OPERATE THE FRANCHISED BUSINESS IN THE JURISDICTION IN WHICH THE FRANCHISED BUSINESS WILL BE OPERATED. FRANCHISEE MUST SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY ON THIS ISSUE. IF LEGISLATION IS ENACTED, OR A REGULATION PROMULGATED, BY ANY GOVERNMENTAL BODY THAT PREVENTS FRANCHISEE FROM OPERATING THE FRANCHISED BUSINESS, FRANCHISOR IS NOT LIABLE FOR DAMAGES NOR REQUIRED TO INDEMNIFY FRANCHISEE IN ANY MANNER WHATSOEVER OR TO RETURN ANY MONIES RECEIVED FROM FRANCHISEE.

IN WITNESS WHEREOF, parties hereto have duly executed this Agreement on the day, month and year first written above.

Franchisor:

COUNT JUNKULA FRANCHISING LLC

By: _____
Name: _____
Title: _____

FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR APPROVED LOCATIONS IN OHIO: You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Franchisee:

By: _____
Name: _____
Title: _____

**[FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR
APPROVED LOCATIONS IN OHIO]**

Notice of cancellation

(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver by hand or overnight courier service, a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to COUNT JUNKULA FRANCHISING LLC, 1627 Navaho Drive, Raleigh, North Carolina 27609 (919) 352-9135, not later than midnight of _____.

I hereby cancel this transaction.

(Purchaser's Signature)

(Date) _____

**[FOR OHIO RESIDENTS AND FRANCHISEES WITH TERRITORIES AND/OR
APPROVED LOCATIONS IN OHIO]**

Notice of cancellation

(Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver by hand or overnight courier service, a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to COUNT JUNKULA FRANCHISING LLC, 1627 Navaho Drive, Raleigh, North Carolina 27609 (919) 352-9135, not later than midnight of _____.

I hereby cancel this transaction.

(Purchaser's Signature)

(Date) _____

**ATTACHMENT 1 TO FRANCHISE AGREEMENT
FRANCHISE RIDER**

Fees

Initial Franchise Fee

The Initial Franchise Fee, which is due and payable upon execution of this Franchise Agreement, is:

_____ Fifty Thousand Dollars (\$50,000) for the right to open a COUNT JUNKULA business with a Tier 1 Territory.

_____ Thirty-Five Thousand Dollars (\$35,000) for the right to open a COUNT JUNKULA business with a Tier 2 Territory.

Vehicle/ Container Signage Fee

_____ Dollars for the Vehicle / Container Signage Fee.

Royalty

From the first day of the Term until December 31 of the same calendar year ("First Partial Year"), Franchisee shall pay a Royalty of 8% of Gross Revenues on all Gross Revenues.

Beginning on the first day of the full calendar year of operations immediately following the First Partial Year, and subject to the Minimum Royalty set forth below, Franchisee shall pay a Royalty of 8% of Gross Revenues of Franchisee on all Gross Revenues up to \$500,000 per calendar year; a Royalty of 7% of Gross Revenues on all Gross Revenues of Franchisee in excess of \$500,000 but less than \$1,000,000 per calendar year; and a Royalty of 6% of Gross Revenues on all Gross Revenues of Franchisee in excess of \$1,000,000 per calendar year.

Beginning on the first day of the thirteenth (13th) full calendar month of the Term, Franchisee shall pay a Royalty that is the greater of (a) 8% of Gross Revenues on all Gross Revenues of Franchisee up to \$500,000 per calendar year; a Royalty of 7% of Gross Revenues on all Gross Revenues of Franchisee in excess of \$500,000 but less than \$1,000,000 per calendar year; and a Royalty of 6% of Gross Revenues on all Gross Revenues of Franchisee in excess of \$1,000,000 per calendar year or (b) One Thousand Two Hundred Dollars (\$1,200) per month ("Minimum Royalty").

Any change in the Royalty rate based upon the Gross Revenues achieved shall become effective in the week that the Gross Revenues target value is achieved and shall remain the Royalty rate through the remainder of the calendar year unless another Gross Revenues target is achieved and the Royalty percentage is adjusted again.

For purposes of this Attachment 1, "Gross Revenues" shall mean the total revenue generated by Franchisee's COUNT JUNKULA business, including all revenue generated from the sale and provision of any and all approved products and services at or through Franchisee's Franchised Business and all proceeds from any business interruption insurance related to the non-operation of Franchisee's Franchised Business, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange. "Gross Revenues" does not include (a) tips received by employees through their

employment with the Franchised Business or (b) any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto.

The Royalty shall be due on or before the Tuesday of each week during the Term for the sales week ending the immediately preceding Sunday, unless otherwise designated by Franchisor.

Notice

The following address is Franchisee's address under Section 22 of the Franchise Agreement.

Franchisee's Address for Notice

Franchisee's Email Address: _____

Already-Approved Location and Territory (If Applicable)

If the Location has already been selected by Franchisee and approved by Franchisor, then the following are Franchisee's Location and Territory for the term of the Franchise Agreement:

Location: _____
Territory: _____

Unassigned Location and Territory (If Applicable)

If no Location has been determined at the time this Franchise Agreement is executed, then the Location will be within the following area, provided the exact location will be subject to Franchisor's review and approval: _____ (the "Prospective Market Area").

If Franchisee has not been approved to operate at a specific Location at the time the Franchise Agreement is approved, Franchisor reserves the right to sell franchises—and grant territories to others who will operate COUNT JUNKULA Franchised Businesses—in and around the Prospective Market Area. Franchisee may then be required to choose a final location outside of any protected territory given to any other franchisee, and that territory may be outside of the Prospective Market Area set forth above.

When Franchisee selects its desired location for the Franchised Business, Franchisee must follow the approval process set forth in Section 6(a) of the Franchise Agreement and Franchisor's Operations Manuals. If Franchisor approves of Franchisee's proposed location, Franchisor will send Franchisee its form site approval letter ("Site Selection Approval Letter"). The location set forth in the Site Selection Approval Letter shall constitute the "Location" of the Franchised Business pursuant to Section 1 of the Franchise Agreement.

**ATTACHMENT 2 TO FRANCHISE AGREEMENT
LEASE RIDER**

This Lease Rider is executed as of this date of _____, by and between _____ (“Tenant”) and _____ (“Landlord”) as a Rider to the lease dated _____ (as amended, renewed, and/or extended from time to time, the “Form Lease”) for the Premises located at _____ (“Premises”).

In the event of a conflict between the terms and conditions set forth within this Rider and the terms and conditions set forth in the Form Lease to which this Rider is attached, the terms and conditions set forth within this Rider shall govern and control.

1. **Permitted Use.** The Premises are leased to Tenant for the operation of a franchised COUNT JUNKULA junk removal business. Landlord covenants that from and after the date hereof, Landlord shall not permit any other tenant to operate a business in the same shopping center as the Premises that sells or provides junk removal services and/or dumpster rental services.

2. **Signage.** Notwithstanding anything contained within the Form Lease to the contrary, Tenant shall, subject to the requirements of local law, have the right to utilize its standard signage and other proprietary marks and identification on both the exterior and within the interior of the Premises as approved by COUNT JUNKULA FRANCHISING LLC, a North Carolina limited liability company and franchisor of the COUNT JUNKULA concept (“Franchisor”).

3. **Assignment and Subletting.** Landlord’s consent to an assignment of the Form Lease or subletting of the Premises shall not be required in connection with an assignment or subletting as a part of a merger, reorganization or sale of all or substantially all of Tenant’s assets or business or an assignment or sublet to Franchisor, any parent, subsidiary or affiliated corporation of Tenant or Franchisor, or another COUNT JUNKULA franchisee. Landlord shall approve as an assignee or sublettee any tenant who has become a transferee of the Franchise Agreement by and between Tenant and Franchisor (the Franchise Agreement”) as a result of a merger, reorganization or sale of all or substantially all of Tenant’s assets. Tenant shall also have the right, without the consent of Landlord, to assign the Form Lease to a company incorporated or to be incorporated by Tenant or a partnership formed or to be formed by Tenant, provided that Tenant owns or beneficially controls a majority of the issued and outstanding shares of capital stock of the company or is the managing general partner of the partnership.

4. **Notices; Opportunity to Cure.** Copies of any demand letters, default notices or other similar notices of non-compliance (“Notice”) sent by Landlord to Tenant shall also be sent to Franchisor at the following address:

President
COUNT JUNKULA FRANCHISING LLC
1627 Navaho Drive
Raleigh, North Carolina, 27609

In the event Tenant fails to cure or otherwise remedy the subject matter of the Notice, and prior to exercising any remedies under the Form Lease, Landlord shall grant Franchisor the identical period of time in which to cure same (said cure period to commence immediately upon Notice from Landlord to Franchisor (at the address set forth herein) that Tenant has failed to cure in a timely manner) and Landlord agrees to accept the performance of Franchisor within said period of time as performance by Tenant pursuant to the terms of the Form Lease.

5. Option to Lease. Landlord hereby agrees that, in the event of (a) the termination or expiration of the Franchise Agreement by and between Tenant and Franchisor; (b) the termination of the Form Lease for any cause whatsoever including, without limitation, a default by Tenant under the Form Lease after expiration of any applicable notice and cure periods; or (c) Tenant's failure to exercise any extension option contained in the Form Lease, Franchisor shall have the option to lease the Premises pursuant to the same terms and conditions as are contained in the Form Lease, in accordance with the following:

(a) Landlord agrees to promptly give Notice to Franchisor (at the address set forth herein) in the event the Form Lease is terminated as the result of a default by Tenant or in the event Tenant fails to exercise any remaining options to extend the term of the Form Lease;

(b) If Franchisor elects to lease the Premises, Franchisor shall notify Landlord in writing of its election to exercise this option to lease within thirty (30) days after (1) termination or expiration of the Franchise Agreement; (2) Franchisor's receipt of Notice from Landlord that the Form Lease has been terminated; or (3) receipt of Notice from Landlord that Tenant has failed to exercise an option to extend the term of the Form Lease;

(c) If Franchisor elects to lease the Premises, Franchisor shall sign and deliver to Landlord a lease containing all of the same terms and conditions (including rental rates, terms and remaining options to extend the term of the Form Lease) as are contained in the Form Lease; provided, however, that Franchisor's leasehold interest shall not be subject to any defaults or claims that may exist between Landlord and Tenant and any such lease shall permit Franchisor to assign the lease or sublease the Premises to a franchisee of Franchisor for use as a COUNT JUNKULA franchised location; and

(d) Nothing contained herein shall affect Landlord's right to recover any and all amounts due under the Form Lease from Tenant or to exercise any right of Landlord against Tenant as provided under the Form Lease.

6. De-identification. Landlord and Tenant hereby acknowledge that in the event the Franchise Agreement expires or is terminated, Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the location as a COUNT JUNKULA franchise location operated by Tenant. Landlord agrees to cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement against Tenant, including allowing Franchisor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any marks, designs or logos of Franchisor; provided, however, that Landlord shall not be required to bear any expense thereof. Tenant agrees that if Tenant fails to de-identify the Premises

promptly upon termination or expiration as required under the Franchise Agreement, Franchisor may cause all required de-identification to be completed at Tenant's sole cost and expense.

7. Assignment of Interest. This Rider is binding and shall inure to the benefit of Landlord, Tenant, and Franchisor, their assigns, and successors-in-interest. Franchisor is an intended beneficiary of this Rider, provided Franchisor shall have no liability for any of Tenant's obligations under the Form Lease. Franchisor signs below for the limited purpose of acknowledging and agreeing to the provisions of this Rider.

8. Non-disturbance from Mortgage Lenders. It is a condition of the Form Lease being subordinated to any mortgage, deed of trust, deed to secure debt or similar encumbrance on the Premises that the holder of such encumbrance agrees not to disturb Tenant's rights under the Form Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations under the Form Lease beyond any applicable grace or cure period provided therein. If a mortgage, deed of trust or deed to secure debt currently encumbers the Premises, it is a condition precedent to Tenant's obligations under the Form Lease that the holder of such encumbrance enter into a written recordable form of subordination and non-disturbance agreement with Tenant, in a form reasonably acceptable to Tenant, as described above.

9. Security Interest. Any security interest and/or landlord's lien of Landlord in Tenant's trade fixtures, trade dress, signage, equipment and other personal property is hereby subordinated to any security interest and pledge granted to Franchisor in such items.

LANDLORD:

TENANT:

By: _____

By: _____

Its: _____

Its: _____

Name: _____

Name: _____

Agreed to:

FRANCHISOR:

COUNT JUNKULA FRANCHISING LLC

By: _____

Name: _____

Title: _____

ATTACHMENT 3 TO FRANCHISE AGREEMENT
PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE
TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement (the "Agreement") between COUNT JUNKULA FRANCHISING LLC ("Franchisor") and _____ ("Franchisee") dated of even date herewith, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee, including without limitation the dispute resolution provisions of the Agreement.

Further, except for those designated as "Spouse" and not "Owner" in the signature block below, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions, and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement.

The undersigned's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other guarantors of Franchisee. The undersigned shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so. Franchisor may proceed against the undersigned and Franchisee jointly and severally, or Franchisor may, at its option, proceed against the undersigned, without having commenced any action, or having obtained any judgment against Franchisee. The undersigned agrees to pay all reasonable attorneys' fees and all 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 enforcing this undertaking against Guarantor.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; (3) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any 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 Personal Guaranty, which shall be continuing and irrevocable during the term of the Agreement; and (4) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

The undersigned waive: (1) notice of demand for payment of any indebtedness or on performance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right

he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability; (4) 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 (5) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of Franchisor's successors and assigns.

PERSONAL GUARANTORS:

Signature: _____
Name: _____
Address: _____
Owner or Spouse: _____

Signature: _____
Name: _____
Address: _____
Owner or Spouse: _____

Signature: _____
Name: _____
Address: _____
Owner or Spouse: _____

Signature: _____
Name: _____
Address: _____
Owner or Spouse: _____

**ATTACHMENT 4 TO FRANCHISE AGREEMENT
NONDISCLOSURE AND NONCOMPETITION AGREEMENT**

This Nondisclosure and Noncompetition Agreement (“Agreement”) is made and entered into as of _____ by and between COUNT JUNKULA FRANCHISING LLC, a North Carolina limited liability company (“Company”), and _____ (“Associate”), who resides at _____. All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Franchise Agreement.

RECITALS

A. The Company is engaged in the business of selling franchises for the operation of a business that offers premium junk removal, hauling, and dumpster rental services (“Franchised Business”). The Franchised Businesses are operated under the Company’s trademark “COUNT JUNKULA” and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the “Marks”);

B. The Franchisor has developed methods for establishing, operating and promoting Franchised Businesses pursuant to the Franchisor’s Confidential Information (defined below) and Trade Secrets (defined below) and such Confidential Information and Trade Secrets as may be further developed from time to time by the Franchisor (“System”);

C. The Franchisor and its affiliates have established substantial goodwill and an excellent reputation with respect to the quality of products and customer service, which goodwill and reputation have been and will continue to be of major benefit to the Franchisor;

D. Associate desires to become involved with _____ (“Franchisee”), a franchisee of the Franchisor that operates a Franchised Business in _____ in the capacity of an owner, officer, partner, director, or agent of the Franchised Business, or is a spouse or domestic partner of an owner of a Franchised Business, and will become privileged as to certain Confidential Information and Trade Secrets. Associate may or may not have signed the Franchise Agreement or personal guaranty; and

E. Associate and the Franchisor have reached an understanding with regard to nondisclosure by Associate of Confidential Information and Trade Secrets and with respect to noncompetition by Associate with the Franchisor and other franchisees of the Franchisor. Associate agrees to the terms of this Agreement as partial consideration for the Franchisor’s willingness to allow Associate to engage in a business relationship with Franchisor or Franchisee using the Franchisor’s Confidential Information and Trade Secrets.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Franchisor, intending legally to be bound, agree as follows:

1. Definitions.

(a) “Associate” shall mean the individual described in the first paragraph of this Agreement.

(b) “Competitive Business” as used in this Agreement means any business or commercial activity, other than a COUNT JUNKULA business that Franchisee is authorized by Franchisor to operate, that provides junk removal, hauling, or dumpster rental services.

(c) “Confidential Information” shall include, without limitation, all knowledge, know-how, formats, plans, data processes, supply systems, marketing systems, techniques, designs, layouts, standards, and procedures related to the establishment and operation of the Franchised Business, and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Franchised Business including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, mail lists, manuals, promotional and marketing materials, marketing strategies and any other data and information that the Franchisor or its affiliates designates as confidential including all information contained in the Operations Manuals, which may be provided as one or more separate manuals, written instructional guides, electronic files, or other communications from the Franchisor or its affiliates, which may be changed or supplemented from time to time.

(d) “Customer” shall mean (i) any customer to which the Franchised Business sold any product or for which the Franchised Business performed any service at any time within the one (1) year period prior to the Restrictive Period and whom Associate had a business relationship through Associate’s association with Franchisor or Franchisee (ii) any prospective customer that the Associate called on at any time or had any communications within the one (1) year period prior to the Restrictive Period, or (iii) any prospective customer about whom the Associate gathered information at any time within the one (1) year period prior to the Restrictive Period that could be used to the competitive disadvantage of the Franchised Business, Franchisee, Franchisor, Franchisor’s affiliates, or Franchisor’s other franchisees as of the first day of the Restrictive Period.

(e) “Franchise Agreement” shall mean the franchise agreement between Franchisor and Franchisee dated _____ as amended or renewed from time to time.

(f) “Location” shall mean the approved location of Franchisee’s Franchised Business.

(g) “Protected Territory” shall mean:

(i) An area which is within a twenty-five (25) mile radius of:

(A) The Location of the Franchised Business as of the first date of the Restrictive Period, and

(B) The location of any other COUNT JUNKULA location owned by Franchisor or its affiliates or franchisees as of the first date of the Restrictive Period; or

(ii) Only in the event the foregoing is determined by a court of law to be too broad an area which combined includes (a) the Territory as of the first date of the Restrictive Period and (b) the territories in which Franchisor or its affiliates or other franchisees operate any COUNT JUNKULA businesses or locations as of the first date of the Restrictive Period; or

(iii) Only in the event the foregoing is determined by a court of law to be too broad, the Territory as of the first date of the Restrictive Period.

(h) “Restrictive Period” shall mean a period of two (2) years that begins the earlier of (i) the date of termination, expiration, or non-renewal of the Franchise Agreement, regardless of the reason for such termination, expiration, or non-renewal, or (ii) the date Associate’s association with Franchisee or the Franchised Business ends for any reason, including but not limited to, divorce, separation, sale, termination, or transfer.

(i) “Term” shall have the meaning defined in the Franchise Agreement.

(j) “Territory” shall have the meaning defined in the Franchise Agreement.

(k) “Trade Secret(s)” shall mean information, including a customer lists, pattern, compilation, program, device, method, technique or process related to the Franchised Business that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. Confidential Information and Trade Secrets. Associate and the Franchisor acknowledge that the Confidential Information and Trade Secrets that are developed and utilized in connection with the operation of the Franchised Business are unique and the exclusive property of the Franchisor or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to the Franchisor or its affiliates. Associate further acknowledges that the Franchisor or its affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that the Franchisor or its affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

3. Nondisclosure of Confidential Information. During the Term and any renewal Term of the Franchise Agreement and for all periods after the Term and any renewal Term of the Franchise Agreement, Associate shall not at any time, publish, disclose, divulge or in any manner

communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Franchisor or the Franchised Business, any of the Confidential Information of the Franchisor or its affiliates.

4. Exceptions to Disclosing Confidential Information. Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information that was in the public domain prior to being communicated to Associate through no fault of Associate; (b) information that entered the public domain after it was Communicated to Associate through no fault of Associate; (c) information that was in Associate's possession free of any obligation of confidence at the time it was communicated to Associate; or (d) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Associate is legally compelled to disclose the information, if Associate has notified the Franchisor before disclosure and used Associate's best efforts, and afforded the Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to the Franchisor of confidential treatment for the information required to be so disclosed.

5. Nondisclosure of Trade Secrets. During the Term and any renewal Term of the Franchise Agreement and for as long as such information constitutes a Trade Secret, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Franchisor or the Franchised Business, any of the Trade Secrets of the Franchisor or its affiliates.

6. In-Term Covenant Against Unfair Competition. During the Term, Associate will not, without Franchisor's prior written consent for themselves, or through, on behalf of, or in conjunction with any other person or entity:

- (i) own, manage engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, sales person or consultant for, any Competitive Business; or
- (ii) offer or grant franchises or licenses for any Competitive Business; or
- (iii) become a franchisee or licensee of any Competitive Business; or
- (iv) perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or
- (v) use any vendor relationship established through Associate's association with Franchisor or Franchisee for any purpose other than to purchase supplies, products, equipment, merchandise, or services for use or retail sale in the Franchised Business; or
- (vi) solicit, divert or attempt to solicit or divert any customer of the Franchisee at any time during the Term of the Franchise Agreement, to any Competitive Business, by direct or indirect inducement or otherwise.

7. Post-Termination Covenant Against Unfair Competition. Associate covenants and agrees that for the Restrictive Period Associate shall not, within the Protected Territory, engage in any of the following:

(i) franchise, license, engage in, own, manage, operate, or have any operational or management authority in any Competitive Business, including as franchisor, licensor, franchisee or licensee, provided that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Section 7 so long as Associate does not own themselves or through his or her spouses or partners more than one percent (1%) of the securities of such corporation; or

(ii) engage in any Competitive Business as an employee, consultant, or independent contractor in any capacity in which Associate would be in a position to use or disclose Confidential Information; or

(iii) solicit, divert, or induce or attempt to solicit, divert, or induce for, or on behalf of, any Competitive Business any person or entity who was an employee of, independent contractor to, consultant to, or other service provider to the Franchised Business as of the first day of the Restrictive Period with whom Associate had a business relationship through Associate's association with Franchisee or who was an employee of, independent contractor to, consultant to, or other service provider to the Franchised Business within one (1) year prior to the Restrictive Period with whom Associate had a business relationship through Associate's association with Franchisee, to work for the Competitive Business; or

(iv) solicit, induce or attempt to solicit or induce any person or entity who is an employee of, independent contractor to, consultant to, or other service provider to the Franchised Business, Franchisee, Franchisor, Franchisor's affiliates, or Franchisor's other franchisees as of the first day of the Restrictive Period or within one (1) year of the Restrictive Period to terminate or alter in any way its, his, or her relationship with the Franchised Business, Franchisee, Franchisor, Franchisor's affiliates, or Franchisor's other franchisees as of the date of the Restrictive Period; or

(v) solicit, divert, or induce or attempt to solicit, divert, or induce any persons who were employees of, independent contractors to, consultants to, or any other service provider to Franchisor, Franchisor's affiliates, or Franchisor's other franchisees as of the first day of the Restrictive Period or within one (1) year of the Restrictive Period for, or on behalf of, any Competitive Business to work for any Competitive Business; or

(vi) solicit, divert, or attempt to solicit or divert to any Competitive Business any Customer.

8. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Franchisor may be entitled. Associate agrees that the Franchisor may obtain such injunctive relief, without posting a bond or bonds totaling Five

Hundred Dollars (\$500) or more, but upon due notice, and Associate's sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

9. Reasonableness of Restrictions. Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and Trade Secrets and that any violation of this Agreement would cause substantial and irreparable injury to Franchisor, and that Franchisor would not have entered into a business relationship with Associate or Franchisee or enter into this Agreement or the Franchise Agreement without receiving Associate's unrestricted promise to preserve the confidentiality of the Confidential Information and Trade Secrets. In any litigation concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed "prior breach" on the part of the Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Franchisor will entitle or permit Associate to disclose any such Confidential Information or Trade Secrets in any circumstances.

10. Effect of Waiver. The waiver by Franchisor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

11. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and the Franchisor and their respective heirs, executors, representatives, successors and assigns.

12. Entire Agreement. This instrument contains the entire agreement of Associate and the Franchisor relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

13. Governing Law; Jurisdiction and Venue. The laws of North Carolina (without giving effect to its conflicts of law principles) govern all matters arising under and relating to this Agreement, including torts. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of North Carolina, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of North Carolina. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of North Carolina. Notwithstanding the foregoing, in the event that the laws of the state where Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

14. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

15. Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

16. Miscellaneous. Due to the importance of this Agreement to Franchisor, any claim Associate has against Franchisor is a separate matter and does not entitle Associate to violate, or justify any violation of, this Agreement. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement or as otherwise defined herein.

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

ASSOCIATE:

COUNT JUNKULA FRANCHISING LLC

By: _____
Name: _____
Title: _____

ATTACHMENT 5 TO FRANCHISE AGREEMENT
TELEPHONE LISTING AND INTERNET AUTHORIZATION AGREEMENT

THIS AGREEMENT is entered into as of _____ by and between COUNT JUNKULA FRANCHISING LLC, a North Carolina limited liability company and _____, a _____ (hereinafter referred to as “Franchisee”).

WITNESSETH THAT:

WHEREAS, COUNT JUNKULA FRANCHISING LLC has developed and refined a business known as “COUNT JUNKULA,” which uses distinctive innovations and marketing features (such business is referred to herein as the “COUNT JUNKULA System”); and

WHEREAS, COUNT JUNKULA FRANCHISING LLC is the franchisor of the COUNT JUNKULA System and the owner of the trademarks, service marks, copyrights and other intellectual property used in the COUNT JUNKULA System, including without limitation, the mark COUNT JUNKULA (collectively referred to herein as the “COUNT JUNKULA Intellectual Property”); and

WHEREAS, COUNT JUNKULA FRANCHISING LLC and Franchisee have entered into a Franchise Agreement (the “Franchise Agreement”) pursuant to which COUNT JUNKULA FRANCHISING LLC granted to Franchisee the non-exclusive limited right to use the COUNT JUNKULA Intellectual Property and related commercial symbols (the “Franchised Business”) in Franchisee’s business telephone directory listings marketing the Franchised Business and otherwise identifying Franchisee; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Franchisee is authorized to obtain separate telephone service, and/or participate in a central telephone service for Franchisee’s Franchised Business as created by or on behalf of COUNT JUNKULA FRANCHISING LLC. Such service shall not be used in conjunction with any other business or residential telephone service at Franchisee’s home and/or principal place of business.
2. Franchisee is authorized and agrees to secure white pages, Yellow Pages and directory assistance listings only as “COUNT JUNKULA.” No other names or modifications of “COUNT JUNKULA” may be used in conjunction with the COUNT JUNKULA Intellectual Property, and no additional listings may be used with the telephone number so assigned to Franchisee unless approved in writing in advance by COUNT JUNKULA FRANCHISING LLC
3. All telephone listings, Yellow Page display advertising, layout and copy desired to be used by or requested by Franchisee shall be approved in advance in writing by COUNT JUNKULA FRANCHISING LLC, and Franchisee agrees not to deliver to any telephone company

placements of any such copy unless written approval by COUNT JUNKULA FRANCHISING LLC is attached.

4. Franchisee shall be responsible for the timely and complete payment of all service charges for telephone service, directory listings and Yellow Page advertising and/or all service charges for the Franchisee's reasonable share of central numbers, associated listings and advertising.

5. Franchisee agrees such telephone number(s), listings and advertisements shall be considered to be the sole and exclusive property of COUNT JUNKULA FRANCHISING LLC. Upon termination, non-renewal, or expiration of the Franchise Agreement for whatever reason, Franchisee agrees to immediately cease all use of such telephone number(s), cell phone number(s), email addresses, social networking logins and passwords, Twitter handles, listings and advertisements ("Property") and Franchisee agrees to take all actions necessary to immediately transfer all such Property to COUNT JUNKULA FRANCHISING LLC, and to the extent allowed by applicable law, Franchisee shall take all actions necessary to ensure the same shall become the sole and exclusive property of COUNT JUNKULA FRANCHISING LLC, at its option, subject to COUNT JUNKULA FRANCHISING LLC's obligation to pay all fees due therefor becoming due and payable after the date of cessation of use by Franchisee. Franchisee shall immediately deliver all information related to such Property to COUNT JUNKULA FRANCHISING LLC.

6. Franchisee, by this Agreement, hereby releases and forever discharges COUNT JUNKULA FRANCHISING LLC and its successors or assigns and the telephone company, internet provider, or other service provider from liability of any kind or character which results or may result directly or indirectly from COUNT JUNKULA FRANCHISING LLC's exercise of its rights hereunder or from such telephone company, internet provider or other service provider's cooperation with COUNT JUNKULA FRANCHISING LLC in effecting the terms of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first written above.

FRANCHISEE:

COUNT JUNKULA FRANCHISING LLC

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

EXHIBIT B
EXHIBIT B-1 TO FRANCHISE DISCLOSURE DOCUMENT

None.

EXHIBIT B-2 TO FRANCHISE DISCLOSURE DOCUMENT

**LISTING OF CERTAIN PAST FRANCHISEES
or Franchisees who have not been in communication within 10 weeks**

No franchisees have departed the system during 2021 or have failed to communicate with us within the last 10 weeks.

EXHIBIT C
FINANCIAL STATEMENTS

COUNT JUNKULA FRANCHISING LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2021



EXHIBIT C to FRANCHISE DISCLOSURE DOCUMENT

**COUNT JUNKULA FRANCHISING LLC
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Independent Auditor's Report

To the Members
Count Junkula Franchising LLC
Raleigh, NC

Report on the Financial Statements

We have audited the accompanying balance sheets of Count Junkula Franchising LLC as of December 31, 2021, and 2020 and the related statements of operations, members' equity, and cash flows for the year ended December 31, 2021, and the period from April 22, 2020 (Inception) through December 31, 2020, and the notes to financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Count Junkula Franchising LLC as of December 31, 2021, and 2020 and the results of their operations and their cash flows for the year ended December 31, 2021, and the period from April 22, 2020 (Inception) through December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Reese CPA LLC

Thornon, Colorado
April 28, 2022

15953 Fillmore Street • Thornon, CO 80602
Office: (303) 999-6485 • Fax (303) 284-5041

COUNT JUNKULA FRANCHISING LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 21,019	\$ 22,796
Accounts receivable	250	-
Equipment held for sale	-	22,175
TOTAL CURRENT ASSETS	<u>21,269</u>	<u>44,971</u>
NON-CURRENT ASSETS		
Franchise development costs	40,245	50,306
TOTAL ASSETS	<u><u>\$ 61,514</u></u>	<u><u>\$ 95,277</u></u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 14,400
Non-refundable deferred franchise fees, current	2,500	-
TOTAL CURRENT LIABILITIES	<u>2,500</u>	<u>14,400</u>
NON-CURRENT LIABILITIES		
Non-refundable deferred franchise fees	20,625	-
TOTAL LIABILITIES	<u>23,125</u>	<u>14,400</u>
MEMBERS' EQUITY		
Member contribution	161,750	150,000
Retained (deficit)	(123,361)	(69,123)
TOTAL MEMBERS' EQUITY	<u>38,389</u>	<u>80,877</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u><u>\$ 61,514</u></u>	<u><u>\$ 95,277</u></u>

The accompanying notes are an integral part of these financial statements.

COUNT JUNKULA FRANCHISING LLC
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND THE PERIOD
FROM APRIL 22, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
Royalties	\$ 34,255	\$ -
Equipment sales	22,621	-
Franchise fees	1,875	-
Other	7,000	-
TOTAL REVENUES	<u>65,751</u>	<u>-</u>
OPERATING EXPENSES		
Franchise costs	22,177	-
Advertising	53,789	39,081
Professional fees	29,233	29,982
General and administrative	4,729	60
Amortization	10,061	0
TOTAL OPERATING EXPENSES	<u>119,989</u>	<u>69,123</u>
OPERATING LOSS	(54,238)	(69,123)
OTHER INCOME (EXPENSE)	-	-
NET LOSS	<u><u>\$ (54,238)</u></u>	<u><u>\$ (69,123)</u></u>

The accompanying notes are an integral part of these financial statements.

COUNT JUNKULA FRANCHISING LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021 AND THE PERIOD
FROM APRIL 22, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	<u>Member Contribution</u>	<u>Retained (Deficit)</u>	<u>Total Member's Equity</u>
BALANCE, APRIL 22, 2020 (INCEPTION)	\$ -	\$ -	\$ -
Member contribution	150,000	-	150,000
Net (loss)	-	(69,123)	(69,123)
BALANCE, DECEMBER 31, 2020	<u>150,000</u>	<u>(69,123)</u>	<u>80,877</u>
Member contribution	11,750	-	11,750
Net (loss)	-	(54,238)	(54,238)
BALANCE, DECEMBER 31, 2021	<u><u>\$ 161,750</u></u>	<u><u>\$ (123,361)</u></u>	<u><u>\$ 38,389</u></u>

The accompanying notes are an integral part of these financial statements.

COUNT JUNKULA FRANCHISING LLC
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND THE PERIOD
FROM APRIL 22, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (54,238)	\$ (69,123)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization expense	\$ 10,061	
Recognition of non-refundable deferred franchise fees	(1,875)	-
Changes in operating assets and liabilities		
Accounts receivable	(250)	-
Equipment held for sale	22,175	(22,175)
Accounts payable	(14,400)	14,400
Non-refundable deferred franchise fees	25,000	-
Deferred franchise sale costs		
Unearned revenue		
Net cash used by operating activities	<u>(13,527)</u>	<u>(76,898)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	-	(50,306)
Net cash used for investing activities	<u>-</u>	<u>(50,306)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Member contribution	11,750	150,000
Net cash provided by financing activities	<u>11,750</u>	<u>150,000</u>
NET INCREASE IN CASH	(1,777)	22,796
CASH, BEGINNING	22,796	-
CASH, ENDING	<u>\$ 21,019</u>	<u>\$ 22,796</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

**COUNT JUNKULA FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Count Junkula Franchising LLC ("Company") was incorporated on April 22, 2020, (Inception) in the State of North Carolina. The Company grants franchises to qualified persons to own and operate a business providing premium junk removal, hauling, and dumpster rental services ("Count Junkula").

Affiliates

The Company has two affiliates.

First Class Clean LLP was formed on July 29, 2009, in the State of North Carolina as a limited liability partnership to own and operate a business similar to the one being franchised. On May 16, 2016, it was converted to a corporation and renamed First Class Clean Corp. In April 2020 they assigned the rights to operate their Count Junkula business to the Company's second affiliate.

The second affiliate, Count Junkula LLC, was formed in North Carolina on April 22, 2020, as a limited liability company. This affiliate operates one Count Junkula location in the Raleigh, North Carolina market.

The affiliates have not offered franchises in this or any other line of business.

The following table summarizes the number of hotels owned and operating for the period ended December 31:

	2021	2020
Locations in operation, beginning	1	1
Locations opened	1	-
Locations terminated or closed	-	-
Locations in operation, ending	<u>2</u>	<u>1</u>
 Franchised locations	 1	 -
Affiliate owned locations	1	1

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." 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, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

**COUNT JUNKULA FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

Preparation of the Company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and 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 investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2021, and 2020.

Franchisee Receivables

The Company's franchisee receivables primarily result from initial franchise fees, royalty fees, brand development contributions and training fees charged to franchisees. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2021, and 2020 and did not charge-off any accounts receivable for the year ended December 31, 2021, and the period from April 22, 2020 (Inception) through December 31, 2020.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment on December 31, 2021, and 2020.

**COUNT JUNKULA FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Franchisee Revenue Recognition and Non-refundable Deferred Franchise Fee Revenue

The Company recognizes revenue under the guidance of ASC 606 “Contracts with Customers”.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently 10 years.

When a franchisee purchases a franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). The license is symbolic intellectual property. Revenues related to the license are continuing royalties are 8% on gross revenues up to \$500,000, 7% on gross revenues between \$500,000 and \$1,000,000, and 6% on gross revenues over \$1,000,000. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees. The royalties are billed weekly and are recognized as revenue when earned. The Company had no revenue during the period from April 22, 2020 (Inception) through December 31, 2020.

Brand Fund Contribution

The Company does not currently have a brand fund but reserves the right to establish one. If established, contributions to the brand fund would be up to 2% of gross revenue, collected weekly. Contributions would be recognized up to the amount paid by the fund, for both operating and capital expenditures, not to exceed amounts collected or accrued during the year. Any amounts collected or accrued but unspent at the end of the year would be reported as deferred revenue on the balance sheet.

Income Taxes

The Company has elected to be taxed as a “Partnership” under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state taxes has been recorded on the accompanying balance sheet.

**COUNT JUNKULA FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes, continued

The Company adopted ASC 740-10-25-6 “Accounting for Uncertainty in Income Taxes”, that requires the Company disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements for the periods ended December 31, 2021, and 2020.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense the for the year ended December 31, 2021, and the period from April 22, 2020 (Inception) through December 31, 2020, was \$53,789 and \$39,081.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, franchise receivables. The Company places its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company’s ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Fair Value of Financial Instruments

For the Company’s financial instruments consist of cash and cash equivalents Th the carrying amounts approximate fair value due to their short maturities.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates (“ASU”). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

COUNT JUNKULA FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACT BALANCES

The Company recorded a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity are as follows:

	December 31, 2021
Non-refundable Deferred Franchise Fees:	
Balance at Beginning of Year	\$ -
Deferral of deferred revenue	25,000
Recognition of franchise revenue	(1,875)
Balance at End of Year	<u>\$ 23,125</u>

Estimated Recognition of Deferred Franchise Fees

Estimated revenues to be recognized in future periods related to deferred franchise fees as reported at December 31, 2020, is as follows:

Year ending December 31:	
2022	\$ 2,500
2023	2,500
2024	2,500
2025	2,500
2026	2,500
Thereafter	10,625
	<u>\$ 23,125</u>

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the year ended December 31, 2021, is as follows:

Performance obligations satisfied at a point in time	\$ 29,621
Performance obligations satisfied through the passage of time	36,130
Total revenues	<u>\$ 65,751</u>

COUNT JUNKULA FRANCHISING LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

	2021	2020
Franchise development costs	\$ 50,306	\$ 50,306
Accumulated amortization	(10,061)	-
	<u>\$ 40,245</u>	<u>\$ 50,306</u>

Amortization expense was \$10,061 and \$0 for the year ended December 31, 2021, and the period from April 22, 2020 (Inception) through December 31, 2020. Estimated amortization expense for the next four succeeding years is expected to be approximately \$10,061 per year.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 3 –SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through April 28, 2022, the date on which the financial statements were available to be issued.

EXHIBIT D
STATE SPECIFIC ADDENDUM TO
FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT

RIDERS TO FRANCHISE AGREEMENT FOR SPECIFIC STATES

If any one of the following Riders to the Franchise Agreement for Specific States (“Riders”) is checked as an “applicable Rider” below, then that Rider shall be incorporated into the Franchise Agreement entered into by COUNT JUNKULA FRANCHISING LLC and the undersigned Franchisee. To the extent any terms of an Applicable Rider conflict with the terms of the Franchise Agreement, the terms of the Applicable Rider shall supersede the terms of the Franchise Agreement.

Applicable Rider

- ☐ New York
- ☐ Virginia

COUNT JUNKULA FRANCHISING LLC

FRANCHISEE (Print Name)

By: _____
Title: _____

By: _____
Title: _____

NEW YORK

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

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

4. 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.

5. 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.

New York Effective Date: See Effective Date list included in Franchise Disclosure Document.

VIRGINIA

Disclosure Document

The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any 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.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

EXHIBIT E
FEDERAL AND STATE REGULATORY AUTHORITIES

FEDERAL TRADE COMMISSION

Franchise Rule Coordinator
Federal Trade Commission Division of Marketing Practices
Pennsylvania Avenue at Sixth Street, N.W., Room 238
Washington, D.C. 20580
Telephone: (202) 326-2970

STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA:
Commissioner of Financial Protection &
Innovation
Dept. of Financial Protection and Innovation
320 West 4th St., Ste. 750
Los Angeles, California 90013
Telephone: (213) 576-7500 or
Toll Free Telephone: (866) 275-2677

CONNECTICUT:
Eric Wilder, Director of Securities
Connecticut Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103-1800
Telephone: (860) 240-8233

HAWAII:
Commissioner of Securities
of the State of Hawaii
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
Telephone: (808) 586-2722

ILLINOIS (Registered Agent):
Tanya Solov, Director of Securities
Office of the Secretary of State
Securities Department
69 West Washington Street, Suite 1220
Chicago, IL 60602
Telephone: (312) 793-3884

ILLINOIS (Regulatory Authority):
Lisa Madigan
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
Telephone: (217) 782-4465

INDIANA:
Chris Naylor, Securities Commissioner
Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, IN 46204
Telephone: (317) 232-6681

IOWA:
Jim Mumford, Securities Administrator
Director of Regulated Industries Unit
Iowa Securities Bureau
330 Maple Street
Des Moines, IA 50319-0066
Telephone: (515) 281-5705

MARYLAND (Registered Agent):
Maryland Securities Commissioner
200 St. Paul Place,
Baltimore, Maryland 21202-2020
Telephone: (410) 576-6360

MARYLAND (Regulatory Authority):
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020
Telephone: (410) 576-6360

MICHIGAN (Regulatory Authority):
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 W. Ottawa Street
Lansing, MI 48909
Telephone: (517) 373-1152

MICHIGAN (Registered Agent):
Linda Cena, Securities Director
Office of Financial & Insurance Regulation
525 West Allegan
1st Floor Constitution Hall
Lansing, MI 48909
Telephone: (517) 241-6345

MINNESOTA:
Minnesota Dept. of Commerce
Securities-Franchise Registration
85 7th Place East, Suite 280
Saint Paul, MN 55101-2198
Telephone: (651) 539-1500

NEW YORK (Administrator/Regulatory Authority)
New York State Department of Law
Investor Protection Bureau
28 Liberty St., 21st Fl
New York, NY 10005
Telephone: (212) 416-8222

NEW YORK (Agent for Service of Process)
Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA:
North Dakota Securities Department
Fifth Floor State Capitol, Dept. 414
600 East Boulevard
Bismarck, ND 58505-0510
Telephone: (701) 328-2910

OKLAHOMA:
Oklahoma Securities Dept.
First National Center
120 N. Robinson Suite 860
Oklahoma City, OK 73102
Telephone: (405) 280-7700

RHODE ISLAND:
Division of Securities
1511 Pontiac Ave
John O. Pastore Complex-Bld 69-1
Cranston, RI 02920
Telephone: (401) 462-9500

SOUTH DAKOTA:
Division of Insurance
Securities Regulation
124 S. Euclid, Ste. 104
Pierre, SD 57501
Telephone: (605) 773-3563

TEXAS:
Hope Andrade
Secretary of State
P.O. Box 12697
Austin, TX 78711-2697
Telephone: (512) 463-5701

UTAH:
Division of Consumer Protection
Utah Department of Commerce
160 East 300 South
SM Box 146704
Salt Lake City, UT 84114-6704
Telephone: (801) 530-6601

VIRGINIA (Registered Agent):
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
Telephone: (804) 371-9733

VIRGINIA (Regulatory Authority)
State Corporation Commission,
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
Telephone: (804) 371-9051

WASHINGTON:

Address for Service of Process:
Department of Financial Institutions
Securities Division
150 Israel Road, SW
Tumwater, WA 98501
Telephone: (360) 902-8760

Mailing Address:

Department of Financial Institutions
Securities Division
PO Box 9033
Olympia, WA 98507

WISCONSIN:

Franchise Office
Wisconsin Securities Commission
P.O. Box 1768
Madison, WI 53701
Telephone: (608) 266-3364

EXHIBIT F
SAMPLE RELEASE

FULL AND FINAL GENERAL RELEASE

[THIS IS A SAMPLE OF THE TYPE OF RELEASE THAT A FRANCHISEE WILL EXECUTE AT RENEWAL OR TRANSFER OF THE FRANCHISE AGREEMENT. THIS WILL NOT BE EXECUTED AT THE TIME OF SIGNING THE FRANCHISE AGREEMENT]

This GENERAL RELEASE (this "Release") is made and executed by _____ a _____, ("Franchisee") and the undersigned Guarantors, in their individual capacities as Guarantors of Franchisee, as of _____ ("Effective Date").

WHEREAS, Franchisee entered into a franchise agreement dated _____ with ("Franchise Agreement") COUNT JUNKULA FRANCHISING, LLC ("Franchisor") and Franchisor is now permitting Franchisee to [RENEW OR TRANSFER] the Franchise Agreement;

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are acknowledged, Franchisee and Guarantors agree as follows:

Franchisee and Guarantors, for themselves and each of their past and present heirs, executors, administrators, representatives, affiliates, directors, officers, owners, successors and assigns and on behalf of any other party claiming an interest through them, in their corporate and individual capacities (collectively "Releasor"), hereby release and forever discharge Franchisor and its predecessors, successors, affiliates, subsidiaries, assigns, past and present officers, directors, shareholders, agents and employees, and their respective heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively "Releasees"), from, in respect of and in relation to any and all claims, actions, causes of action, suits, debts, obligations, liabilities, sums of money, costs and expenses, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, vested or contingent, which the Releasor ever had, now has or which Releasor hereinafter can, will or may have, against Releasees related to, arising from, for, upon or by reason of any matter, cause or thing whatsoever, from the beginning of time through the Effective Date (collectively, the "Claims"), for known or unknown damages or other losses, including but not limited to any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of any agreement between the Releasor and Releasees or the relationship between Releasor and Releasees through and including the Effective Date.

The release of the Claims as set forth above is intended by the Releasor to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Releasees regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Releasor acknowledges that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is

the Releasor's intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. The Releasor acknowledges that Releasor has had adequate opportunity to gather all information necessary to enter into this Release and to grant the releases contained herein, and needs no further information or knowledge of any kind that would otherwise influence the decision to enter into this Release.

If the store is located in Maryland or if Franchisee or Guarantors are residents of Maryland, the following shall apply: Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

This Release is and shall be and remain a full, complete and unconditional general release.

FRANCHISEE:

By: _____

Name: _____

Title: President

GUARANTORS:

_____ (SEAL)

Name: _____

_____ (SEAL)

Name: _____

_____ (SEAL)

Name: _____

Acknowledged by:

FRANCHISOR

COUNT JUNKULA FRANCHISING, LLC

By: _____

Name: _____

Title: _____

EXHIBIT G
ACH/EFT TRANSFER AGREEMENT

The undersigned depositor ("Franchisee" or "Payor") hereby authorizes COUNT JUNKULA FRANCHISING LLC ("Franchisor" or "Payee") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the bank designated below ("Bank") to debit or credit such account(s) pursuant to Franchisor's instructions.

Name of Person or Legal Entity of Franchisee: _____
Bank: _____
Branch: _____
City: _____ State: _____ Zip Code: _____
Bank Transit/ABA Number: _____
Account Number: _____

This authority is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

FRANCHISEE/PAYOR:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

INDEMNIFICATION AGREEMENT

To the above named Payee and the Bank designated:

The Payor agrees with respect to any action taken pursuant above authorization:

1. To indemnify the Bank and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Bank in the regular course of business for the purpose of payment, including any costs or expenses reasonably in collection therewith.
2. To indemnify Payee and the Bank for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.
3. To defend at Payor's cost and expense any action which might be brought by any depositor or any other persons because of any actions taken by the Bank of Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Bank's or Payee's participation therein.

BE SURE THAT ALL INFORMATION ASKED FOR IS PROVIDED

EXHIBIT H
AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER

[This Agreement is a sample form currently in use and is subject to change.]

THIS AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER (“Agreement”) is made among COUNT JUNKULA FRANCHISING LLC (“Franchisor”), [SELLER NAME(S) OR ENTITY NAME] (“Seller”), and [BUYER NAME(S) OR ENTITY NAME] (“Buyer”), and, if any, the undersigned Guarantors, effective as of the Effective Date.

RECITALS

A. Seller is the franchisee pursuant to that certain franchise agreement between Franchisor and Seller, as franchisee, dated [date of seller franchise agreement] (the “Seller Franchise Agreement”), governing the operation of the _____ business located at [business address], Franchised Business # _____ (“Franchised Location”);

B. Buyer is the franchisee under that certain franchise agreement between Franchisor and Buyer, as franchisee, dated [date of buyer franchise agreement], Franchised Business # _____ (as amended, the “Buyer Franchise Agreement”);

C. Seller has notified Franchisor that it and Buyer have entered into an Asset Purchase Agreement, dated [date of Asset Purchase Agreement] (the “Purchase Agreement”), pursuant to which Seller has agreed to sell and Buyer has agreed to purchase all of the rights, obligations and assets relating to the Franchised Location (the “Interests”) and, further, that Buyer has agreed to assume the lease obligations with regard to the Franchised Location (collectively, the “Transfer”); and

D. Seller and the guarantors of the obligations of Seller (the “Seller Guarantors”) have requested that Franchisor consent to the Transfer and release Seller and the Seller Guarantors from all obligations under the Franchise Agreement and guaranty, respectively; and

E. The parties desire to set forth the terms and conditions under which Franchisor will consent to the Transfer and release.

AGREEMENT

FOR AND IN CONSIDERATION of the foregoing Recitals, which are incorporated herein, the mutual covenants expressed herein and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Effective Date. The Effective Date will be the date on which Franchisor signs this Agreement acknowledging its consent to the proposed Transfer.

2. Proposed Transfer. Buyer is purchasing the Interests from Seller in accordance with the terms and conditions of the “Purchase Agreement,” a copy of which has been provided to Franchisor by Seller and Buyer. Seller and Buyer represent and warrant that the form of Purchase

Agreement provided to Franchisor is the final version of the agreement and is the version which has been or will be executed by them to effectuate the Transfer.

3. Conditional Consent; Release of Guaranty. The Seller Franchise Agreement provides that the Transfer cannot take place without the consent of Franchisor. Franchisor will consent to the Transfer, as provided in the Seller Franchise Agreement, and will release (a) Seller from any obligations arising under the Seller Franchise Agreement and (b) Seller Guarantors under any guaranty agreement (in each case except as described below) from and after the Effective Date; provided, however, such consent and release are expressly contingent upon compliance with the following terms and conditions on or before the date of the closing of the Transfer ("Closing"):

a. Franchise Agreement. The Seller Franchise Agreement will terminate as of the Closing, and the operation of the Franchised Location will thereafter be governed by the Buyer Franchise Agreement;

b. Payment of Amounts Due. Seller will pay all amounts due and owing to Franchisor through the date of Closing; including but not limited to past due royalty and Brand Development contributions in the amount of \$ _____;

c. Transfer Fee. Seller shall pay a transfer fee equal to _____ as provided in the Seller Franchise Agreement;

d. Financial Statements. Seller will provide Franchisor with all required monthly financial statements for the Franchised Location through the date of Closing;

e. Training. Buyer or Buyer's designated representative(s) shall have satisfactorily completed the initial training program as described in the Buyer Franchise Agreement prior to the Closing;

f. Right to Possession. Buyer will provide satisfactory evidence to Franchisor that Buyer has the right to possession of the premises for the Franchised Location by way of lease assignment (with **all** required landlord consents) or otherwise;

g. Site Selection Assistance. Buyer acknowledges and agrees that Franchisor has satisfied any and all obligations under the Buyer Franchise Agreement with respect to site selection and development assistance;

h. Remodeling. Seller and Buyer shall ensure that all of the items reflected on the Pre-Sale Inspection which is attached hereto have been completed;

i. Purchase Agreement. The Purchase Agreement will not be amended and the terms of the transaction thereunder will not be changed except with the prior written consent of Franchisor;

j. Buyer Loans. Buyer shall provide Franchisor with copies of all loan documents or loan commitments evidencing all debt taken on by Buyer in connection with the purchase of the Franchised Location; and

k. **Franchised Location Possession.** Prior to Closing and changing possession of the Franchised Location, Seller and Buyer shall obtain the written consent of Franchisor to change possession.

4. **Waiver of Right of First Refusal.** Franchisor hereby waives any right of first refusal to purchase the Interests as it may have pursuant to the Seller Franchise Agreement.

5. **Release of Franchisor.** Seller, the Seller Guarantors and Buyer, and each of them, for themselves and their affiliates, employees, officers, directors, successors, assigns, and other representatives, hereby fully and forever unconditionally release and discharge Franchisor, and its affiliates, parents, subsidiaries, area directors and agents and their respective employees, shareholders, members, officers, directors, successors, assigns, guarantors and other representatives (the "Released Parties"), from any and all claims, demands, obligations, actions, liabilities and damages of every kind or nature whatsoever, in law or in equity, whether known or unknown to them, which they may have against the Released Parties as of the date of this Agreement, or which may thereafter be discovered, accrued, or sustained, in connection with, as a result of, or in any way arising from, any relations or transactions with the Released Parties, however characterized or described, including but not limited to, any claims arising from the Seller Franchise Agreement, the Buyer Franchise Agreement or the Purchase Agreement or the transactions described herein.

If the Franchised Location is located in California or if either Buyer or Seller is a resident of California, the following shall apply:

Section 1542 Acknowledgment. It is the intention of Seller and Buyer in executing this Agreement that this instrument be and is a general release which shall be effective as a bar to each and every claim, demand or cause of action released by Seller and/or Buyer. Each of Seller and Buyer recognizes that he, she or it may have some claim, demand or cause of action against the Release Parties of which he, she, or it is totally unaware and unsuspecting, which he, she or it is giving up by executing this Agreement. It is the intention of each of Seller and Buyer in executing this instrument that it will deprive him, her or it of such claim, demand or cause of action and prevent him, her or it from asserting it against the Released Parties. In furtherance of this intention, Seller and Buyer expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

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

Each of Seller and Buyer acknowledges and represents that he, she, or it has consulted with legal counsel before executing this Agreement and that he, she, or it understands its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands and causes of action.

6. **Termination of Seller Franchise Agreement and Guaranties.** Franchisor and Seller acknowledge and agree that, as of the date of Closing, upon the Transfer and upon compliance with the conditions set forth in Section 3 above, the Seller Franchise Agreement and

the guaranties (if any) will automatically terminate and neither Seller nor Seller Guarantors shall have any further rights or obligations thereunder except that neither Seller nor any Seller Guarantor shall be released from:

a. any obligations to pay money to Franchisor owed under either the Seller Franchise Agreement or the guaranty prior to Closing; or

b. the provisions of the Seller Franchise Agreement that, either expressly or by their nature, survive termination of the Seller Franchise Agreement (including without limitation the post-termination restrictive covenants, audit rights, dispute resolution and notice, and confidentiality provisions of the Seller Franchise Agreement).

7. **Acknowledgment.** Buyer and Seller acknowledge that although Franchisor or its affiliates, employees, officers, directors, successors, assigns, and other representatives may have been involved in Buyer's purchase of the Interests from Seller, Buyer and Seller have assumed sole and full responsibility for making the final decision to purchase and sell the Interests and each has consulted, or has had the opportunity to consult but, of its own accord, elected not to consult, with its own legal and financial advisors. Buyer further understands that as part of analyzing the purchase of the Interests from Seller, it is Buyer's responsibility to meet with or otherwise gather necessary information from the appropriate parties which may or may not affect Buyer's purchase of the Interests from Seller.

8. **Additional Documents.** Buyer and Seller agree to execute such additional documents as may be necessary to complete the Transfer as contemplated by the Purchase Agreement, the Seller Franchise Agreement and the Buyer Franchise Agreement.

9. **Miscellaneous Provisions.** This Agreement will be construed and enforced in accordance with, and governed by, the laws of the state of North Carolina. This Agreement may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. The headings of this Agreement are for convenience and reference only and will not limit or otherwise affect the meaning hereof. This Agreement may be executed in any number of counterparts and sent via facsimile, each of which will be deemed an original but all of which taken together will constitute one and the same instrument. All capitalized terms used, but not defined, herein shall have the meanings ascribed to them in the applicable franchise agreement.

10. **Non-Disparagement.** In consideration of the accommodations provided to Seller, the Seller Guarantors and Buyer and concessions made by Franchisor and its affiliates under this Agreement, Seller, the Seller Guarantors and Buyer agree not to, and to use their best efforts to cause their current and former shareholders, officers, directors principals, agents, partners, employees, representatives, attorneys, spouses, and successors and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor or the Released Parties or their respective current and former agents, principals, officers, directors, shareholders, members, employees, franchisees, representatives, area directors, attorneys, parents, predecessors, affiliates, subsidiaries divisions, and successors and assigns, the COUNT JUNKULA brand, the COUNT JUNKULA system, or any other service-marked or trademarked concept of Franchisor, or which would subject the COUNT JUNKULA brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor or its brand.

THUS signed by the parties shown below and made effective as of the Effective Date.

SELLER(S): If Seller is a legal entity, name of entity: _____

By: _____
Name: _____
Title (if applicable): _____

By: _____
Name: _____
Title (if applicable): _____

By: _____
Name: _____
Title (if applicable): _____

By: _____
Name: _____
Title (if applicable): _____

SELLER GUARANTORS:

Print Name: _____

Print Name: _____

Print Name: _____

Print Name: _____

BUYER(S): If Buyer is a legal entity, name of entity: _____

By: _____
Name: _____
Title (if applicable): _____

By: _____
Name: _____
Title (if applicable): _____

By: _____
Name: _____
Title (if applicable): _____

By: _____
Name: _____
Title (if applicable): _____

Signatures Continue on Next Page

ACCEPTED:

By: _____
Title: _____
Date*: _____

*This date is the Effective Date

EXHIBIT I
FIRST ADDENDUM TO RENEWAL FRANCHISE AGREEMENT
(to be signed by a renewing franchisee concurrently with the Franchise Agreement)

BETWEEN COUNT JUNKULA FRANCHISING LLC

AND

[This Agreement is a sample form currently in use and is subject to change.]

THIS FIRST ADDENDUM ("Addendum") to the Franchise Agreement dated as of the Effective Date ("Agreement") between COUNT JUNKULA FRANCHISING LLC ("Franchisor") and _____ ("Franchisee") is made as of the same date to amend and supplement certain terms and conditions of the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall control. All capitalized terms not otherwise defined in this Addendum shall have their respective meanings set forth in the Agreement.

1. **Franchised Location.** Franchisor has previously approved the Franchised Location as required pursuant to the Franchise Agreement. The Franchised Location is: _____.

2. **Lease Approval.** Franchisor has previously approved the lease for the Franchised Location as required pursuant to the Franchise Agreement and therefore waives the requirement for lease review and approval (and the associated lease review fee); provided, however, that if Franchisee enters into a new lease for the Franchised Location during the term of the Agreement, all lease review and approval requirements shall remain applicable.

3. **Commencement of Operations.** Franchisor and Franchisee acknowledge that the Franchised Location has commenced operations as required pursuant to the Franchise Agreement.

4. **Renewal Fee.** Franchisee shall have no obligation to pay an Initial Franchise Fee. Franchisee shall pay a Renewal Fee of Two Thousand Five Hundred Dollars (\$2,500).

5. **Franchisor's Development Assistance.** Franchisee acknowledges and agrees that Franchisor has complied with its obligations under the Agreement (or Franchisee waives, as the case may be, Franchisor's obligation) to (1) assist Franchisee in choosing the Franchised Location and determining fulfillment of the requisite criteria for the Franchised Location, such determination based on information provided by Franchisee (including those obligations set forth in the Franchise Agreement; and (2) to provide opening support services listed in the Franchise Agreement .

6. **Grand Opening.** The Section of the Franchise Agreement pertaining to a Grand Opening is deleted.

7. **Remodeling.** Franchisee will complete the remodeling and renovations of the Franchised Business and Service Vehicle(s), at Franchisee's expense, listed on Exhibit A to this addendum no later than 60 days following the Effective Date of the Agreement or at such different time as set forth in Exhibit A.

EXHIBIT I to FRANCHISE DISCLOSURE DOCUMENT

8. **Release.** Franchisee, for itself, and its respective heirs, successors, assigns, agents and representatives, hereby fully and forever unconditionally releases and discharges the Franchisor, and its predecessors, affiliates, successors, assigns, agents, representatives, employees, owners, officers, and directors (collectively referred to as “Franchisor Affiliates”) from any and all claims, demands, obligations, actions, liabilities, defenses or damages of every kind and nature whatsoever, in law or in equity, whether known or unknown, which may hereafter be discovered, in connection with, as a result of, or in any way arising from, any relationship or transaction with the Franchisor or the Franchisor Affiliates, however characterized or described, from the beginning of time until the date of this Addendum.

9. **Non-Disparagement.** Franchisee agrees not to, and to use its best efforts to cause its current and former shareholders, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, and successors and assigns not to, disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor or the Franchisor Affiliates or their respective current and former agents, principals, officers, directors, shareholders, members, employees, franchisees, representatives, area directors, attorneys, parents, predecessors, affiliates, subsidiaries divisions, and successors and assigns, the COUNT JUNKULA brand, the COUNT JUNKULA system, or any other service-marked or trademarked concept of Franchisor, or which would subject the COUNT JUNKULA brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor or its brand.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed on the date first set forth above.

COUNT JUNKULA FRANCHISING LLC

By: _____

Title: _____

Date*: _____

(*This is the Effective Date)

FRANCHISEE:

Sign Here if you are taking the franchise as an

INDIVIDUAL(S)

(Note: Use these blocks if you marked in the Franchise Agreement that you are an individual or a partnership but the partnership is not a separate legal entity)

Sign here if you are taking the franchise as a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Print Legal Name of Entity

By: _____

Signature

Print Name: _____

Title: _____

Date: _____

Signature

Print Name: _____

Date: _____

Signature

Print Name: _____

Date: _____

Signature

Print Name: _____

Date: _____

Signature

Print Name: _____

Date: _____

EXHIBIT I to FRANCHISE DISCLOSURE DOCUMENT

Exhibit A
Remodeling

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OPERATIONS MANUAL TABLE OF CONTENTS

OPERATIONS MANUAL TABLE OF CONTENTS

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SOP 50-10 5(j)

Appendix 9



ADDENDUM TO FRANCHISE¹ AGREEMENT

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

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

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

CHANGE OF OWNERSHIP

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

FORCED SALE OF ASSETS

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

¹ While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

Effective Date: January 1, 2018

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renewals) for fair market value.

COVENANTS

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

EMPLOYMENT

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

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

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

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

Authorized Representative of FRANCHISOR:

By: _____

Print Name: _____

Title: _____

Authorized Representative of FRANCHISEE:

By: _____

Print Name: _____

Title: _____

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

Effective Date: January 1, 2018

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EXHIBIT L
FORM OF FRANCHISE COMPLIANCE CERTIFICATION

The purpose of this Certification 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 and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Disclosure Document (“FDD”), Franchise Agreement and each Addendum (if any), and related agreement (i.e., personal guaranty) attached to them?

Yes or No? _____

2. Did you receive the Franchise Agreement and each related agreement, Addendum, or Amendment (if any), containing all material terms, at least 7 days before signing any binding agreement with us or an affiliate?*

Yes or No? _____

* This does not include changes to any agreement mutually agreed upon.

3. Did you receive the FDD at least 14 days before signing the Franchise Agreement, this document or any related agreement, and before paying any funds to us or an affiliate?

Yes or No? _____

4. Do you understand all of the information contained in the FDD, Franchise Agreement and each Addendum (if any), and related agreement provided to you?

Yes or No? _____

If No, what parts of the FDD, Franchise Agreement, Addendum (if any), and/or related agreements do you not understand?

5. Did you sign a receipt for the FDD indicating the date you received it?

Yes or No? _____

6. Have you discussed the benefits and risks of purchasing a COUNT JUNKULA franchise with an attorney, accountant or other professional advisor?

Yes or No? _____

If No, do you wish to have more time to do so?

Yes or No? _____

7. Do you understand that the success or failure of your COUNT JUNKULA franchise will depend in large part upon your skills and abilities, competition from other businesses, and other economic and business factors?

Yes or No? _____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the actual or possible revenues or profits of a COUNT JUNKULA franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? _____

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 COUNT JUNKULA franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? _____

10. 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 COUNT JUNKULA franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes or No? _____

11. If you have answered "Yes" to any one of questions 8-10, please provide a full explanation of each "Yes" answer in the following blank lines.

12. Do you understand that the Franchise Agreement, Addendum (if any) and related agreements contain the entire agreement between you and us concerning the COUNT JUNKULA franchise, meaning that any prior oral or written statements not set out in the Franchise Agreement, Addendum (if any) or related agreements will not be binding?

Yes or No? _____

Nothing in this document or any related agreement is intended to disclaim the representations we made in the FDD that we furnished to you.

13. Do you understand that, except as provided in the FDD, nothing stated or promised by us that is not specifically set forth in the Franchise Agreement, Addendum (if any) and related agreements can be relied upon?

Yes or No? _____

14. You signed the Franchise Agreement, and Addendum (if any) and related agreements on _____, and acknowledge that no agreement or addendum is effective until signed and dated by us.

YOU UNDERSTAND THAT YOUR RESPONSES TO THESE QUESTIONS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE CERTIFICATION, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF ILLINOIS AND FRANCHISED BUSINESSES LOCATED IN ILLINOIS: Questions 1 and 5 do not apply to you.

SPECIAL NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISED BUSINESSES LOCATED IN MARYLAND: None of the above representations are intended to nor will they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The individuals signing below for the "**Franchisee Applicant**" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Franchisee Applicant, or constitute the duly authorized representatives or agents of the foregoing.

FRANCHISE APPLICANT:

Signature: _____
Name: _____
Date: _____

Signature: _____
Name: _____
Date: _____

Signature: _____
Name: _____
Date: _____

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	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Pending
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	Pending
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 M
RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If COUNT JUNKULA FRANCHISING LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this Franchise Disclosure Document 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If COUNT JUNKULA FRANCHISING LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed on Exhibit E.

The name, principal business address and telephone number of each franchise seller offering the franchise is:

☐	☐	☐	☐	☐	☐
Jason Tudor	Chad Emerick	Haze Lancaster	Matt Sneed		
1627 Navaho	1627 Navaho	1627 Navaho	1627 Navaho		
Drive	Drive	Drive	Drive		
Raleigh, NC	Raleigh, NC	Raleigh, NC	Raleigh, NC		
27609	27609	27609	27609		
(919) 352-1935	(919) 352-1935	(919) 352-1935	(919) 352-1935		

Issuance Date: April 28, 2022

See Exhibit E for our registered agent authorized to receive service of process.

I have received a disclosure document dated April 28, 2022 that included the following Exhibits: Exhibit A – COUNT JUNKULA FRANCHISE AGREEMENT and Attachments, Exhibit B-1 – OUTLET DIRECTORY/LISTING OF CURRENT FRANCHISEES, Exhibit B-2 – LISTING OF CERTAIN PAST FRANCHISEES, Exhibit C – FINANCIAL STATEMENTS, Exhibit D -- STATE SPECIFIC INFORMATION, Exhibit E – FEDERAL AND STATE REGULATORS AND AGENTS FOR SERVICE OF PROCESS, Exhibit F – GENERAL RELEASE AGREEMENT, Exhibit G – ACH/EFT TRANSFER AGREEMENT, Exhibit H -- AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER, Exhibit I – FIRST ADDENDUM TO RENEWAL FRANCHISE AGREEMENT, Exhibit J – OPERATIONS MANUALS TABLE OF CONTENTS, Exhibit K – SBA ADDENDUM, Exhibit L – FORM OF FRANCHISE COMPLIANCE CERTIFICATION, Exhibit M – RECEIPT

Date

Prospective Franchisee

Individually and as an officer, partner, member or manager of _____, a
_____ organized under the laws of _____.

You may return one copy of this receipt by signing, dating and mailing it to COUNT JUNKULA FRANCHISING LLC, Franchise Administration, at 1627 Navaho Drive, Raleigh, North Carolina 27609, (919) 352-1935 or by sending it via email to service@countjunkula.com.

KEEP THIS COPY FOR YOUR RECORDS
EXHIBIT M to FRANCHISE DISCLOSURE DOCUMENT

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If COUNT JUNKULA FRANCHISING LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this Franchise Disclosure Document 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If COUNT JUNKULA FRANCHISING LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed on Exhibit E.

The name, principal business address and telephone number of each franchise seller offering the franchise is:

☐	☐	☐	☐	☐	☐
Jason Tudor	Chad Emerick	Haze Lancaster	Matt Sneed		
1627 Navaho	1627 Navaho	1627 Navaho	1627 Navaho		
Drive	Drive	Drive	Drive		
Raleigh, NC	Raleigh, NC	Raleigh, NC	Raleigh, NC		
27609	27609	27609	27609		
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Date

Prospective Franchisee

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_____ organized under the laws of _____.

You may return one copy of this receipt by signing, dating and mailing it to COUNT JUNKULA FRANCHISING LLC, Franchise Administration, at 1627 Navaho Drive, Raleigh, North Carolina 27609, (919) 352-1935 or by sending it via email to service@countjunkula.com.

EXHIBIT M to FRANCHISE DISCLOSURE DOCUMENT