# FRANCHISE DISCLOSURE DOCUMENT

EnviroMerica Franchise Management Company, LLC
A California limited liability company
4906 El Camino Real, Suite 208,
Los Altos CA 94022 (650) ~~655-2045~~731-0961
info@efmcus.com www.efmcus.com

The franchised business is to operate a company that simplifies Regulatory Compliance, Managed IT Services, and Regulated ~~/~~Medical Waste management for small to medium size businesses with specific focus on healthcare providers, while reducing associated costs and liabilities, under the trade name "EnviroMerica".

The total investment necessary to begin operation of an EnviroMerica franchise is ~~between~~ $~~63,500~~78,700 to $~~89,400~~129,900. This includes the franchise fee of $~~53~~0,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under a three- unit ~~to five- unit~~ Multi-Unit Development Agreement is ~~between~~ approximately $~~41,000 to $85,000~~122,000. This includes ~~$40,000 to $80,000~~$120,000 initial franchise fee for 3 units, that must be paid to the franchisor. ~~There is no minimum number of EnviroMerica units that you are required to develop under the Multi-Unit Development Agreement.~~

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

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

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

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

~~July 9, 2018, amended January 23, 2019.~~March 25, 2019

## STATE COVER PAGE

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

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

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

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN CALIFORNIA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.

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

3. IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY, OR OTHER ENTITY, EACH OWNER OF THE FRANCHISE ENTITY MUST SIGN OUR GUARANTY AND NON-COMPETE AGREEMENT, WHICH MEANS THAT ALL OF THE FRANCHISE AGREEMENT'S PROVISIONS ALSO WILL APPLY TO YOUR OWNERS.

~~2.~~4. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.

~~3.~~5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

## STATE EFFECTIVE DATES

The following chart lists states, which require that this disclosure document be registered or filed with the state or be exempt from registration. In these states, the effective date of this disclosure document is as follows:

| State | Effective Date | Expiration Date |
|---|---|---|
| California | ~~7-15-18;~~ ~~Amendment: 1-25-19~~Renewal pending | ~~4-22-19~~ |
| Hawaii | | |
| Illinois | | |
| Indiana | | |
| Maryland | | |
| Michigan | | |
| Minnesota | | |
| New York | | |
| North Dakota | | |
| Rhode Island | | |
| South Dakota | | |
| Virginia | | |
| Washington | | |
| Wisconsin | | |

In the following states, we have filed a notice of exemption from the registration or filing requirements of the state's business opportunity laws with respect to the offering described in this disclosure document:

| State | Effective Date | Expiration Date |
|---|---|---|
| Connecticut* | | |
| Florida | | |
| Kentucky* | | |
| Nebraska* | | |
| Texas* | | |
| Utah | | |

* One-time filing

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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

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

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection 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 sub-franchisor.

(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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

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Receipt (2 copies)

## Item 1
## THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, "we", "us," or "our" refers to EnviroMerica Franchise Management Company, LLC. "You" means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement's provisions also will apply to your owners.

### ~~Us, Any Parents, and Certain Affiliates.~~

Our name is EnviroMerica Franchise Management Company, LLC. Our principal business address is 4906 El Camino Real, Suite 208, Los Altos, CA 94022. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business. We do have an affiliate who provides products and services to our franchisees.

### ~~Our Predecessors~~

We do not have any predecessors.

### ~~Our Business Name~~

We use the names "EnviroMerica Franchise Management Company, LLC" and "EnviroMerica". We do not intend to use any other names to conduct business.

### ~~Agent for Service of Process~~

~~Our agent for service of process in California is Julian Goduci, and the agent's principal business address is 4906 El Camino Real, Suite 208, Los Altos CA 94022.~~ Our agents for service of process in ~~other~~ registration states are disclosed in Exhibit A. For all other states our agent for service of process is Julian Goduci, at 4906 El Camino Real, Suite 208, Los Altos, California 94022.

### ~~Business Organization~~

We are a California limited liability company. We were formed on 04/19/2018.

### ~~Information About Our Business and the Franchises Offered~~

We ~~(that is, EnviroMerica Franchise Management Company, LLC)~~ do not operate businesses of the type being franchised, but our affiliate does.

We do not have any other business activities. We have not offered franchises in other lines of business.

If you sign a franchise agreement with us, you will develop and operate a franchise business operating under the name "EnviroMerica" ~~company~~ providing ~~that simplifies~~ simplified r~~R~~egulatory c~~C~~ompliance, m~~M~~anaged IT s~~S~~ervices, and r~~R~~egulated /m~~M~~edical w~~W~~aste management services for small to medium size businesses with specific focus on healthcare providers, ~~while reducing associated costs and liabilities, under the trade name "EnviroMerica".~~ in accordance with the terms of our franchise agreement and the operations manual and training you will receive.

If you sign a Multi-Unit Development Agreement (attached as Exhibit C to this disclosure document), you will develop multiple EnviroMerica ~~outlets~~franchised units, on an agreed-upon schedule. For each future ~~unit~~ franchised unit, ~~we will require~~ you are required to sign our then-current form of franchise agreement, which may be different from the form of franchise agreement included in this disclosure document.

The general market for a ~~company that simplifies Regulatory Compliance, Managed IT Services, and Regulated/Medical Waste management for small to medium size businesses with specific focus on healthcare providers, is an entity or professional with superior customer service, sales and marketing skills, consistency, accountability and dedication to utmost service for each client~~ the services provided by an EnviroMerica franchise~~.~~ ~~This market is highly developed.~~ ~~Our customers~~ are primarily healthcare providers ~~looking for superior service at cost effective rates.~~. Sales are not seasonal.

Competition

This market is highly developed.~~Regulatory Compliance, Managed IT Services, and Regulated/Medical Waste management companies exist within the market place.~~ You will compete against national chains, regional chains, other franchise systems, and independent owners that provide regulatory compliance services, managed IT services, and/or regulated/medical waste services. Some of these competitors ~~are franchised~~will be EnviroMerica franchisees.

Laws and Regulations

~~There are no laws or regulations pertinent to the training and services we provide to clients.~~ You must comply with laws and regulations that apply to businesses generally, and also specifically to businesses providing compliance, IT managed services and medical waste management services. It is your responsibility to ascertain your local requirements. You will be subject to all applicable federal state and local licensing laws, codes and regulations.

There may be other laws applicable to the business and we urge you to make further inquiries about these laws. The nature and amount of regulation could change rapidly relating to this business. You should consult a lawyer with experience dealing with compliance, IT managed services and medical waste management industry to be sure you are familiar with the current statutes and regulations that might apply.

Generally, applicable laws and regulations include, but are not limited to tax rules, labor laws, business license requirements, laws on construction of business premises, zoning rules, requirements for parking and access, the Americans with Disabilities Act, and export control laws pertaining to technology.

~~Prior Business Experience~~

None of our affiliates has offered franchises in other lines of business. None of our affiliates provides products or services to our franchisees.

Our affiliate, EnviroMerica, Inc. has operated EnviroMerica in Los Altos, California since 03/13/2002. This affiliate has the same business address as us.

## Item 2
## BUSINESS EXPERIENCE

**Julian Goduci**

| Employer | Title | Start Date (month/year) | End Date (month/year) | City, State |
|---|---|---|---|---|
| EnviroMerica Franchise Mgmt. Co, LLC | CEO | 04/19/2018 | Current | Los Altos, CA |
| EnviroMerica, Inc. | CEO | 03/13/2002 | Current | Los Altos, CA |
| EnviroMerica | Sole Proprietor | 1999 | 2002 | Dublin, CA |
| Safety Compliance Services, LLC | VP of Sales, N. CA | 1997 | 1999 | Dublin, CA |
| MCI | Regional Sales Mgr. | 1993 | 1997 | Rochester, MN |

## Item 3
## LITIGATION

No litigation is required to be disclosed in this Item.

## Item 4
## BANKRUPTCY

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

## Item 5
## INITIAL FEES

When you sign your franchise agreement, you must pay us $53~~3~~0,000 as the initial franchise fee. This fee is uniform.

If (1) you fail to complete the initial training program to our satisfaction, or (2) we conclude, no more than 10 days after you complete the initial training program, that you do not have the ability to satisfactorily operate your franchise, then we have the right to terminate your franchise agreement. If we do so, we will refund your franchise fee less any out-of-pocket costs we have incurred, subject to your signing a general release of our liability. Otherwise, the franchise fee is not refundable.

Multi-Unit Development

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement ("MUDA") in the form of Exhibit C to this disclosure document. Your franchise fees for the first franchise is $50,000 and will be reduced to $35~~3~~20,000 for each franchise after the first franchise. You will pay all franchise fees upon signing the MUDA. These franchise fees are not refundable ~~only~~ except under the same circumstances as described above under "Franchise Fee".

## Item 6
## OTHER FEES

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty | 10% of your gross sales | Monthly, on the 5th day of the following month | See Note 1. |
| Marketing Fund Contribution | 1% of your gross sales | Monthly, on the 5th day of the following month | |
| Local Advertising | 3% of your gross sales | Monthly | You must spend this in your local area. All local advertising is subject to our prior approval. |
| Market Cooperative Contribution | ~~As determined by co-op~~. Currently, none. | ~~Monthly, on the 5th day of the following month~~ | We have the right to establish local or regional advertising cooperatives. |
| ~~Replacement / Additional Training fee~~ | ~~Currently, $250 per person, per day~~ | ~~Prior to attending training~~ | ~~If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.~~ |
| Medical Waste Transportation and Disposal | Approximately 50% to 60% of retail amount you charge your customer | Monthly | Your cost-due as you obtain customers for this service; you will purchase service from us and resell at retail to customer |
| IT Managed Services | $18 per device-Basic<br>$34 per device-Enhanced<br>$56 per device-Premium<br>Depending on the package | Monthly | Your cost-due as you obtain customers for this service; you will purchase service from us and resell at retail to customer. |
| HIPAA Compliance Program | Approximately 60% of retail amount you charge your customer; plus 60% of the monthly maintenance fee charged to customers | Monthly | Your cost-due as you obtain customers for this service; you will purchase service from us and resell at retail to customer |
| Compliance Software Portal | $49 per customer | Monthly | Your cost-due as you obtain customers for this service; you will purchase service from us and resell at retail to customer. |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| ~~IT infrastructure including Hardware, Software, Services, Subscriptions and Support~~Monthly lease of telephone systems, computer and other hardware and software subscription fees. | Currently~~,~~$995/month ~~Fixed monthly~~ plus $~~295~~129/month per user (Minimum 3 users) | Monthly | We require you to lease from us and use certain equipment, hardware and~~,~~ software ~~and services~~ as described in Item 7 and 11. You pay ~~subscription~~ lease and software subscription fees directly to ~~EFMC~~us. We will maintain, repair, replace and upgrade as needed in our discretion all items we lease to you. We may increase the lease /subscription amounts upon 30 days notice. We may require additional or upgraded leased items in order to provide the services or additional services, and additional software or replacement software. All leased items and licensed software are owned by us. |
| Non-compliance fee | $500 | On demand | We may charge you $500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. ~~Thereafter, we may charge you $250 per week until you correct such non-compliance.~~ |
| Reimbursement | Amount that we spend on your behalf, plus 10% | Within 15 days of invoice | If we pay any amount that you owe or are required to pay to a third party, you must reimburse us. |
| Late fee | $100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law) | On demand | We may charge a late fee if you fail to make a required payment when due. The maximum interest in California is 10% per annum. |
| Insufficient funds fee | $30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law) | On demand | We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account. |
| Costs of collection | Our actual costs | As incurred | Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us. |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Customer complaint resolution | Our expenses | | We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses. |
| Records audit | Our actual cost | On demand | Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period. |
| Special inspection fee | Currently $600, plus our out-of-pocket costs | On demand | Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification. |
| Non-compliance cure costs and fee | Our out-of-pocket costs and internal cost allocation, plus 10% | When billed | We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee. |
| Transfer fee | $10,000 | When transfer occurs | Payable if you sell your business. |
| Indemnity | Our costs and losses from any legal action related to the operation of your franchise | On demand | You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence). |
| Prevailing party's legal costs | Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party | On demand | In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses. |
| Special support fee | Our then-current fee, plus our expenses.<br>Currently, $600 per day. | On demand | If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support). |

All fees are payable only to us. All fees are imposed by us and collected by us. All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

## Item 7
## ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT
### FRANCHISE AGREEMENT

| Type Of Expenditure | Amount | Method of Payment | When Due | To Whom Payment Made Is To Be Made |
|---|---|---|---|---|
| Initial franchise fee (Note 1) | $530,000 | Check or wire transfer | Upon signing the franchise agreement | Us |
| Rent and Lease Security Deposit (Note 2) | $1,000-$2,500 | As incurred | Upon signing lease | Landlord |
| Leasehold Improvements (Note 2) | $1,000-$2,000 | As incurred | As incurred | Contractors |
| Market Introduction Program (3-6 months advertising and promotions) | $3,000-$6,000 | As incurred | As incurred | Vendors and suppliers |

| | | | | |
|---|---|---|---|---|
| ~~Furniture,~~ Telephone Systems, ~~Fixtures, and~~ Computer Equipment, Hardware, and Software subscription (Note 3) | (Leased from us) | ~~Check, debit, and/or credit~~ | ~~As incurred~~ | ~~Vendors and suppliers~~ Us |
| Environmentally Friendly Vehicle (Note 4) | $0-$30,000 | As incurred if purchased or leased (or may use own) | Prior to beginning business | Vendors and suppliers |
| **Type Of Expenditure** | **Amount** | **Method Of Payment** | **When Due** | **To Whom Payment Is To Be Made** |
| Vehicle Wrap (Note 4) | $1,200-$2,500 | As incurred | Prior to beginning business | Vendors and suppliers |
| Insurance | $200-$2,400 | As incurred | Upon ordering | Insurance company |
| Office Expenses | $500-$1,000 | As incurred | As incurred | Vendors |
| Licenses and Permits | $300-$500 | As incurred | As incurred | Government |
| ~~Dues and Subscriptions~~ | ~~$500 - $1,000~~ | ~~Check, debit, and/or credit~~ | ~~As incurred~~ | ~~Vendors, trade organizations~~ |
| Professional Fees (lawyer, accountant, etc.) | $1,500-$3,000 | As incurred | As incurred | Professional service firms |
| Travel, lodging and meals for initial training (Note 5) | $0 ~~$3,000 - $6,000~~ | ~~Cash, debit or credit~~ | ~~As incurred~~ | ~~Airlines, hotels, and restaurants~~ |
| Additional funds (for first 3 months) (Note 7~~3~~) | $20,000-$30,000 | Varies | Varies | Employees, suppliers, utilities |
| Total | $78,700~~63,500~~ - $129,900 ~~89,400~~ | | | |

**YOUR ESTIMATED INITIAL INVESTMENT**
**MULTI UNIT DEVELOPMENT AGREEMENT**

| **Type Of Expenditure** | **Amount** | **Method Of payment** | **When Due** | **To Whom Payment Is To Be Made** |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Additional initial franchise fees (3-~~5~~ Units ~~Total~~) (Note 6) | $~~40,000 - $80,000~~120,000 | Check or wire transfer | Upon signing the MUDA | Us |
| Business planning and miscellaneous expenses | ~~$1,000 - $5~~2,000 | Check | As incurred | Vendors and suppliers |
| Total | ~~$41,000 - $~~122,000~~85,000~~ | | | |

Notes

1. The initial franchise fee is refundable only as described in Item 5. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finance~~s~~ any part of your initial investment.

2. You must have dedicated office space of at least 400-500 square feet from which to conduct your franchise business. Our estimates in this table assume you pay one month rent plus a security deposit before you open for business. Rents may vary widely depending on location, and type and age of building. You will also have some basic office tenant improvements (electrical wiring) to accommodate the office computer equipment and other hardware you will be leasing from us. You may decide to have additional tenant improvements such as built in desk counters and shelving, which will increase your costs. Our estimate does not include any built-ins. ~~For this to occur, you would need to negotiate a "free rent" period for the time it takes to build out your business.~~ If you sign an Area Development Agreement for at least 3 franchises, you will not necessarily need an additional office, for each franchise, unless your territories are significantly far apart. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different.

~~2.~~3. You will lease from us the required telephone system and computer equipment other hardware, and the required software, (See Item 11 for details). We reserve the right to substitute, change, delete, add or replace any of these items or software. We will provide all updates to software. Leased items and software are owned by us and may not be transferred by you or pledged as security for any loan. We have the right to interchange any item as we reasonably deem necessary.

~~3.~~4. Prior to beginning operations you must have or obtain, and must use in the business, an environmentally friendly vehicle (Hybrid or all Electric) which must be wrapped in our branded design. The make/model can be your choice, but a used vehicle must be in good condition and free from dents, scratches, or other damage. If you already own a vehicle meeting our requirements this will qualify. If you sign an Area Development Agreement for at least 3 franchises, you will not necessarily need an additional branded vehicle for each franchise, unless your territories are significantly far apart.

~~4.~~5. The Initial training is conducted via recorded webinars and recorded videos, and requires no travel expenses. However, you have the option of coming to our offices in Los

Altos, California to attend a live In-Person training. You will be responsible for all travel expenses and meals. The live In-Person trainings are conducted approximately 4 times per year. You may attend at any scheduled In-Person training, and may send a new manager/employee at your expense to any live training, or you and any new manager/employee may utilize the webinar/video training.

6. This estimate assumes you sign a Multi-Unit Development Agreement for three ~~to five~~ franchises. The franchise fee for your first unit is ~~counted in the "Estimated Initial Investment – Franchise Agreement" table. $50,000; Your initial franchise fees are~~and reduced to $~~20~~35,000 for the second and third units (and each additional franchise if more). You will pay all franchise fees upon signing the MUDA. These additional franchise fees are not refundable except as described in Item 5. You will sign a separate Franchise Agreement for each franchise.

~~5.~~7. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a EnviroMerica business by our affiliate, and our general knowledge of the industry.

## Item 8

## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business either from us or our designee, or from suppliers approved by us.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications. You must use reasonable efforts to have your landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit D).

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Operations Manual, which includes (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit, (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000, ~~and~~ (v) Errors and Omissions insurance with $2,000,000 per occurrence, and (vi) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation

in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days' prior written notice of cancellation.

C. ~~Point-of-sale software~~ Telephone Systems, Computer Equipment and other Hardware, and Software ~~hardware, and business-related software and hardware~~. You must lease from us the ~~point-of-sale software and hardware, and business-related software and hardware based on the plan~~ computer equipment hardware and subscribe to the required software items that we specify. See Items ~~11~~ 6 and 11 for more details. You pay us a monthly fee for the lease and software subscription.

D. Vehicle. You must obtain and use an environmentally friendly vehicle (Hybrid or all Electric) ~~within the first six months of operation,~~ wrapped in branded design. The make/model can be ~~franchisee's~~ your choice, and the vehicle can be new or used, but must be in good condition and free from dents, scratches, or other damage, and must be branded with the required Vehicle Wrap. If you already have a qualifying vehicle you need not obtain another.

E. You are required to purchase the following services from us in accordance with our specifications and processes in the Operations Manual, if you resell them to a customer: Medical Waste Transportation and Distribution (we perform these services on your behalf); IT Manages Services; HIPAA Compliance Program; Compliance Software Portal. We are the only approved supplier of these services.

~~D.~~

~~Us or our Affiliates as Supplier~~

We are currently the only ~~a~~ supplier of ~~goods or~~ the above referenced services that you must purchase in order to resell to customers, and we reserve the right to be a supplier (or the sole supplier) of any goods or services in the future. We may in the future add additional services, which you may be required to purchase from us or an approved vendor, if you resell them to customers, or which we may require you to purchase as part of your operations, even if such services are not being resold.

You must use our required procedures for administration, bookkeeping, accounting, and inventory control for our system in the operation of your business.

You must apply for a Merchant Account through Intuit to accept Visa and Master Card.

You may only offer approved services to customers in accordance with our specifications and guidelines.

You must use any third-party vendors and suppliers that we designate. Examples can include printing supplier, marketing firms, insurance companies, mystery shopping, and customer feedback systems, etc. The vendors and suppliers may bill you directly, or we have the right to collect payment for these vendors together with a reasonable markup or charge for administering the payment program.

~~Ownership of Suppliers~~

~~Outside of your requirement to purchase products and services directly from us,~~ None of our officers own an interest in a supplier to our franchisees, other than the Franchisor company as the supplier.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant, or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

~~Revenue to Us and Our Affiliates~~

We will derive revenue from the required purchases and leases by franchisees. Because we are a new franchisor, ~~our total revenue in the prior fiscal year was $0. Our~~ our revenues from all required purchases and leases of products and services by franchisees in the prior fiscal year was $0. ~~The percentage of our total revenues that were from required purchases or leases in the prior fiscal year was 0%.~~

~~Proportion of Required Purchases and Leases~~

We estimate that the required purchases and leases to establish your business are 50% to 80% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 8~~5~~0% to 9~~8~~0% of your total purchases and leases of goods and services to operate your business.

~~Payments by Designated Suppliers to Us~~

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, we may do so in the future; the franchise agreement does not prohibit us from doing so.

~~Purchasing or Distribution Cooperatives~~

No purchasing or distribution cooperative currently exists.

~~Negotiated Arrangements~~

We currently have and may have in the future purchase arrangements with suppliers, including price

terms, for the benefit of franchisees. ~~All products and services will be manufactured at a discounted price.~~

~~Benefits Provided to You for Purchases~~

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

## 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 | §§ 6,1, 6.2 | Item 11 |
| b. Pre-opening purchase/leases | §§ 6.2, 6.3 | Items 5, 7, 8 and 11 |
| c. Site development and other pre-opening requirements | Article 6 | Items 5, 7, 8 and 11 |

| Obligation | Section in agreement | Disclosure document item |
|---|---|---|
| d. Initial and ongoing training | §§ 5.4, 6.4, 7.6 | Items 5, 6, 8 and 11 |
| e. Opening | §§ 6.5, 6.6 | Items 7, 8 and 11 |
| f. Fees | Article 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 15.2, 16.1, 17.6 | Items 5, 6 and 7 |
| g. Compliance with standards and policies/operating manual | §§ 6.3, 7.1, 7.3, 7.5, 7.9 – 7.13, 7.15, 10.1, 10.4, 11.1 | Items 8, 11 and 14 |
| h. Trademarks and proprietary information | Article 12, § 13.1 | Items 13 and 14 |
| i. Restrictions on products/services offered | § 7.3 | Items 8, 11 and 16 |
| j. Warranty and customer service requirements | §§ 7.3, 7.8, 7.9 | Item 8 |
| k. Territorial development and sales quotas | Not applicable | Item 12 |
| l. Ongoing product/service purchases | Article 8 | Items 6 and 8 |
| m. Maintenance, appearance, and remodeling requirements | §§ 7.12, 7.13 | Items 6, 7 and 8 |
| n. Insurance | § 7.15 | Items 6, 7 and 8 |
| o. Advertising | Article 9 | Items 6, 7, 8 and 11 |
| p. Indemnification | Article 16 | Items 6 and 8 |
| q. Owner's participation/management/staffing | § 2.4 | Items 15 |
| r. Records and reports | Article 10 | Item 11 |
| s. Inspections and audits | §§ 10.5, 11.2 | Items 6 and 11 |
| t. Transfer | Article 15 | Items 6 and 17 |
| u. Renewal | § 3.2 | Item 17 |
| v. Post-termination obligations | Article 13, § 14.3 | Item 17 |
| w. Non-competition covenants | § 13.2 | Item 17 |
| x. Dispute resolution | Article 17 | Items 6 and 17 |

## Item 10
## FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligations.

## Item 11
## FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations that you submit to us. (Section 5.4). If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site. The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1).

~~(i) We generally do not own your premises.~~

~~(ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.~~

~~(iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.~~

~~(iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.~~

~~(v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.~~

B. *Necessary internet, telephone systems, computer and other hardware, and software.* We will lease you our required telephone systems, hardware (computers, monitors, color laser printer TV & mount, router/firewall, etc), internet service and give you access to the required software necessary to open and operate your business. We deliver these items and help you install these items. (Section 5.4).

~~B. *Constructing, remodeling, or decorating the premises*. We will provide you with a set of our standard building plans and specifications and/or standard recommended floor plans, and our specifications for required decor (Section 5.4).~~

C. ~~*Hiring and T*~~*training employees*. We will provide you ~~with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2),~~ operational instructions in the Manual, which you can use as part of training new employees (Section 5.2~~3~~), and our initial training program described below. ~~Our opening support (as described below) includes assisting you in training employees.~~ All hiring decisions and conditions of employment are your sole responsibility.

~~D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.4) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.~~

D. *Operating Manual*. We will give you access to our Operating Manual (Section 5.1).

E. *Initial Training Program*. We ~~will~~ allow access to ~~conduct~~ our initial training program, either via recorded webinars and videos, or, at your option, you may and your employees, may attend an In-person training. (Section 5.4). The current initial training program is described below.

~~E.~~F. *Business plan review*. If you request, we will review your pre-opening business plan and financial projections. (Section 5.4).

~~F.~~G. *Market introduction plan*. We will advise you regarding the planning and execution of your market introduction plan. (Section 5.4).

~~G. *On-site opening support.* We will have a representative provide on-site support for at least 3-7 days in connection with your business opening. (Section 5.4).~~

Length of Time To Open

The typical length of time between signing the franchise agreement and the opening of your business is 6-8 weeks. Factors that may affect the time period include your ability to obtain a location lease, obtaining a vehicle, obtaining any needed financing, obtaining business permits and licenses, hiring employees, and shortages or delayed installation of equipment~~, fixtures, and signs~~.

Our Post-Opening Obligations

After you open your business:

A. ~~*Developing products or S*~~*services you* ~~*will*~~ *may offer to your customers*. We will provide you with the following services which you will purchase at established wholesale pricing from us and resell to your customers at your discretion: (1) Medical Waste Transportation and Disposal; (2) IT managed Services; (3) HIPAA Compliance Program; and (4) Compliance Software Portal. (Section 5.5) Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so. If we develop new services we may require you to offer these services to your customers.

~~A.~~B. *Maintain the leased equipment and software.* We will maintain, repair, replace and upgrade, as we reasonably deem needed any items we have leased to you including software updates, as part of your monthly lease payment. All such leased items are owned by and may not be transferred by you to others. (Section 5.4)

~~B.~~C. ~~*Hiring and T*~~*training new employees*. We will provide you ~~with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), and operational instructions in the Manual which you can use as part of training new employees (Section 5.3). All hiring decisions and conditions of employment are your sole responsibility.~~training for any new employees at your request to attending the In-person training at our facility (at your cost for transportation), (section 5.2) or if you request special training on site, at our then currently daily rate plus our expenses. (Section 5.4)

~~C.~~D. *Improving and developing your business; resolving operating problems you encounter*. If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently $600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.5).

~~D.~~E. ~~*Establishing prices.*~~ *Pricing Guidelines.* We will ~~determine~~ provide you guidelines on ~~all~~ suggested retail pricing~~es~~ for products and services ~~at all times~~you will provide (Section 5.5). You have the right to establish any price you deem reasonable, subject to any required promotions or required pricing features. ~~We have the right to determine prices charged by our franchisees for goods and services (but only to the extent permitted by applicable law). Written feedback from the franchisee will be taken into consideration.~~

~~E.~~F. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our ~~recommended~~ required procedures for administration, bookkeeping, accounting, and inventory control for our system. (Section 5.5). ~~We may make any such procedures part of required (and not merely recommended) procedures for our system.~~

~~F.~~G. *Marketing Fund*. We will administer the Marketing Fund. (Section 5.5).

~~G.~~H. *Website*. We will maintain a website for the EnviroMerica brand, which will include your business information and telephone number. (Section 5.5)

Advertising

(i) *Our obligation*. We will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which will be paid for by the Marketing Fund). We have no other obligation to conduct advertising.

(ii) *Your own advertising material*. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any

purpose, without any payment to you.

(iii) *Advertising council*. We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

(iv) *Local or Regional Advertising Cooperatives.* We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% of gross sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. If our outlets have controlling voting power, there is no maximum on fees that could be imposed. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements, which will be made available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

~~(iv)~~(v) *Advertising Fund*. You and all other franchisees must contribute to our Marketing Fund. Your contribution is 1% of gross sales per week. We have the right to increase the percentage upon 60 days notice, but it will not exceed 3%. All franchisees may not necessarily contribute the same percentage, as different versions of the franchise agreement may provide for different percentages over time. Outlets that we own are not obligated to contribute to the Marketing Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

Because we are a new franchisor, we did not spend any money from the Marketing Fund in our most recently concluded fiscal year

If not, all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund is spent principally to solicit new franchise sales.

~~(v)~~(vi) *Market introduction plan.* You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business.

~~(vi)~~(vii) *Required spending*. After you open, you must spend at least 3% of gross sales each month on marketing your business.

~~Point of Sale and~~ Computer Hardware and Software Systems

~~We require you to purchase QuickBooks Point of Sale system to use with the cloud accounting software subscription provided by us.~~ We will provide you on monthly lease and subscription fee, the following Computer hardware, software ~~and services provided by us are~~ as follows:

| Item | Description |
|---|---|
| **Business Internet Connection** | Cable or Fiber Optic connectivity based on provider's availability - at least 25 Mbps |
| **Voice Over IP (VOIP) Telephony** | One per user Voice Over IP telephone system, one desktop and other cordless. ~~Business~~ Calling plan includes: unlimited nationwide calling, limited international calling, unlimited fax, audio and video conferencing |
| **Desktop as a Service (DaaS)** | Windows 7 or later virtual desktop with all required business software license and subscriptions, unlimited remote support and maintenance |

| | |
|---|---|
| **Cloud Storage and Backup** | Cloud workspace to store and share data files, OS and data backup over cloud |
| **Web Service** | Domain registration as a subdomain ~~EMCUS~~ENVIROMERICA.COM, Website design and setup |
| **Office 365 Business Premium** | Office 2016 subscription and email per user |
| **Accounting Software** | Franchise accounting software ~~subscription~~ for 1 User |
| **Franchise Management Software** | Franchise management software subscription for 1 User |

| | |
|---|---|
| **Wireless Access Point** | 1 per franchisee, Guest and Private secured SSID |
| **UTM Firewall** | 1 per franchisee, Antivirus, Antispyware and IDS Service |
| **LTE Modem** | 1 per franchisee, Internet connectivity via LTE for redundancy |
| **IP Phone** | 1 per user, HD Voice |
| **All in one Zero Client** | 1 per user, At least 21" display with keyboard and mouse |
| **All in one Printer** | 1 per 10 user, Scanner, Copier and Color LaserJet Printer |
| **TV and Wall Mount** | 1 per Franchisee, 50" Flat Screen Smart TV with adjustable wall mount |

As part of your monthly lease payment and software subscription fee, w~~W~~e ~~are obligated to~~will provide ongoing maintenance, repairs, upgrades and updates to the Computer hardware and software. ~~We do require you enter into a subscription contract with us.~~

~~You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.~~

~~We estimate that the annual~~The current cost of ~~any optional or required maintenance, updating, upgrading, or support contracts~~ the required computer hardware software lease and subscription fee is currently ~~will be~~ $995 ~~fixed~~ per month ~~and~~ plus $120~~295~~ ~~per month,~~ per user, per month (Minimum 3 users). We reserve the right to increase or decrease this price with 30 days notice. All the items and software are owned by us.

We will have administrative access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Operating Manual

See Exhibit G for the table of contents of our Operating Manual as of the date this disclosure

document, with the number of pages devoted to each subject and the total number of pages in the Operating Manual.

## TRAINING PROGRAM

Our training program consists of recorded webinars/videos. ~~the following:~~

**Franchisee Training Modules and Duration**

1. Introduction and Product Offering – 8:27
2. OSHA Compliance – 25:45
3. HIPAA and HHS – 24:22
4. Medical Waste – 54:50
5. Managed IT Services – 31:12
6. Document Management – 6:48
7. Onboarding New Clients to *EnviroPortal* – 17:45
8. Conducting Quality Assurance Visits – 13:36
9. Handling Surprise Regulatory Inspections – 46:22
10. Your Hardware/Software Bundle – 1:17:57
11. Reporting Issues and Technical Support – 17:03
12. Prospecting – 1:15:00
13. Making Appointments – 2:21
14. Presenting and Selling OSHA – 30:38
15. Handling Objections – 34:55
16. FAQs and Handling Objections Continued – 24:49
17. Upselling and Referrals – 16:42
18. Selling and Presenting IT and HIPAA – 46:57
19. Closing – 5:32
20. Service Agreements – 23:48
21. Pricing Bundles and Discounts – 47:43
22. Marketing and Advertising – 17:54
23. Delta Insurance Audits – 20:07
24. Walkthrough Sales Inspection – 58:21
25. What's Wrong with this Picture? – 31:28
26. Live Facility Inspection – 27:28
27. Signage and Labeling – 13:00
28. Written Inspection Report 1 of 2 – 56:50
29. Written Inspection Report 2 of 2 – 44:54
30. Posters – 7:10
31. Onsite Training – 15:51
32. Intro to Operations and Keeping Your Mind in The Game – 8:04
33. Errors and Omission Insurance – 4:52
34. Banking and Finance CFO Scoreboard – 42:40
35. Hiring and Training – 3:46
36. Operations Manual – 42:31
37. Customer Service Answering Calls and QA Appointment – 11:15
38. Office and Administration Procedures – 18:34

Total duration: 17:37.17

| ~~Subject~~ | ~~Hours of Classroom Training~~ | ~~Hours of On-The-Job Training~~ | ~~Location~~ |
|---|---|---|---|
| ~~Technology~~ | ~~2-4~~ | ~~2-3~~ | ~~Headquarters Los Altos, CA & Franchise Location~~ |
| ~~Marketing~~ | ~~2-3~~ | ~~3-5~~ | ~~Headquarters Los Altos, CA & Franchise Location~~ |
| ~~Measuring~~ | ~~2-3~~ | ~~2-3~~ | ~~Headquarters Los Altos, CA & Franchise Location~~ |
| ~~Banking~~ | ~~2-3~~ | | ~~Headquarters Los Altos, CA~~ |
| ~~Ordering~~ | ~~2-3~~ | ~~2-3~~ | ~~Headquarters Los Altos, CA & Franchise Location~~ |
| ~~Customer Service~~ | ~~2-3~~ | ~~2-3~~ | ~~Headquarters Los Altos, CA & Franchise Location~~ |
| ~~Rules~~ | ~~2-3~~ | | ~~Headquarters Los Altos, CA~~ |
| ~~Kick-Off Event~~ | ~~2-4~~ | ~~8-10~~ | ~~Headquarters Los Altos, CA & Franchise Location~~ |
| ~~**TOTALS:**~~ | ~~16-26~~ | ~~19-27~~ | |

Recorded training is available on demand. ~~Training classes will be scheduled in accordance with the needs of new franchisees.~~

In addition, we will ~~We anticipate holding~~hold four live In-Person training classes ~~four to six times~~ per year. Training will be held at our offices and business location in Los Altos, California. The recorded trainings are recordings of each subject taught in the classroom setting. You may choose the on demand training or the IN-Person training (or both)—you may attend an In-Person Training at any regularly scheduled training. There is no fee to attend the In-Person training, however, you will pay all costs of travel costs and expenses.

In addition to the above, we will spend approximately 30-40 hours at your location the shortly after you are open.

~~The instructional materials consist of the Operating Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.~~

In-Person Training classes will be led by Julian Goduci, or other trained individuals to be determined. Mr. Goduci has 25 years of experience in our industry, and ~~19~~ 20 years of experience with us or our

affiliates; his biographic work history is in Item 2.

~~There is no fee for up to 2 people to attend training. You must pay the travel and living expenses of people attending training.~~

You must either complete the Recorded Training or attend the In-Person training to our satisfaction at least four weeks before opening your business. If the franchise is owned by an entity, then the principal owner and any other sales staff must complete/attend training. ~~You may send any additional persons to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business~~.

Your business must at all times be under your on-site supervision or under the on-site supervision of a general manager who has completed our training program. ~~If you need to send a new general manager to our training program, we will charge a fee, which is currently $150 per person, per day. Otherwise, W~~we do not currently require additional training programs or refresher courses, but we have the right to do so.

## Item 12
## TERRITORY

~~Grant of Territory~~

Your franchise agreement will specify a territory, which will be determined by us. Your territory will have a population of approximately 500,000 ~~-1,000,000~~ people. Your territory will usually be specified as ~~radius~~ cities around your business location that will have a combined population of approximately 500,000; however, we may use other boundaries to designate a territory (such as counties or other political boundaries, streets, geographical features, or trade area). If you do not have an approved location at the time you enter into the franchise agreement, we may wait to designate your territory once you have an approved location.

~~Relocation; Establishment of Additional Outlets~~

You do not have the right to relocate your business, ~~and we have no obligation to approve any request for relocation~~without our consent to a new location, which we may reasonably withhold if it is outside our territory, near the border of your territory or within another EnviroMerica franchisee's territory or near that border. Our policy is to approve relocation of a franchisee's business on a case-~~-~~by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control, and proposed location in relation to the territory and other EnviroMerica franchisees. ~~-~~

You do not have the right to establish additional franchised ~~outlets~~ units unless we approve you for multiple franchised units, and you sign a Multi-Unit Development Agreement ("MUDA") in the form attached as Exhibit C to this disclosure document. If you and we sign a MUDA, then you will have the right establish a mutually-agreed number of additional ~~outlets~~franchise units. Under the MUDA, your right to develop additional ~~outlets~~ units is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional EnviroMerica business, (3) you must be in compliance with all brand requirements at your open EnviroMerica business(es), and (4) you must not be in default under any other agreement with us. We will approve the location of future sites and territories for those sites, and our then-current standards

for sites and territories will apply.

~~Options to Acquire Additional Franchises~~

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

~~Territory Protection~~

~~We grant you an exclusive territory.~~ We do not grant you an exclusive territory. However, ~~In your territory~~during the term of this Agreement, we will not open an EnviroMerica company owned or affiliate owned unit, ~~outlet,~~ nor license or franchise another party to open an EnviroMerica ~~outlet~~unit in your territory, except as provided below.

It is not our intention to solicit or accept orders from customers inside your territory, or to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. However, there may be occasions where a customer in your territory will not desire for you to provide their services, or where you may be unable to provide their services, in which case we reserve the right to provide services to such customer either directly, or by way of authorizing anther franchisee to provide such services. We do not pay any compensation to you for servicing customers inside your territory, whether directly or by authorizing another franchisee.

You are not permitted to solicit or accept orders from customers outside of your territory, except under the following circumstances with our consent: (1) You have an existing customer in your territory who also has a location outside your territory (even in another franchisee's territory) which your customer would like you to service also; (2) if you receive a referral from an existing customer to a new customer that is outside your territory, even if in another franchisee's territory, and the new customer seeks your services based on the referral; (3) if there is a customer outside your territory that is not able to be serviced by another franchisee and we refer that customer to you.

Other EnviroMerica franchisees may service customers in your territory on the same basis as above.

The continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency.

There are no circumstances that permit us to modify your territorial rights.

~~Restrictions on Us From Soliciting or Accepting Orders In Your Territory There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.~~

~~Soliciting by You Outside Your Territory~~

~~There are no restrictions on you from soliciting or accepting orders from consumers outside of your~~

territory, except that we reserve the right to control all internet-based marketing.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing sowe reserve the right to do so in certain circumstances. For example we may acquire or be acquired by a business providing similar services.

## Item 13
## TRADEMARKS

The following is the principal trademark that we license to you. This trademark is owned by our affiliate, EnviroMerica, Inc. We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. An application for registration on the Principal Register of the United States Patent and Trademark Office has been filed.

| Trademark | Application Date | Serial Number | Registration Date | Registration Number |
|---|---|---|---|---|
| EnviroMerica | 6/29/2018 | 88021191 | | |

Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

EnviroMerica, Inc., our affiliate, owns the trademarks described in this Item. Under an Intercompany License Agreement between us and EnviroMerica, Inc., we have been granted the exclusive right to sublicense the trademarks to franchisees throughout the United States. The agreement is of perpetual duration. It may be modified only by mutual consent of the parties. It may be canceled by our affiliate only if (1) we materially misuse the trademarks and fail to correct the misuse, or (2) we discontinue commercial use of the trademarks for a continuous period of more than one year. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.

Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

## Item 14
## PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

~~Patents~~

We do not own rights in, or licenses to, patents that are material to the franchise. We do

not have any pending patent applications.

~~Copyrights~~

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operating Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights.

We do not know of any copyright infringement that could materially affect you.

~~Proprietary Information~~

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Operating Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

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

~~Your Participation~~

You are not required to participate personally in the direct operation of your business. However, we recommend that you participate.

You must designate one person as your "Principal Executive". The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

~~"On-Premises" Supervision~~

You are not required to personally conduct "on-premises" supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

~~Restrictions on Your Manager~~

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you place any other restrictions on your manager.

## Item 16
## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only goods and services that we have approved.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made at or from your premises.

## 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 franchise or other agreement | Summary |
|---|---|---|
| a. Length of the franchise term | Franchise Agreement (FA): § 3.1<br>Multi-Unit Development Agreement (MUDA): none | 10 years from date of franchise agreement. |
| b. Renewal or extension of the term | FA: § 3.2<br>MUDA: none | You may obtain a successor franchise agreement for up to two additional 5-year terms. |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| c. Requirements for franchisee to renew or extend | FA: § 3.2<br>MUDA: none | For our franchise system, "renewal" means that at the end of your term, you sign our successor franchise agreement for an additional 5-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.<br>To renew, you must give advance notice to us; be in compliance; renovate to then-current standard; sign then-current form of franchise agreement; sign general release (unless prohibited by applicable law). |
| d. Termination by franchisee | FA: § 14.1<br>MUDA: § 4 | If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.<br>If you sign a MUDA, you may terminate it at any time. |
| e. Termination by franchisor without cause | Not Applicable | |
| f. Termination by franchisor with cause | FA: § 14.2<br>MUDA: § 4 | We may terminate your agreement for cause, subject to any applicable notice and cure opportunity.<br>If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we have the right to terminate your MUDA. |
| g. "Cause" defined--curable defaults | FA: § 14.2<br>MUDA: none | Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure). |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| h. "Cause" defined--non-curable defaults | FA: § 14.2<br>MUDA: § 4 | FA: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our business inspection; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.<br>MUDA: failure to meet development schedule; violation of franchise agreement or other agreement which gives us the right to terminate it. |
| i. Franchisee's obligations on termination/non-renewal | FA: §§ 14.3 – 14.6<br>MUDA: none | Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us. |
| j. Assignment of agreement by franchisor | FA: § 15.1<br>MUDA: § 7 | Unlimited |
| k. "Transfer" by franchisee - defined | FA: Article 1<br>MUDA: Background Statement | For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business. |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| l. Franchisor's approval of transfer by franchisee | FA: § 15.2<br>MUDA: § 7 | No transfers without our approval. |
| m. Conditions for franchisor's approval of transfer | FA: § 15.2<br>MUDA: none | Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then- current franchise agreement and guaranty; you've made all payments to us and are in compliance with the franchise agreement; buyer completes training program; you sign a general release; business complies with then-current system specifications. |
| n. Franchisor's right of first refusal to acquire franchisee's business | FA: § 15.5<br>MUDA: none | If you want to transfer your business (other than to your spouse, sibling, or child), we have a right of first refusal. |
| o. Franchisor's option to purchase franchisee's business | Not Applicable | |
| p. Death or disability of franchisee | FA: §§ 2.4, 15.4<br>MUDA: none | If you die or become incapacitated, a new principal operator acceptable to us must be designated to operate the business, and your executor must transfer the business to a third party within nine months. |
| q. Non-competition covenants during the term of the franchise | FA: § 13.2<br>MUDA: none | Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor. |
| r. Non-competition covenants after the franchise is terminated or expires | FA: § 13.2<br>MUDA: none | For two years, no ownership or employment by a competitor located within five miles of your former territory or the territory of any other EnviroMerica business operating on the date of termination. |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| s. Modification of the agreement | FA: § 18.4<br>MUDA: § 7 | No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications. |
| t. Integration/merger clause | FA: § 18.3<br>MUDA: § 7 | Only the terms of the agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement (or MUDA) may not be enforceable. However, no claim made in any franchise agreement (or MUDA) is intended to disclaim the express representations made in this Disclosure Document. |
| u. Dispute resolution by arbitration or mediation | FA: § 17.1<br>MUDA: § 7 | All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law). |
| v. Choice of forum | FA: §§ 17.1; 17.5<br>MUDA: § 7 | Arbitration will take place where our headquarters is located (currently, Los Altos, California) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law). |
| w. Choice of law | FA: § 18.8<br>MUDA: § 7 | California (subject to applicable state law). |

**For additional disclosures required by certain states, refer to Exhibit I - State Addenda to Disclosure Document**

## Item 18
## PUBLIC FIGURES

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

## Item 19
## FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Julian Goduci, by mail to 4906 El Camino Real, Suite 208, Los Altos CA 94022, and/or by telephone at (650) ~~655-2045~~731-0961, as well as the Federal Trade Commission, and the appropriate state regulatory agencies. ~~{legal to be involved in any FPR}~~

## Item 20
## OUTLETS AND FRANCHISEE INFORMATION

### Table 1
### Systemwide Outlet Summary
### For years 2016~~5~~ to 2018~~7~~

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the Start of the Year | Column 4<br>Outlets at the End of the Year | Column 5<br>Net Change |
|---|---|---|---|---|
| Franchised | 2016~~5~~ | 0 | 0 | 0 |
| | 2016~~6~~ | 0 | 0 | 0 |
| | 2018~~7~~ | 0 | 3 | +3~~0~~ |
| Company-Owned | 2016~~5~~ | 1 | 1 | 0 |
| | 2017~~6~~ | 1 | 1 | 0 |
| | 2018~~7~~ | 1 | 1~~+~~ | 0 |

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the Start of the Year | Column 4<br>Outlets at the End of the Year | Column 5<br>Net Change |
|---|---|---|---|---|
| Total Outlets | 20165 | 1 | 1 | 0 |
| | 20176 | 1 | 1 | 0 |
| | 20187 | 1 | 21 | +10 |

## Table No. 2
## Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
## For years 20165 to 20187

| Column 1<br>State | Column 2<br>Year | Column 3<br>Number of Transfers |
|---|---|---|
| N/ACA | 20165 | 0 |
| | 20176 | 0 |
| | 20187 | 0 |
| Total | 20165 | 0 |
| | 20176 | 0 |
| | 20187 | 0 |

## Table 3
## Status of Franchised Outlets
## For years 20165 to 20187

| Column 1<br>State | Column 2<br>Year | Column 3<br>Outlets at the Start of the Year | Column 4<br>Outlets Opened | Column 5<br>Termi-Nations | Column 6<br>Non-Renewals | Column 7<br>Reacquired by Franchisor | Column 8<br>Ceased Operations – Other Reasons | Column 9<br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| N/ACA* | 20165 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 20176 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 20187 | 0 | 10 | 0 | 0 | 0 | 0 | 10 |
| Totals | 20165 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 20176 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 20187 | 0 | 10 | 0 | 0 | 0 | 0 | 10 |

*2 additional locations opened in early 2019 (two in CA and one in AZ),

**Table 4**
**Status of Company-Owned Outlets**
**For years 2016~~5~~ to 2018~~7~~**

| ~~Column 1~~ State | ~~Column 2~~ Year | ~~Column 3~~ Outlets at the Start of the Year | ~~Column 4~~ Outlets Opened | ~~Column 5~~ Outlets Reacquired From Franchisee | ~~Column 6~~ Outlets Closed | ~~Column 7~~ Outlets Sold to Franchisee | ~~Column 8~~ Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| California | 2016~~5~~ | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2017~~6~~ | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2018~~7~~ | 1 | 0 | 0 | 0 | 0 | 1 |
| Totals | 2061~~5~~ | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2017~~6~~ | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2018~~7~~ | 1 | 0 | 0 | 0 | 0 | 1 |

**Table 5**
**Projected Openings As Of December 31, 2018~~7~~**

| Column 1 State | Column 2 Franchise Agreements Signed But Outlet Not Opened | Column 3 Projected New Franchised Outlets In The Next Fiscal Year | Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year |
|---|---|---|---|
| California | 2~~0~~ | 2~~1~~ | 0 |
| Nevada | 1~~0~~ | 1 | 0 |
| Arizona | 1 | 1 | 0 |
| Totals* | 4~~0~~ | 4~~2~~ | 0 |

~~Current Franchisees~~

Exhibit H contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number ~~of each of their outlets~~.

~~Former Franchisees~~

Exhibit H contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

~~Confidentiality Clauses~~

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

~~Franchisee Organizations~~

There are no trademark-specific franchisee organizations associated with our franchise system.

## Item 21
## FINANCIAL STATEMENTS

**We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission.** Exhibit F contains our audited ~~opening~~ financial statements ~~dated~~ as of year ending ~~7/08/2018.~~12-31-18.

## Item 22
## CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
C. Multi-Unit Development Agreement
D. Rider to Lease Agreement
E. Form of General Release
J. State Addenda to Franchise Agreement
K. State Addenda to Multi-Unit Development Agreement

## Item 23
## RECEIPTS

~~Detachable documents acknowledging~~Two copies of your receipt of this disclosure document are attached as the last two pages of this disclosure document. One is for you to keep and one is to return to us.

## EXHIBIT A

## STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

| State | State Administrator | Agent for Service of Process (if different from State Administrator) |
|---|---|---|
| California | ~~Commissioner of Business Oversight~~ Department of Business Oversight<br>1515 K Street, Suite 200<br>Sacramento, CA 95814-4052<br>866-275-2677 | Commissioner of Business Oversight<br>1515 K Street, Suite 200<br>Sacramento, CA 95814-4052<br>866-275-2677 |
| Hawaii | Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Commissioner of Securities<br>P.O. Box 40<br>Honolulu, HI 96810<br>(808) 586-2722 | Commissioner of Securities<br>Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813 |
| Illinois | Franchise Bureau<br>Office of Attorney General<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465 | |
| Indiana | Franchise Section<br>Indiana Securities Division<br>Secretary of State Room E-111<br>302 W. Washington Street<br>Indianapolis, IN 46204<br>(317) 232-6681 | |
| Maryland | Office of the Attorney General<br>Division of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360 | Maryland Commissioner of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020 |
| Michigan | Michigan Attorney General's<br>Office Consumer Protection<br>Division Attn: Franchise Section<br>525 W. Ottawa Street Williams Bldg, 1st FL<br>Lansing, MI 48933<br>(517) 373-7117 | |

| State | State Administrator | Agent for Service of Process (if different from State Administrator) |
|---|---|---|
| Minnesota | Minnesota Department of Commerce<br>Market Assurance Division<br>85 7th Place East, Suite 280<br>St. Paul, MN 55101-2198<br>(651) 539-1500 | Commissioner of Commerce<br>Minnesota Department of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, MN 55101-2198<br>(651) 539-1500 |
| New York | New York State Department of Law<br>Investor Protection Bureau<br>120 Broadway, 23rd Floor<br>New York, NY 10271<br>(212) 416-8211 | Secretary of State<br>99 Washington Avenue<br>Albany, NY 12231 |
| North Dakota | North Dakota Securities Department<br>600 East Boulevard Ave.,<br>State Capital Fifth Floor, Dept. 414<br>Bismarck, ND 58505-0510<br>(701) 328-4712 | |
| Oregon | Department of Consumer & Business Services<br>Division of Finance and Corporate Securities<br>Labor and Industries Building<br>Salem, Oregon 97310<br>(503) 378-4140 | |
| Rhode Island | Department of Business Regulation<br>Securities Division<br>1511 Pontiac Avenue<br>John O. Pastore Complex–69-1<br>Cranston, RI 02920-4407<br>(401) 462-9527 | |
| South Dakota | Division of Insurance<br>Securities Regulation<br>124 South Euclid Suite 104<br>Pierre, SD 57501-3185<br>(605) 773-3563 | |
| Virginia | State Corporation Commission<br>1300 East Main Street<br>9th Floor<br>Richmond, VA 23219<br>(804) 371-9051 | Clerk of the State Corporation Commission<br>1300 East Main Street, 1st Floor<br>Richmond, VA 23219 |
| Washington | Department of Financial Institutions<br>Securities Division<br>150 Israel Rd SW<br>Tumwater, WA 98501<br>(360) 902-8760 | |
| Wisconsin | Division of Securities<br>Department of Financial Institutions<br>Post Office Box 1768<br>Madison, WI 53701<br>(608) 266-2801 | Securities And Franchise Registration<br>Wisconsin Securities Commission<br>201 West Washington Avenue, Suite 300<br>Madison, WI 53703 |

# EXHIBIT B

# FRANCHISE AGREEMENT

# FRANCHISE AGREEMENT

| SUMMARY PAGE | | |
|---|---|---|
| **1.** | **Franchisee** | _____ |
| **2.** | **Initial Franchise Fee** | $_____ |
| **3.** | **Development Area** | _____ |
| **4.** | **Business Location** | _____ |
| **5.** | **Territory** | _____ |
| **6.** | **Opening Deadline** | _____ |
| **7.** | **Principal Executive** | _____ |
| **8.** | **Franchisee's Address** | _____ |

## FRANCHISE AGREEMENT

This Agreement is made between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC"), and Franchisee effective as of the date signed by EFMC (the "Effective Date").

### Background Statement:

A. EFMC and its affiliate EnviroMerica, Inc., have created and own a system (the "System") for developing and operating a company that simplifies Regulatory Compliance, Managed IT Services, and Regulated ~~/~~Medical Waste management for small to medium size businesses with specific focus on healthcare providers, while reducing associated costs and liabilities, under the trade name "EnviroMerica".

B. The System includes (1) methods, procedures, and standards for developing and operating a EnviroMerica business, (2) plans, specifications, equipment, signage and trade dress for EnviroMerica businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by EFMC from time to time.

C. The parties desire that EFMC license the Marks and the System to Franchisee for Franchisee to develop and operate a EnviroMerica business on the terms and conditions of this Agreement.

## ARTICLE 1. DEFINITIONS

"**Action**" means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

"**Approved Vendor**" means a supplier, vendor, or distributor of ~~Inputs~~ good or services or other required items, which has been approved by EFMC.

"**Business**" means the EnviroMerica business owned by Franchisee and operated under this Agreement.

"**Competitor**" means any business, which offers simplified Regulatory Compliance, Managed IT Services, and Regulated ~~/~~Medical Waste management for small to medium size businesses with specific focus on healthcare providers.

"**Confidential Information**" means all non-public information of or about the System, EFMC, and any EnviroMerica business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

"**Gross Sales**" means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to

customers, and (ii) sales taxes collected by Franchisee.~~, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).~~

~~"**Input**" means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.~~

"**Location**" means the location stated on the Summary Page. If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

"**Losses**" includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys' fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of EFMC's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

"**Manual**" means EFMC's confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

"**Marketing Fund**" means the fund established (or which may be established) by EFMC into which Marketing Fund Contributions are deposited.

"**Marks**" means the trade name and trademark, EnviroMerica, and the associated logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by EFMC from time to time for use in a EnviroMerica business.

"**Owner**" means each person or entity, which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then "Owner" means Franchisee.

"**Remodel**" means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new EnviroMerica business.

"**Required Vendor**" means a supplier, vendor, or distributor of Inputs which EFMC requires franchisees to use.

"**System Standards**" means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by EFMC, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers,

computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

**"Service" or "Services"** means, as of the date of this agreement, the main services which EFMC has available for Franchisee to provide customers include: (1) Medical Waste Transportation and Disposal; (2) IT Managed Services; (3) HIPAA Compliance Program; and (4) Compliance Portal. Franchisee will purchase these services through Franchisor (or an approved affiliate), and resell to customers. EFMC will provide certain of these Services directly to Franchisee's customers.

"**Territory**" means the territory stated on the Summary Page. If no territory is stated on the Summary Page, then the Territory is determined in accordance with Section 6.1.

"**Transfer**" means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) direct or indirect ownership interest of more than 25% of the Business, or (iv) control of the Business.

## ARTICLE 2. GRANT OF LICENSE

**2.1 Grant.** EFMC grants to Franchisee the right to operate an EnviroMerica business solely at the Location and to purchase from EFMC, and resell to customers, one or more of the Services. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate an EnviroMerica business at the Location for the entire term of this Agreement.

**2.2 Protected Territory.** EFMC shall not establish, nor license the establishment of, another EnviroMerica business within the Territory. EFMC retains the right to:

(i) establish and license others to establish and operate EnviroMerica businesses outside the Territory;

(ii) operate and license others to operate businesses anywhere that do not operate under the EnviroMerica brand name; and

(iii) sell and license others to sell products and services in the Territory through channels of distribution (including the internet) other than EnviroMerica outlets.

**2.3 Franchisee Control.** Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner's interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify EFMC within 10 days.

**2.4 Principal Executive.** Franchisee agrees that the person designated as the "Principal

Executive" on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to EFMC's reasonable approval.

**2.5 Guaranty.** If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to EFMC, in the form of Attachment 3.

**2.6 No Conflict.** Franchisee represents to EFMC that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

## ARTICLE 3. TERM

**3.1 Term.** This Agreement commences on the Effective Date and continues for 10 years.

**3.2 Successor Agreement.** When the term of this Agreement expires, Franchisee may enter into a successor agreement for up to 2 additional periods of 5- years each, subject to the following conditions prior to each expiration:

(i) Franchisee notifies EFMC of the election to renew between 90 and 180 days prior to the end of the term;

(ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with EFMC (or any of its affiliates) at the time of election and at the time of renewal;

(iii) Franchisee has made or agrees to make (within a period of time acceptable to EFMC) renovations and changes to the Business as EFMC requires to conform to the then-current System Standards;

(iv) Franchisee executes EFMC's then-current standard form of franchise agreement, which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section

(v) Franchisee and each Owner executes a general release (on EFMC's then-standard form) of any and all claims against EFMC, its affiliates, and their respective owners, officers, directors, agents and employees.

## ARTICLE 4. FEES

**4.1 Initial Franchise Fee.** Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable, except as provided in Section 6.4.

**4.2 Royalty Fee.** Franchisee shall pay EFMC a monthly royalty fee (the "Royalty Fee") equal to 10% of Gross Sales. The Royalty Fee for any given month is due on the fifth day of the following month.

**4.3 Marketing Contributions.**

(a) Marketing Fund Contribution. Franchisee shall pay EFMC a contribution to the Marketing Fund (the "Marketing Fund Contribution") equal to 1% of Franchisee's Gross Sales ~~(or such lesser amount as EFMC determines),~~ at the same time as the Royalty Fee. EFMC has the right to increase the percentage upon 60 days notice, but it will not exceed 3%.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative.

~~(b)~~(c) Franchisee shall spend at least 3% of Gross Sales monthly in local advertising and marketing. All such local advertising and marketing must have prior approval from EFMC.

**4.4 Monthly Equipment Lease and Software Subscription Fees.** Franchisee shall lease all the required telephone systems, computer equipment other office hardware, and software and internet service, directly from EFMC. The monthly lease and subscription fee is currently $995 plus $129 per user. Franchisor will maintain, repair, replace and upgrade as needed any items Franchisor leases to Franchisee, in Franchisor's discretion. Franchisor may increase the lease /subscription amounts upon 30 days notice. Franchisor may require additional or upgraded leased items in order to provide the Services or additional services, and additional software or replacement software. All leased items and licensed software are owned by EFMC.

**4.5 ~~Replacement / Additional Training Fee~~Medical Waste Transportation and Disposal Charge.** ~~If Franchisee sends an employee to EFMC's training program after opening, EFMC may charge its then-current training fee. As of the date of this Agreement, the training fee is $250 per person, per day~~ If Franchisee provides this Service, ~~.~~Franchisee will purchase this Service from EFMC for approximately 50%-60% of the retail charge Franchisee charges its customers. The exact percentage will depend on the extent of the Medical Waste and if there is more that of customer location. This Charge is due monthly.

**4.6 IT Managed Services Charge.** If Franchisee provides this Service, Franchisee will purchase the Service from Franchisor for an amount based on the package Franchisee sells to Franchisee customers. Currently the packages available are a) Basic, which Franchisee purchases from EFMC for $18 per device; b) Enhanced, which Franchisee purchases from EFMC for $34 per device, and c) Premium, which Franchisee purchases from Franchisor for $56 per device. This Charge is due monthly.

**4.7 HIPAA Compliance Program.** If Franchisee provides this Service, Franchisee will

purchase this Service from EFMC for approximately 60% of the retail charge Franchisee charges its customers. This Charge is due monthly. (Includes an annual maintenance fee, which may be payable monthly).

**4.8 Compliance Software Portal.** If Franchisee provides this Service, Franchisee will purchase this Service from EFMC for $49 per customer. Charge is due monthly.

~~4.4~~4.9 **Third Party Vendors.** If EFMC requires Franchisee to use a designated third-party vendor, EFMC has the right (but not the obligation) to collect payment on behalf of the vendor and remit the payment to the vendor. If EFMC does so, it may impose a reasonable markup or charge for administering the payment program.

~~4.5~~4.10**Non-Compliance Fee.** EFMC may charge Franchisee $500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to EFMC) which Franchisee fails to cure after 30 days' notice. Thereafter, EFMC may charge Franchisee $250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of EFMC's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of EFMC's other rights and remedies.

~~4.6~~4.11**Reimbursement.** EFMC may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If EFMC does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to EFMC within 15 days after invoice by EFMC accompanied by reasonable documentation.

~~4.7~~4.12**Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, Lease and Subscription Fee, and all charges for Services sold by Franchisee to customers, and any other amounts owed to EFMC by pre-authorized bank draft or in such other manner as EFMC may require.

(b) Calculation of Fees. Franchisee shall report monthly Gross Sales and sales of Services, to EFMC by the fifth day of the following month. If Franchisee fails to report monthly Gross Sales, then EFMC may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to EFMC, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that EFMC has the right to remotely access Franchisee's ~~point-of-sale~~software system to calculate Gross Sales and sales of Services.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a $100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. EFMC may charge $30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by EFMC (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. EFMC may apply any payment received from Franchisee to any obligation and in any order as EFMC may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to EFMC any fees or amounts described in this Agreement are not dependent on EFMC's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

## ARTICLE 5. ASSISTANCE

**5.1 Manual.** EFMC shall make its Manual available to Franchisee.

**5.2 Assistance in ~~Hiring~~ Training Employees .** EFMC shall provide ~~its suggested staffing levels to Franchisee~~operational instructions in the Operations Manual, which Franchisee can use as part of training new employees, who may also have access in our discretion to take our video training modules or attend an In-Person training at our facility. ~~. EFMC shall provide suggested guidelines for hiring employees.~~ All hiring decisions and conditions of employment are Franchisee's sole responsibility.

**5.3 N/A ~~Assistance in Training Employees.~~** ~~EFMC shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.~~

**5.4 Pre-Opening Assistance.**

(a) Selecting Location. EFMC shall provide its criteria for EnviroMerica locations to Franchisee. EFMC will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Pre-Opening ~~Plans, Specifications, and Vendors~~Hardware and Software. EFMC will provide and lease to Franchisee all necessary telephone systems, internet service, hardware (e.g. computers, monitors, color laser printer, TV & mount, router/firewall, etc.), and help Franchisee install all items at Franchisee's Location, and give Franchisee access to the required software necessary to open and operate Franchisee's Business ~~Within a reasonable period of time after the Effective Date, EFMC shall provide Franchisee with (i) EFMC's sample set of standard building plans and specifications and/or standard recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as EFMC deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (iv) EFMC's lists of Approved Vendors and/or Required Vendors.~~

(c) Business Plan Review. If requested by Franchisee, EFMC shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that EFMC accepts no responsibility for the performance of the Business.**

(d) Pre-Opening Training. EFMC shall make available its standard pre-opening

training to the Principal Executive and up to 1 other employee, at EFMC's headquarters and/or at an EnviroMerica business designated by EFMC. EFMC shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses.

(e) Market Introduction Plan. EFMC shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

~~(f) On-Site Opening Assistance. EFMC shall have a representative support Franchisee's business opening with at least 3-7 days of onsite opening training and assistance.~~

**5.5 Post-Opening Assistance.**

(a) Services. EFMC will provide you with the following Services which you will purchase at established wholesale pricing from us and resell to your customers at your discretion: (1) Medical Waste Transportation and Disposal; (2) IT managed Services; (3) HIPAA Compliance Program; and (4) Compliance Software Portal.

(b) Maintenance of Leased Equipment and Software. EFMC will maintain, repair, replace and upgrade, as reasonably deemed needed, any items EFMC has leased to you including software updates. All such leased items are owned by EFMC and may not be transferred by Franchisee.

(c) Additional Training. You may request special training on site, at times mutually convenient, at our then currently daily rate plus our expenses, or may attend one of our In-Person trainings at our corporate location.

~~(a)~~(d) Advice, Consulting, and Support. If Franchisee requests, EFMC will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent EFMC deems reasonable. If EFMC provides in-person support in response to Franchisee's request, EFMC may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

~~(b) Pricing. Upon request, EFMC will provide recommended prices for products and services offered by franchisees of the System.~~

~~(c)~~(e) Procedures. EFMC will provide Franchisee with EFMC's recommended administrative, bookkeeping, accounting, and inventory control procedures. EFMC may make any such procedures part of required (and not merely recommended) System Standards.

~~(d)~~(f) Marketing. EFMC shall manage the Marketing Fund.

~~(e)~~(g) Internet. EFMC shall maintain a website for EnviroMerica, which will include Franchisee's location (or territory) and telephone number.

## ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

**6.1 Determining Location and Territory.** If the Location and Territory are not stated on the

Summary Page:

(i) Franchisee shall find a potential Location within the Development Area described on the Summary Page; Franchisee shall submit its proposed Location to EFMC for acceptance, with all related information EFMC may request. If EFMC does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

(ii) When EFMC accepts the Location, it shall issue a Location Acceptance Letter in the form of Attachment 2, which states the Location and Territory. EFMC shall determine the Territory in its good faith discretion, substantially in accordance with Item 12 of the Franchise Disclosure Document.

**(iii) EFMC's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful, and EFMC has no liability to Franchisee with respect to the location of the Business.**

**6.2 Lease.** In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by EFMC, Franchisee must submit the proposed lease to EFMC for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee shall use commercially reasonable efforts to obtain the landlord's signature to a rider to the lease in the form required by EFMC.

**6.3 Development.** Franchisee shall construct (or remodel) and finish the Location in conformity with EFMC's System Standards, subject to items Franchisee is leasing from EFMC. ~~If required by EFMC, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining EFMC's approval of Franchisee's plans. EFMC may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by EFMC or its representatives regarding any architectural, engineering or legal matters in the development and construction of the Business, and EFMC assumes no liability with respect thereto.~~ EFMC's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering or legal standards.

**6.4 New Franchisee Training.** Franchisee's Principal Executive and one additional general manager, if owned by an entity, must complete EFMC's training program for new franchisees. If the Principal Executive (i) fails to complete the initial training program to EFMC's satisfaction, or (ii) EFMC concludes, no more than 10 days after the Principal Executive completes the initial training program, that the Principal Executive does not have the ability to satisfactorily operate the Business, then EFMC may terminate this Agreement. In such event, EFMC shall refund the initial franchise fee to Franchisee (less any franchise broker fees and other out-of-pocket costs incurred by EFMC related to Franchisee), subject to Franchisee's prior execution of a general release of liability of EFMC and its affiliates, in a form prescribed by EFMC.

~~6.4~~6.5 Approved Vehicle. Prior to opening Franchisee must obtain to use in the Business an environmentally friendly vehicle (Hybrid or all Electric) wrapped in required branded design. The make/model can be Franchisee's choice, and the vehicle can be new or used, but must be in good condition and free from dents, scratches, or other damage, and must be branded with the

required Vehicle Wrap. If Franchisee already have a qualifying vehicle Franchisee need not obtain another.

~~6.5~~6.6 **Conditions to Opening.** Franchisee shall notify EFMC at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) EFMC has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee's officers and employees have completed all of EFMC's required pre-opening training; and (7) EFMC has given its written approval to open, which will not be unreasonably withheld.

~~6.6~~6.7 **Opening Date.** Franchisee shall open the Business to the public on or before the date stated on the Summary Page.

## ARTICLE 7. OPERATIONS

**7.1 Compliance with Manual and System Standards**. Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

**7.2 Compliance with Law.** Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

**7.3 Products, Services, and Methods of Sale.** Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by EFMC in the Manual or otherwise in writing. Franchisee shall make sales only to retail customers, and only from ~~at~~ the Location. Unless otherwise approved or required by EFMC, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail order or over the internet, or at temporary or satellite locations. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that EFMC may require.

**7.4 Prices.** Upon request, EFMC will provide recommended pricing guidelines for the Services offered by Franchisee. Franchisee has the right to establish any price Franchisee deems reasonable, subject to any required promotions or required pricing features. ~~Franchisee acknowledges that the System Standards determined by EFMC will include the minimum, maximum, and/or exact prices that franchisees may charge for products or services sold (except to the extent such authority is limited or prohibited by applicable law).~~

**7.5 Personnel.**

(a) Management. The Business must at all times be under the on-site supervision of the Principal Executive or a general manager who has completed EFMC's training program.

(b) Customer Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire,

uniform, personal appearance and hygiene standards set forth in the Manual.

~~(d) Qualifications. EFMC may set minimum qualifications for categories of employees employed by Franchisee.~~

~~(e)~~(d) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and EFMC are not joint employers, and no employee of Franchisee will be an agent or employee of EFMC.

**7.6 Post-Opening Training.** EFMC may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by EFMC. EFMC may charge a reasonable fee for any training programs. EFMC may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

**7.7 Software.** Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by EFMC. Franchisee shall enter into any subscription and support agreements that EFMC may require. Franchisee shall upgrade, update, or replace any software from time to time as EFMC may require. Franchisee shall protect the confidentiality and security of all software systems and shall abide by any System Standards related thereto. Franchisee shall give EFMC unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by EFMC.

**7.8 Customer Complaints.** Franchisee shall use its best efforts to promptly resolve any customer complaints. EFMC may take any action it deems appropriate to resolve a customer complaint regarding the Business, and EFMC may require Franchisee to reimburse EFMC for any expenses.

**7.9 Customer Evaluation and System Compliance Programs.** Franchisee shall participate at its own expense in programs required from time to time by EFMC for obtaining customer evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. EFMC shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by EFMC for such programs.

**7.10 Payment Systems.** Franchisee shall accept payment from customers in any form or manner designated by EFMC (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by EFMC. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

**7.11 Gift Cards, Loyalty Programs, and Incentive Programs.** At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs or customer incentive programs, designated by

EFMC, in the manner specified by EFMC in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another EnviroMerica business. Franchisee shall comply with all procedures and specifications of EFMC related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty or customer incentive programs.

**7.12 Maintenance and Repair.** Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as EFMC may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

**7.13 Remodeling.** In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, EFMC may require Franchisee to undertake and complete a Remodel of the Location to EFMC's satisfaction. Franchisee must complete the Remodel in the time frame specified by EFMC. EFMC may require the Franchisee to submit plans for EFMC's reasonable approval prior to commencing a required Remodel. EFMC's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

**7.14 Meetings.** The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that EFMC requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

**7.15 Insurance.**

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by EFMC in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

(i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);

(ii) Business interruption insurance covering at least 12 months of income;

(iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit;

(iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000; and

(v) Workers Compensation coverage as required by state law.

(b) Franchisee's policies (other than Workers Compensation) must (1) list EFMC and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of EFMC and its affiliates, (3) be primary and non-contributing with any insurance carried by EFMC or its affiliates, and (4) stipulate that EFMC shall receive 30 days' prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to EFMC prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of EFMC.

**7.16 Suppliers and Landlord.** Franchisee shall pay all vendors and suppliers in a timely manner. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location.

**7.17 Public Relations.** Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding EnviroMerica, the Business, or any particular incident or occurrence related to the Business, without EFMC's prior written approval.

**7.18 Association with Causes.** Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without EFMC's prior written approval.

**7.19 No Other Activity at the Location.** Franchisee shall not engage in any activity at the Location other than operation of the EnviroMerica Business.

**7.20 No Other Businesses.** If Franchisee is an entity, Franchisee shall not own or operate any other business except EnviroMerica businesses.

**7.21 No Third-Party Management.** Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of EFMC, which will not be unreasonably withheld.

**7.22 No Co-Branding.** Franchisee shall not "co-brand" or associate any other business activity with the EnviroMerica Business in a manner which is likely to cause the public to perceive it to be related to the EnviroMerica Business.

**7.23 Identification.** Franchisee must identify itself as the independent owner of the Business in the manner prescribed by EFMC. Franchisee must display at the Business signage prescribed by EFMC identifying the Location as an independently owned franchise.

**7.24 Business Practices.** Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from EFMC. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

## ARTICLE 8. SUPPLIERS AND VENDORS

**8.1 Generally.** Franchisee shall acquire all Inputs required by EFMC from time to time in

accordance with System Standards. EFMC may require Franchisee to purchase or lease any Inputs from EFMC, EFMC's designee, Required Vendors, Approved Vendors, and/or under EFMC's specifications. EFMC may change any such requirement or change the status of any vendor. To make such requirement or change effective, EFMC shall issue the appropriate System Standards.

**8.2 Alternate Vendor Approval.** If EFMC requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by EFMC. EFMC may condition its approval on such criteria as EFMC deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. EFMC will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

**8.3 Alternate ~~Input~~ Item Approval.** If EFMC requires Franchisee to purchase a particular ~~Input~~Item, and Franchisee desires to purchase an alternate to the ~~Input~~Item, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by EFMC. EFMC will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

**8.4 Purchasing.** EFMC may implement a centralized purchasing system and negotiate prices and terms with vendors on behalf of the System. EFMC may receive rebates or payments from vendors in connection with purchases by franchisees. EFMC may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as EFMC may determine.

**8.5 Liability of Franchisor.** EFMC shall have liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

**8.6 Product Recalls.** If EFMC or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from EFMC or the vendor, supplier, or manufacturer of such item with respect to the recall, repair, or other remedy of such item.

## ARTICLE 9. MARKETING

**9.1 Implementation.** Franchisee shall not use any marketing materials or campaigns (including point-of-sale materials, advertising, social media marketing, and sponsorships) that have not been approved by EFMC. Franchisee shall implement any marketing plans or campaigns determined by EFMC.

**9.2 Use By EFMC.** EFMC may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, royalty-free license to EFMC for such purpose.

**9.3 Marketing Fund.** EFMC may establish a Marketing Fund to promote the System on a local, regional, national, and/or international level. If EFMC has established a Marketing Fund:

(a) Separate Account. EFMC shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from EFMC's other accounts.

(b) Use. EFMC shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as EFMC reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of EFMC's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at EFMC's sole discretion, and EFMC has no fiduciary duty with regard to the Marketing Fund.

(d) Surplus or Deficit. EFMC may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, EFMC may loan such funds to the National Marketing Fund on reasonable terms.

(e) Financial Statement. EFMC will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of EFMC's fiscal year and will provide the financial statement to Franchisee upon request.

**9.4 Marketing Cooperatives.** EFMC may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days. EFMC shall not require Franchisee to be a member of more than one Market Cooperative. If EFMC establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by EFMC. EFMC may require the Market Cooperative to adopt bylaws or regulations prepared by EFMC. Unless otherwise specified by EFMC, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. EFMC will be entitled to attend and participate in any meeting of a Market Cooperative. Any EnviroMerica business owned by EFMC in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business

owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, EFMC may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to EFMC's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of EFMC pursuant to Section 9.1. EFMC may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% of Gross Sales.

(e) Enforcement. Only EFMC will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. EFMC may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

**9.5 Required Spending.** Franchisee shall spend at least 3% of Gross Sales each month on marketing the Business in Franchisee's local area. Upon request of EFMC, Franchisee shall furnish proof of its compliance with this Section. EFMC has the sole discretion to determine what activities constitute "marketing" under this Section. EFMC may, in its discretion, determine that if Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee's required spending under this Section.

**9.6 Market Introduction Plan.** Franchisee must develop a market introduction plan and obtain EFMC's approval of the market introduction plan at least 30 days before the projected opening date of the Business.

**9.7 Internet Marketing.** EFMC has the exclusive right to conduct and manage all marketing and commerce on the internet or other electronic medium, including all websites and "social media" marketing. Franchisee shall not conduct such marketing or commerce, nor establish any website or social media presence independently, except as EFMC may specify, and only with EFMC's consent. EFMC retains the right to approve any linking to or other use of EFMC's website. Franchisee must comply with any internet, online commerce and/or social media policy that EFMC may prescribe.

## ARTICLE 10. RECORDS AND REPORTS

**10.1 Systems.** Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as EFMC may specify in the Manual or otherwise in writing.

**10.2 Reports.**

(a) Financial Reports. Franchisee shall provide such periodic financial reports as EFMC may require in the Manual or otherwise in writing, including:

(i) a quarterly profit and loss statement and balance sheet for the Business within 30 days after the end of each fiscal quarter of EFMC's fiscal year;

(ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of EFMC's fiscal year; and

(iii) any information EFMC requests in order to prepare a financial performance representation for EFMC's franchise disclosure document.

(b) Legal Actions and Investigations. Franchisee shall promptly notify EFMC of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as EFMC may request.

(c) Government Inspections. Franchisee shall give EFMC copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to EFMC such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that EFMC may reasonably request.

**10.3 Initial Investment Report.** Within 120 days after opening for business, Franchisee shall submit to EFMC a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of EFMC's Franchise Disclosure Document and with such other information as EFMC may request.

**10.4 Business Records.** Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as EFMC may specify in the Manual or otherwise in writing.

**10.5 Records Audit.** EFMC may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. EFMC may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by EFMC. Franchisee shall also reimburse EFMC for all costs and expenses of the examination or audit if (i) EFMC conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week

period.

## ARTICLE 11. FRANCHISOR RIGHTS

**11.1 Manual; Modification.** The Manual, and any part of the Manual, may be in any form or media determined by EFMC. EFMC may supplement, revise, or modify the Manual, and EFMC may change, add or delete System Standards at any time in its discretion. EFMC may inform Franchisee thereof by any method that EFMC deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, EFMC's master copy will control.

**11.2 Inspections.** EFMC may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with EFMC's inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. EFMC may videotape and/or take photographs of the inspection and the Business. Without limiting EFMC's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If EFMC conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then EFMC may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

**11.3 EFMC's Right to Cure.** If Franchisee breaches or defaults under any provision of this Agreement, EFMC may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse EFMC for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

**11.4 Right to Discontinue Supplies Upon Default.** While Franchisee is in default or breach of this Agreement, EFMC may (i) require that Franchisee pay cash on delivery for products or services supplied by EFMC, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by EFMC shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of EFMC are in addition to any other right or remedy available to EFMC.

**11.5 Business Data.** All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by EFMC. EFMC hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

**11.6 Innovations.** Franchisee shall disclose to EFMC all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents or contractors. EFMC will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee.

**11.7 Communication Systems.** If EFMC provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes EFMC to access such communications.

**11.8 Delegation.** EFMC may delegate any duty or obligation of EFMC under this Agreement to an affiliate or to a third party.

**11.9 System Variations.** EFMC may vary or waive any System Standard for any one or more EnviroMerica franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

**11.10 Temporary Public Safety Closure.** If EFMC discovers or becomes aware of any aspect of the Business which, in EFMC's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon EFMC's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. EFMC shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

## ARTICLE 12. MARKS

**12.1 Authorized Marks.** Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by EFMC, and only in the manner as EFMC may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of EFMC.

**12.2 Change of Marks.** EFMC may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after EFMC makes any such change, Franchisee must comply with the change, at Franchisee's expense.

**12.3 Infringement.**

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) EFMC shall defend Franchisee (at EFMC's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) EFMC will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify EFMC if Franchisee becomes aware of any possible infringement of a Mark by a third party. EFMC may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. EFMC shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

## ARTICLE 13. COVENANTS

**13.1 Confidential Information.** With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by EFMC for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by EFMC, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by EFMC (except for Confidential Information which EFMC licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

**13.2 Covenants Not to Compete.**

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor within five miles of Franchisee's Territory or the territory of any other EnviroMerica business operating on the date of termination or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of EFMC. Franchisee agrees that the existence of any claim it may have against EFMC shall not constitute a defense to the enforcement by EFMC of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**13.3 Employee Recruitment.** During the term of this Agreement and for one year after termination, transfer, or expiration of this Agreement, Franchisee shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by EFMC or its affiliates.

**13.4 General Manager and Key Employees.** If requested by EFMC, Franchisee will cause its general manager and other key employees to sign EFMC's then-current form of confidentiality and non-compete agreement.

## ARTICLE 14. DEFAULT AND TERMINATION

**14.1 Termination by Franchisee.** Franchisee may terminate this Agreement only if EFMC violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after EFMC receives written notice of termination.

**14.2 Termination by EFMC.**

(a) Subject to 10-Day Cure Period. EFMC may terminate this Agreement if Franchisee does not make any payment to EFMC when due, or if Franchisee does not have sufficient funds in its account when EFMC attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after EFMC gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c) and fails to cure such breach to EFMC's satisfaction within 30 days after EFMC gives notice to Franchisee of such breach, then EFMC may terminate this Agreement.

(c) Without Cure Period. EFMC may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

(i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;

(ii) Franchisee knowingly submits any false report or knowingly provides any other false information to EFMC;

(iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;

(iv) Franchisee fails to open for business by the date specified on the Summary Page;

(v) Franchisee loses possession of the Location;

(vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;

(vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;

(viii) Franchisee or any Owner slanders or libels EFMC or any of its employees, directors, or officers;

(ix) Franchisee refuses to cooperate with or permit any audit or inspection by EFMC or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;

(x) the Business is operated in a manner which, in EFMC's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from EFMC or otherwise);

(xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;

(xii) EFMC (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate) (provided that termination of a Multi-Unit Development Agreement with Franchisee or its affiliate shall not give EFMC the right to terminate this Agreement); or

(xiii) Franchisee or any Owner is accused by any governmental authority or third party of any act that in EFMC's opinion is reasonably likely to materially and unfavorably affect the EnviroMerica brand, or is charged with, pleads guilty to, or is convicted of a felony.

**14.3 Effect of Termination.** Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

(i) pay all amounts owed to EFMC based on the operation of the Business through the effective date of termination or expiration;

(ii) return to EFMC all copies of the Manual, Confidential Information and any and all other materials provided by EFMC to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;

(iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to EFMC or any new franchisee as may be directed by EFMC, and Franchisee hereby irrevocably appoints EFMC, with full

power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and

(iv) cease doing business under any of the Marks.

**14.4 Remove Identification.** Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of an EnviroMerica business, to the reasonable satisfaction of EFMC. Franchisee shall comply with any reasonable instructions and procedures of EFMC for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, EFMC may enter the Location to remove the Marks and de-identify the Location. In this event, EFMC will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by EFMC.

**14.5 Other Claims.** Termination of this Agreement by EFMC will not affect or discharge any claims, rights, causes of action or remedies (including claims for EFMC's lost future income after termination), which EFMC may have against Franchisee, whether arising before or after termination.

**14.6 Purchase Option.** When this Agreement expires or is terminated, EFMC will have the right (but not the obligation) to purchase any or all of the assets related to the Business at fair market value, and/or to require Franchisee to assign its lease or sublease to EFMC. To exercise this option, EFMC must notify Franchisee no later than 30 days after this Agreement expires or is terminated. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. EFMC's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. If EFMC exercises the purchase option, EFMC may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by EFMC to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, EFMC may pay a portion of the purchase price directly to the lienholder to pay off such lien. EFMC may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. EFMC may assign this purchase option to another party.

## ARTICLE 15. TRANSFERS

**15.1 By EFMC.** EFMC may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and EFMC may undergo a change in ownership and/or control, without the consent of Franchisee.

**15.2 By Franchisee.** Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that EFMC entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing

EFMC at least 60 days prior notice of the proposed Transfer, and without obtaining EFMC's consent. In granting any such consent, EFMC may impose conditions, including, without limitation, the following:

(i) EFMC receives a transfer fee equal to $10,000;

(ii) the proposed assignee and its owners have completed EFMC's franchise application processes, meet EFMC's then-applicable standards for new franchisees, and have been approved by EFMC as franchisees;

(iii) the proposed assignee is not a Competitor;

(iv) the proposed assignee executes EFMC's then-current form of franchise agreement, which form may contain materially different provisions;

(v) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;

(vi) Franchisee has paid all monetary obligations to EFMC in full, and Franchisee is not otherwise in default or breach of this Agreement;

(vii) the proposed assignee and its owners and employees undergo such training as EFMC may require;

(viii) Franchisee, its Owners, and the transferee and its owners execute a general release of EFMC in a form satisfactory to EFMC; and

(ix) the Business fully complies with all of EFMC's most recent System Standards.

**15.3 Transfer for Convenience of Ownership.** If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to EFMC, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by EFMC, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

**15.4 Transfer upon Death or Incapacity.** Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the person with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by EFMC within nine months after death or incapacity. Such transfer must comply with Section 15.2.

**15.5 EFMC's Right of First Refusal.** Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3 or to a spouse, sibling, or child of an Owner), EFMC will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to EFMC a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of EFMC's receipt of such copy, EFMC will have the right, exercisable by notice to

Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that EFMC may substitute cash for any other form of payment). If EFMC does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

**15.6 No Sublicense.** Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

**15.7 No Lien on Agreement.** Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

## ARTICLE 16. INDEMNITY

**16.1 Indemnity.** Franchisee shall indemnify and defend (with counsel reasonably acceptable to EFMC) EFMC, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against EFMC and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from Actions arising as a result of any Indemnitee's misconduct or negligence. This indemnity will continue in effect after this Agreement ends.

**16.2 Assumption by EFMC.** EFMC may elect to assume the defense and/or settlement of any Action subject to this indemnification, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

## ARTICLE 17. DISPUTE RESOLUTION

**17.1 Arbitration.**

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c), any controversy or claim arising out of or relating to this Agreement (including its formation) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where EFMC's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for EFMC to comply with laws and regulations applicable to the sale of franchises.

(e) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, EFMC and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

**17.2 Damages.** In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages authorized by federal statute. In the event of termination of this Agreement prior to the expiration of the term due to Franchisee's default, EFMC's actual damages will include its lost future income from Royalty Fees and other amounts that Franchisee would have owed to EFMC but for the termination.

**17.3 Waiver of Class Actions.** The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

**17.4 Time Limitation.** Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

**17.5 Venue Other Than Arbitration.** For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where EFMC's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where EFMC's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

**17.6 Legal Costs.** In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

## ARTICLE 18. MISCELLANEOUS

**18.1 Relationship of the Parties.** The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. EFMC is not a fiduciary of Franchisee. EFMC does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect EFMC's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. EFMC has no liability for Franchisee's obligations to any third party whatsoever.

**18.2 No Third Party Beneficiaries.** This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, EFMC, and EFMC's affiliates.

**18.3 Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by EFMC in its franchise disclosure document.

**18.4 Modification.** No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit EFMC's rights to modify the Manual or System Standards.

**18.5 Consent; Waiver.** No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

**18.6 Cumulative Remedies.** Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

**18.7 Severability.** The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

**18.8 Governing Law.** The laws of the state of California (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any California law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

**18.9 Notices.** Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to EFMC, addressed to 4906 El Camino Real, Suite 208, Los Altos CA 94022. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, EFMC may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

**18.10 Joint and Several Liability.** If two or more people sign this Agreement as "Franchisee", each will have joint and several liability.

**18.11 No Offer and Acceptance.** Delivery of a draft of this Agreement to Franchisee by EFMC does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and EFMC.

## ARTICLE 19. CERTIFICATION OF FRANCHISOR'S COMPLIANCE

By signing this Agreement, Franchisee acknowledges the following:

(1) Franchisee understands all the information in EFMC's Disclosure Document.

(2) Franchisee understands the success or failure of the Business will depend in large part upon Franchisee's skills, abilities and efforts and those of the persons Franchisee employs, as well as many factors beyond Franchisee's control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms, and the marketplace.

(3) That no person acting on EFMC's behalf made any statement or promise regarding the costs involved in operating an EnviroMerica franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.

(4) That no person acting on EFMC's behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in the Disclosure Document.

(5) That no person acting on EFMC's behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Franchisee may earn, or the total amount of revenue an EnviroMerica franchise will generate, that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.

(6) That no person acting on EFMC's behalf made any statement or promise or agreement, other than those matters addressed in this Agreement, concerning advertising, marketing, media support, market penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Disclosure Document.

(7) Franchisee understands that this Agreement contains the entire agreement between EFMC and Franchisee concerning the EnviroMerica franchise, which means that any oral or written statements not set out in this Agreement will not be binding. In deciding to enter into this Agreement Franchisee is not relying on any statement, promise, claim, or representation not expressly set forth in this Agreement or in the Disclosure Document.

[*Signatures on next page*]

Agreed to by:

FRANCHISOR:

ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC

By:_____
Name:_____
Title:_____
Date: _____

FRANCHISEE:

[*if an individual:*]

_____
Name: _____
Date: _____

[*if an entity:*]

_____

By:_____
Name:_____
Title:_____
Date: _____

(*Check if applicable*) At the same time as the parties execute this Agreement, they are also executing a Rider to Franchise Agreement pursuant to:

_____ Illinois
_____ Indiana
_____ Maryland
_____ Minnesota
_____ New York
_____ North Dakota
_____ Rhode Island
_____ Washington
_____ Other

## Attachment 1 to Franchise Agreement

## OWNERSHIP OF INFORMATION

**1.** **Form of Ownership.** Franchisee is a (check one):

_____ *Sole Proprietorship*
_____ *Partnership*
_____ *Limited Liability Company*
_____ *Corporation*

State : _____

**2.** **Owners.** If Franchisee is a partnership, limited liability company or corporation:

| Name | Shares or Percentage of Ownership |
|---|---|
| | |
| | |
| | |
| | |
| | |

**3.** **Officers.** If Franchisee is a limited liability company or corporation:

| Name | Title |
|---|---|
| | |
| | |
| | |
| | |
| | |

## Attachment 2 to Franchise Agreement

## LOCATION ACCEPTANCE LETTER

To: _____

This Location Acceptance Letter is issued by EnviroMerica Franchise Management Company, LLC for your EnviroMerica franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

_____

2. The Territory of the Business is:

_____

ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC

By:_____
Name:_____
Title:_____
Date: _____

## Attachment 3 to Franchise Agreement

## GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this "Guaranty") is executed by the undersigned person(s) (each, a "Guarantor") in favor of EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC").

**Background Statement:** _____ ("Franchisee") desires to enter into a Franchise Agreement with EFMC for the franchise of an EnviroMerica business (the "Franchise Agreement"; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce EFMC to enter into the Franchise Agreement.

Guarantor agrees as follows:

**1. Guaranty.** Guarantor hereby unconditionally guarantees to EFMC and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to EFMC, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and EFMC upon demand from EFMC. Guarantor waives (a) acceptance and notice of acceptance by EFMC of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that EFMC make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

**2. Confidential Information.** With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by EFMC for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by EFMC, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by EFMC or its affiliates (except for Confidential Information which EFMC licenses from another

person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to EFMC. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

**3. Covenants Not to Compete.**

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor located within five miles of Franchisee's Territory or the territory of any other EnviroMerica business operating on the date of termination or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of EFMC. Guarantor agrees that the existence of any claim it or Franchisee may have against EFMC shall not constitute a defense to the enforcement by EFMC of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**4. Employee Recruitment.** During the term of the Franchise Agreement and for one year after termination, transfer, or expiration of the Franchise Agreement, Guarantor shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by EFMC or its affiliates.

**5. Modification.** Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which EFMC may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

**6. Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of California (without giving effect to its principles of conflicts of law). The parties agree that any California law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 6. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

_____

Name: _____

Address: _____

_____

_____

Date: _____

_____

Name: _____

Address: _____

_____

_____

Date: _____

_____

Name: _____

Address: _____

_____

_____

Date: _____

## EXHIBIT C

## MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this "MUDA") is made between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC") and _____, a_____("Franchisee") on the Effective Date.

**Background Statement:** On the same day as they execute this MUDA, EFMC and Franchisee have entered into a Franchise Agreement for the franchise of an EnviroMerica business (the "Franchise Agreement"; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). EFMC and Franchisee desire that Franchisee develop multiple EnviroMerica businesses.

**1. Multi-Unit Commitment.**

(a) Development Schedule; Fee. Franchisee shall develop and open EnviroMerica businesses on the following schedule:

| Store # | Deadline for Opening | Total # of Stores to be Open and Operating On Deadline | Initial Franchise Fee |
|---|---|---|---|
| 1 | | 1 | $_____ |
| 2 | | 2 | $_____ |
| 3 | | 3 | $_____ |
| 4 | | 4 | $_____ |
| 5 | | 5 | $_____ |
| | | Total Initial Franchise Fee: | |

(b) Payment**.** Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to EFMC. The Initial Franchise Fee is non-refundable except as provided in Section 6.4 of the Franchise Agreement.

**2. Form of Agreement.** For Store #1, Franchisee and EFMC have executed the Franchise Agreement simultaneously with this MUDA. For each additional EnviroMerica franchise, Franchisee shall execute EFMC's then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate an EnviroMerica business, and Franchisee acknowledges that Franchisee may construct, open, and operate each EnviroMerica business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such EnviroMerica business.

**3. Development Area.** Franchisee shall locate each EnviroMerica business it develops under this MUDA within the following area: _____ _____ (the "Development Area"). Franchisee acknowledges that it does not have exclusive rights to develop, open or operate EnviroMerica businesses in the Development Area.

**4. Default and Termination.** EFMC may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

(i) Franchisee fails to satisfy the development schedule; or

(ii) EFMC has the right to terminate any franchise agreement between EFMC and Franchisee (or any affiliate thereof) due to Franchisee's default thereunder (whether or not EFMC actually terminates such franchise agreement).

**5. Limitation of Liability.** Franchisee's commitment to develop EnviroMerica businesses is in the nature of an option only. If EFMC terminates this MUDA for Franchisee's default, Franchisee shall not be liable to EFMC for lost future revenues or profits from the unopened EnviroMerica businesses. Franchisee may terminate this MUDA at any time.

**6. Conditions.** Franchisee's right to develop each EnviroMerica franchise after the Store #1 is subject to the following:

(i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional EnviroMerica business, in the reasonable judgment of EFMC, and

(ii) Franchisee must be in full compliance with all brand requirements at its open EnviroMerica businesses, and not in default under any Franchise Agreement or any other agreement with EFMC.

**7. Dispute Resolution; Miscellaneous.** The laws of the State of California (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any California law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of EFMC, and any Transfer without EFMC's prior written consent shall be void. The provisions of Article 17 (Dispute Resolution), and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

[*Signatures on Next Page*]

Agreed to by:

FRANCHISOR:

ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC

By:_____
Name:_____
Title:_____
Date: _____

FRANCHISEE:

[*if an individual:*]

_____
Name: _____

[*if an entity:*]

_____

By:_____
Name:_____
Title:_____
Date: _____

**EXHIBIT D**

**RIDER TO LEASE AGREEMENT**

| | |
|---|---|
| Landlord:_____ | Franchisor: EnviroMerica Franchise |
| Notice Address: _____ | Management Company, LLC |
| _____ | Notice Address: 4906 El Camino Real, Suite |
| _____ | 208, Los Altos CA 94022 |
| Telephone:_____ | Telephone: (650) 655-2045 |

Tenant: _____

Leased Premises: _____

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of an EnviroMerica business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity To Cure. Landlord shall provide Franchisor with copies of any written notice of default ("Default") given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant's Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Lease Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the EnviroMerica brand.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant's business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor

or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Lease Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

_____

By:_____
Name:_____
Title:_____
Date: _____

TENANT:

_____

By:_____
Name:_____
Title:_____
Date: _____

FRANCHISOR:

ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC

By:_____
Name:_____
Title:_____
Date: _____

## EXHIBIT E

## FORM OF GENERAL RELEASE

[*This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.*]

This General Release ("Release") is executed by the undersigned ("Releasor") in favor of EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC").

**Background Statement**: [*describe circumstances of Release*]

Releasor agrees as follows:

**1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the "Releasing Parties")) hereby releases EFMC, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the "Released Parties") from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, "Claims").

**2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

**3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor's choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.

**4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that EFMC reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Agreed to by:

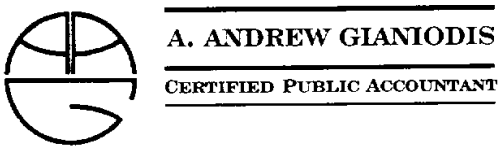
_____

Name: _____

Date: _____

# EXHIBIT F

# FINANCIAL STATEMENTS




# ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC

DECEMBER 31, 2018

FINANCIAL STATEMENTS

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

# ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC

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A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

January 23, 2019

## INDEPENDENT AUDITORS' REPORT

Board of Directors and Members of
EnviroMerica Franchise Management Company, LLC:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of EnviroMerica Franchise Management Company, LLC (a limited liability company) as of December 31, 2018 and the related statements of operations, changes in owner's equity and cash flows for the period then ended. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with generally accepted auditing standards as 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 of material misstatement.

An audit includes 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 risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. Accordingly, I express no such opinion.



279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

# EnviroMerica Franchise Management Company, LLC

## Balance Sheet
## December 31, 2018

### Assets

| | | |
|---|---|---|
| Current assets | | |
| Cash | $ | 104,183 |
| Accounts receivable | | - |
| Total Current Assets | | 104,183 |
| Other assets | | |
| Preopening costs | | - |
| Total Assets | $ | 104,183 |

### Liabilities and Equity

| | | |
|---|---|---|
| Current liabilities | | |
| Accounts payable | $ | - |
| Due to Affiliates | | - |
| | | - |
| Total liabilities | | - |
| Member's Equity | | |
| Equity | | 104,183 |
| Total Equity | | 104,183 |
| Total Liabilities and Equity | $ | 104,183 |

*See accompanying notes*

# EnviroMerica Franchise Management Company, LLC

## Statement of Operations
## Period Ended December 31, 2018

| | | |
|---|---|---|
| Revenues | | |
| Franchise fee | $ | 145,000 |
| Other franchise revenue | | |
| Total revenue | | 145,000 |
| | | |
| Expenses | | |
| Advertising | | 37,188 |
| Consulting | | 14,812 |
| Commissions | | 1,620 |
| Computer and internet | | 13,741 |
| Dues and subscriptions | | 823 |
| Marketing | | 2,867 |
| Miscellaneous | | 4,246 |
| Office expenses | | 27,323 |
| Professional fees | | 5,992 |
| Payroll expenses | | 18,763 |
| Rent and occupancy expenses | | 8,740 |
| Telephone | | 1,201 |
| Trade shows | | 6,648 |
| Travel | | 7,868 |
| Total expenses | | 151,832 |
| | | |
| Net Loss | $ | (6,832) |

*See accompanying notes*

# EnviroMerica Franchise Management Company, LLC

## Statement of Changes in Members' Equity
## Period Ended December 31, 2018

| | Total Equity |
|---|---|
| Members' Equity at January 1, 2018 | $ - |
| Equity Contributions | 150,000 |
| Member Draws | (38,985) |
| Net Income | (6,832) |
| Members' Equity at December 31, 2018 | $ 104,183 |

*See accompanying notes*

# EnviroMerica Franchise Management Company, LLC

## Statement of Cash Flows
## Period Ended December 31, 2018

| | | |
|---|---|---|
| Cash flows from operating activities: | | |
| Net Loss | $ | (6,832) |
| Adjustments to reconcile net loss to net cash provided by operating | | |
| Depreciation & amortization | | - |
| Changes in assets and liabilities | | |
| Current assets | | - |
| Current liabilities | | - |
| Net cash provided by operating activities | | (6,832) |
| Cash flows from investing activities: | | |
| Expenditures on intangible assets | | - |
| Net cash provided by investing activities | | - |
| Cash flows from financing activities: | | |
| Capital Infusion | | 150,000 |
| Member draws | | (38,985) |
| Net cash provided by investing activities | | 111,015 |
| Net increase in cash | | 104,183 |
| Cash - beginning of period | | - |
| Cash - end of period | $ | 104,183 |
| Supplemental Disclosures | | |
| Interest Paid | | - |
| Income Taxes Paid | | - |

*See accompanying notes*

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ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC
NOTES TO FINANCIAL STATEMENTS

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### ORGANIZATION AND NATURE OF BUSINESS

The Company was incorporated under the laws of the State of California for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own EnviroMerica operation, as a franchise.

### BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

### REVENUE RECOGNITION

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue.

Monthly royalty fees will be recognized when reported by the franchisee.

### COMPANY INCOME TAXES

The Company is an LLC; as such, the Company will not be responsible for income taxes on the company level. Instead, its taxable income will be included on the owner's personal tax returns.

## NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2018, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

## NOTE 3 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
B. The franchisee is obligated to pay a non-refundable initial franchise fee.
C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

## NOTE 4 SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 23, 2019, the date that the financial statements were available to be issued.

## EXHIBIT G

## OPERATING MANUAL TABLE OF CONTENTS

| **Manual Section** | **Number of Pages** |
|---|---|
| Preface & Introduction | 35 |
| Establishing My Franchise Business | 37 |
| Personnel | 48 |
| Administrative Procedures | 25 |
| Daily Procedures | 56 |
| Selling & Marketing | 22 |
| | |
| **Total Number of Pages** | **223** |

**EXHIBIT H**

**CURRENT AND FORMER FRANCHISEES**

Current Franchisees (as of 12-31-18)*

~~Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:~~

~~None~~

**California**

**Amir Pakzad, Jaleh Pakzad, Jaleh Shefagh**
6524 Lonetree Blvd
Rocklin, CA, 95765
Phone# 916-476-6677

***Additional Openings in early 2019:***

**California**

Masoud Keshmiri
1211 Park Ave, Suite 216-B
San Jose, CA, 95126
Phone# 408-912-2009

Pedram Dibaji
1306 W. Herndon Ave, Suite 108
Fresno, CA, 93711
Phone# 559-777-6900

**Nevada**

**George Parachou, Gregory Lafayette, Stephen Hilgart**
1433 Highway 395, Suite 3
Gardnerville, NV, 89410
Phone# 775-557-7539

Former Franchisees

~~Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:~~

None

# EXHIBIT I

# STATE ADDENDA TO DISCLOSURE DOCUMENT

## CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department Of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise.

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

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

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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

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

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

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

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

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

~~4. The following paragraph is added at the end of Item 19 of the Disclosure Document:~~

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

## HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

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

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

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective, or an offering circular is on file in the following states: _____

2. A proposed registration or filing is or will be shortly on file in the following states: _____

3. No states have refused, by order or otherwise to register these franchises.

4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

## ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Illinois only, this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

## MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 11:

> Fees related to advertising are to be raised and spent as follows: _____. You may obtain an accounting of advertising expenditures by the Marketing Fund by making a written request to us.

The following is added to Item 15:

> Your spouse is not required to sign a separate personal guaranty, non-competition agreement, or confidentiality agreement. However, it would be a breach of the franchise agreement if your spouse directly or indirectly has any ownership interest in, or is engaged or employed by, any competitor.

The following is added to Item 17:

> Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
>
> You are not required to assent to a period of limitations for causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland, other than the period of limitations set forth in that statute. You must bring an action under such law within three years after the grant of the franchise.
>
> You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
>
> The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

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

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

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

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

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

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION**

**WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise,

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

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

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

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

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

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

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

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

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

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

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

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**": The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. The following is added to the end of Item 19:

**REPRESENTATIONS REGARDING EARNINGS CAPABILITY**

ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC DOES NOT FURNISH OR AUTHORIZE ITS SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.

## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

## RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

> Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

## VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do 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.
>
> Under 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 the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

> Only the 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 Agreement may not be enforceable.

## WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Exhibit J for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

# EXHIBIT J

# STATE ADDENDA TO FRANCHISE AGREEMENT

## ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated_____(the "Agreement"), between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC") and_____, a _____ _____ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Illinois Act" means the Illinois Franchise Disclosure Act of 1987.

**2. Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

**3. Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

**4. Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

**5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| _____ | ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC |
| By:_____ | |
| Name:_____ | By:_____ |
| Title:_____ | Name:_____ |
| Date: _____ | Title:_____ |
| | Date: _____ |

## INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated_____(the "Agreement"), between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC") and_____, a _____ _____ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Indiana Acts" means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Modified.** Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3.** **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| _____ | ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC |
| By:_____ | |
| Name:_____ | By:_____ |
| Title:_____ | Name:_____ |
| Date: _____ | Title:_____ |
| | Date: _____ |

## MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated_____(the "Agreement"), between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC") and_____, a _____ _____ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Maryland Franchise Law" means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

**2. No Waiver of State Law In Sale.** Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, EFMC shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve EFMC or any other person from liability under the Maryland Franchise Law.

**3. No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

**4. Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

**5. Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

**6. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| _____ | ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC |
| By:_____ | |
| Name:_____ | By:_____ |
| Title:_____ | Name:_____ |
| Date: _____ | Title:_____ |
| | Date: _____ |

## MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated_____(the "Agreement"), between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC") and_____, a _____ _____ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Amendments.** The Agreement is amended to comply with the following:

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

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

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

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

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____
Date: _____

FRANCHISOR:

ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC

By:_____
Name:_____
Title:_____
Date: _____

## NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated_____(the "Agreement"), between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC") and_____, a _____ _____ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve EFMC or any other person from any duty or liability imposed by New York General Business Law, Article 33.

**3 Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by EFMC with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

**4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

**5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| _____ | ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC |
| By:_____ | |
| Name:_____ | By:_____ |
| Title:_____ | Name:_____ |
| Date: _____ | Title:_____ |
| | Date: _____ |

## NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated_____(the "Agreement"), between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC") and_____, a _____ _____ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

(1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.

(2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee's business.

(3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.

(4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.

(5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.

(6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.

(7) Waiver of Exemplary & Punitive Damages: The parties do not waive exemplary and punitive damages.

(8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.

(9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____
Date: _____

FRANCHISOR:

ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC

By:_____
Name:_____
Title:_____
Date: _____

## RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated_____(the "Agreement"), between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC") and_____, a _____ _____ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| _____ | ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC |
| By:_____ | |
| Name:_____ | By:_____ |
| Title:_____ | Name:_____ |
| Date: _____ | Title:_____ |
| | Date: _____ |

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT**
**AND**
**RIDER TO FRANCHISE AGREEMENT**

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitation period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Agreed to by:

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____
Date: _____

FRANCHISOR:

ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC

By:_____
Name:_____
Title:_____
Date: _____

# EXHIBIT K

# STATE ADDENDA TO MULTI-UNIT DEVELOPMENT AGREEMENT

# ILLINOIS RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated _____ (the "Agreement"), between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC") and _____, a_____("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Illinois Act" means the Illinois Franchise Disclosure Act of 1987.

**2. Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

**3. Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

**4. Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

**5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| _____ | ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC |
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |
| Date: _____ | Date: _____ |

# INDIANA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated _____ (the "Agreement"), between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC") and _____, a_____("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Indiana Acts" means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Modified.** Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3.** **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| _____ | ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC |
| By:_____ | |
| Name:_____ | By:_____ |
| Title:_____ | Name:_____ |
| Date: _____ | Title:_____ |
| | Date: _____ |

# MARYLAND RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated _____ (the "Agreement"), between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC") and _____, a_____("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Maryland Franchise Law" means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

**2. No Waiver of State Law In Sale.** Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, EFMC shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve EFMC or any other person from liability under the Maryland Franchise Law.

**3. No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

**4. Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

**5. Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

**6. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| | ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC |
| _____ | |
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |
| Date: _____ | Date: _____ |

# MINNESOTA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated _____ (the "Agreement"), between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC") and _____, a_____("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Amendments.** The Agreement is amended to comply with the following:

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

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

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

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

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____
Date: _____

FRANCHISOR:

ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC

By:_____
Name:_____
Title:_____
Date: _____

## NEW YORK RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated _____ (the "Agreement"), between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC") and _____, a_____("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve EFMC or any other person from any duty or liability imposed by New York General Business Law, Article 33.

**3 Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by EFMC with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

**4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

**5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| _____ | ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC |
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |
| Date: _____ | Date: _____ |

# NORTH DAKOTA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated _____ (the "Agreement"), between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC") and _____, a_____("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

(1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.

(2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee's business.

(3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.

(4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.

(5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.

(6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.

(7) Waiver of Exemplary and Punitive Damages: The parties do not waive exemplary and punitive damages.

(8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.

(9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____
Date: _____

FRANCHISOR:

ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC

By:_____
Name:_____
Title:_____
Date: _____

**RHODE ISLAND RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Multi-Unit Development Agreement dated _____ (the "Agreement"), between EnviroMerica Franchise Management Company, LLC, a California limited liability company ("EFMC") and _____, a_____("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____
Date: _____

FRANCHISOR:

ENVIROMERICA FRANCHISE MANAGEMENT COMPANY, LLC

By:_____
Name:_____
Title:_____
Date: _____

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all ~~agreements~~ exhibits carefully.

If EnviroMerica Franchise Management Company, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If EnviroMerica Franchise Management Company, 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 any applicable state agency (which are listed in Exhibit A).

The Franchisor is: EnviroMerica Franchise Management Company, LLC,
4906 El Camino Real, Suite 208, Los Altos, California 94022

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

| Name | Principal Business Address | Telephone Number |
|---|---|---|
| Julian Goduci | 4906 El Camino Real, Suite 208, Los Altos CA 94022 | (650) ~~655-2045~~731-0961 |

Issuance Date: ~~7/09/2018, (as amended 1/23/19).~~ March 25, 2019

I received a disclosure document issued March 25, 2019 that included the following Exhibits:

A. State Administrators and Agents for Service of Process
B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
C. Multi-Unit Development Agreement
D. Rider to Lease Agreement
E. Form of General Release
F. Financial Statements
G. Operating Manual Table of Contents
H. Current and Former Franchisees
I. State Addenda to Disclosure Document
J. State Addenda to Franchise Agreement
K. State Addenda to Multi-Unit Development Agreement

Signature:_____
Print Name: _____
Date Received: _____

**Keep This Copy For Your Records**

## Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all ~~agreements~~ exhibits carefully.

If EnviroMerica Franchise Management Company, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

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| Name | Principal Business Address | Telephone Number |
|---|---|---|
| Julian Goduci | 4906 El Camino Real, Suite 208, Los Altos CA 94022 | (650) ~~655-2045~~731-0961 |

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K. State Addenda to Multi-Unit Development Agreement

Signature:_____
Print Name: _____
Date Received: _____

**RETURN THIS COPY TO US:**
**EnviroMerica Franchise Management Company, LLC –**
**4906 El Camino Real, Suite 208, Los Altos CA 94022**