

FRANCHISE DISCLOSURE DOCUMENT



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FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® franchises provide on-site services to restaurants, catering establishments, and institutional kitchens. The services include FILTAFRY® fryer maintenance services (microfiltration of cooking oil using a proprietary filtration machine, fryer cleaning, temperature calibration, and advice on good frying practices), FILTABIO® collection and sale of waste cooking oil, FILTACOOOL® services for refrigeration units and walk-in coolers, FILTAGOLD® new cooking oil delivery services, and FILTADRAIN™ services for drain management.

The total investment necessary to begin operation of a single-territory FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® franchise is \$98,500 to \$112,250. This includes \$89,900 that must be paid to us.

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 or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Victor Clewes at 7075 Kingspointe Parkway, Suite 1, Orlando, Florida 32819, tel. (407) 996-5550.

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

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

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

Issuance date: **April 20, 2017**

STATE COVER PAGE

Your state may have a franchise law that requires a Franchisor to register or file with a state franchise administrator before offering or selling franchises 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 G 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 IN ORDER TO RENEW.

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

1. **THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN THE STATE WHERE WE HAVE OUR PRINCIPAL PLACE OF BUSINESS AT THE TIME THE SUIT IS FILED (CURRENTLY, FLORIDA). OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN FLORIDA THAN IN YOUR OWN STATE.**
2. **THE FRANCHISE AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
3. **YOU MUST PAY US A FIXED MONTHLY SERVICE FEE OF \$565 MULTIPLIED BY THE NUMBER OF MOBILE FILTRATION UNITS, VANS, OR TERRITORIES THAT YOU OPERATE, WHICHEVER NUMBER IS THE GREATEST, AND A FIXED MONTHLY ADVERTISING FEE OF \$135, EVEN IF YOUR FRANCHISE HAS NO REVENUE.**
4. **YOU MUST PURCHASE FROM US A MINIMUM OF ONE CASE OF MFU FILTERS EACH MONTH, EVEN IF YOU DO NOT NEED THEM. THE CURRENT PRICE IS \$397.00 PER CASE OF 20 FILTERS.**
5. **THE SIZE OF YOUR TERRITORY IS DETERMINED AT OUR SOLE DISCRETION AND MAY DIFFER SIGNIFICANTLY AMONG FRANCHISES.**
6. **THE FRANCHISEE MAY LOSE EXCLUSIVITY FOR A PARTICULAR SERVICE IF THE FRANCHISEE IS NOT OFFERING THAT SERVICE BY THE 13TH MONTH OF OPERATION.**
7. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

We 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 states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	Not Filed
Rhode Island	Not Filed
South Dakota	
Virginia	
Washington	
Wisconsin	

In all other states, the effective date of this Disclosure Document is the issuance date of April 20, 2017.

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Exhibits:

Exhibit A	Franchise Agreement (including Personal Guarantee, Contingent Assignment of Telephone Numbers, FiltaBio Addendum, 6K Addendum, FiltaGold Addendum, and FiltaDrain Addendum)
Exhibit B	Deposit Letter Agreement
Exhibit C	Operating Manual Table of Contents
Exhibit D	Filta Franchisees as of December 31, 2016; Franchise Territories That Left the System During 2016
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Exhibit G	State Franchise Administrators
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Exhibit I	Additional State-Required Information and State Contract Addenda
Exhibit J	Sample Release

Receipt (2 copies)

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

This disclosure document describes FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® franchises, which provide certain services to restaurants, hotels, casinos, amusement parks, hospitals, universities, catering establishments and institutional kitchens. In this disclosure document:

“Filta franchise” means the FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® franchise;

“We”, “us” or “Filta” means The Filta Group Inc., the franchisor; and

“You” means the purchaser of a Filta franchise. If the purchaser of the franchise is a partnership, corporation, or limited liability company, “you” or “your” means both the purchaser and its partners, shareholders, or members.

We incorporated in Delaware on August 16, 2000. Our principal place of business is 7075 Kingspointe Parkway, Suite 1, Orlando, Florida 32819. Our agents for service of process in franchise registration states are listed in Exhibit H to this disclosure document. Our parent company is Filta Group Holdings, PLC, an English corporation whose principal place of business is The Locks, Hillmorton, Rugby CV21 4PP, United Kingdom. Filta Group Holdings is listed on the Alternative Investment Market (AIM) of the London Stock Exchange under the symbol FLTA. We do not have any predecessor companies for which disclosure is required.

We began offering franchises in the U.S.A. in October 2002. Until 2009, we offered franchises under the FILTAFRY® name for fryer maintenance services. In March 2009, we began offering an expanded franchise under the FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® name. We own the intellectual property rights to the FiltaFry concept in North America, Central America, and South America and worldwide rights to the FiltaBio and FiltaCool concepts.

Our affiliate, The Filta Group Ltd. (**“Filta U.K.”**), has been offering FiltaFry franchises in the United Kingdom and other European countries since 1996. Filta U.K. is an English corporation whose principal place of business is The Locks, Hillmorton, Rugby CV21 4PP, United Kingdom. Neither we nor any affiliate has ever offered franchises in any other line of business. We do not have any affiliates that provide products or services to our franchisees. We do not operate company-owned businesses of the type we offer and sell as Filta franchises, but we have an affiliate that owns an interest in one franchisee.

The Filta Franchise

FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® franchises provide services to restaurants, hotels, casinos, amusement parks, hospitals, universities, catering establishments, and institutional kitchens. At present, the services consist of the following:

Service	Description
FILTAFRY® service	On-site microfiltration of cooking oil, fryer cleaning, temperature calibration, advice on good frying practices, and on-site dumping of used oil
FILTABIO® service	Collection of waste cooking oil from customers' premises and sale to Filta, to be resold mainly to biofuel producers

Service	Description
FILTACOOOL® service	Installation of special filters in refrigeration units and walk-in coolers to provide all-natural temperature, humidity, and odor control
FILTAGOLD® service	Delivery of new cooking oil to customers, either in boxes or using Filta's proprietary onsite equipment
FILTADRAIN™ service	Application of live bacterial solution to drainage pipes to clear blockages and remove odors

We refer to the FiltaFry, FiltaBio, FiltaCool, FiltaGold, and FiltaDrain services and all products sold to customers in conjunction with the services collectively as **“Environmental Kitchen Solutions Services.”**

FiltaFry service. The FiltaFry service features a proprietary mobile filtration machine (the **“Mobile Filtration Unit”** or **“MFU”**) and uses filters that are specifically designed and manufactured to work in the MFU. A key advantage of the MFU is that it filters oil at cooking temperature. Filta franchisees operate the MFUs from vans that are specially equipped to transport the MFU to the customer's site.

FiltaBio service. The FiltaBio service involves collection of waste vegetable oil (“WVO”), which is removed from the customer's premises via a special waste oil tank fitted inside the franchisee's van (referred to as the “VST,” or vehicle storage tank). To offer the FiltaBio service, you must sign the FiltaBio Addendum to the Franchise Agreement. The current form of FiltaBio Addendum is Exhibit 3 to the sample Franchise Agreement in this disclosure document.

The purpose of the FiltaBio program is to give franchisees a sales outlet for WVO and to provide for the aggregation of WVO from you and other Filta franchisees in order to leverage pricing of the WVO and improve opportunities for consistent sales of the WVO. Under the program, Filta will enter into an agreement with a third party (the **“Collector”**) to broker the sale of WVO you collect from customers. Filta will use its best efforts and business judgment to negotiate the best available price for your WVO based on market conditions at the time of sale. Filta pays you for WVO at a price based on the “Jacobsen Rate,” an industry standard published weekly at www.thejacobsen.com.

You will telephone Filta at least once per week to report the volume, in gallons, of WVO in your possession. When Filta determines that you and other franchisees have aggregate volume of WVO for a truckload, Filta will arrange to have the WVO collected. A collection receipt will be left onsite showing the date, time and volume of WVO collected. Within 5 business days of collection, you will be notified by email of the rate to be paid for the WVO. If you object to the rate or volume, you must send Filta an email within 24 hours of receipt of the notification.

In presenting the WVO for collection, you represent that it meets certain minimum quality standards (the “Quality Level”). If the Collector or Filta finds that your WVO does not meet the Quality Level, the Collector may reduce the price that it pays Filta for the WVO, in which case Filta will decrease the price it pays you for the WVO. Filta will pay you for the WVO within seven business days after Filta receives payment from the Collector.

While not required under the FiltaBio Addendum, you may elect to rent a storage unit, garage or warehouse facility to store WVO and/or supplies. If you do so, the facility must meet Filta's standards for accessibility to the facility by Filta (see Item 8).

If and when you reach the point of collecting 2,000 gallons of WVO per month, you will have the option to replace the FiltaBio Addendum with the FiltaBio 6K Addendum, under which Filta pays you a higher percentage of the Jacobsen Rate for your WVO. The current form of 6K Addendum is Exhibit 4 to the sample Franchise Agreement in this disclosure document. The 6K program operates in the same way as the basic FiltaBio program, except that your WVO is not aggregated with other franchisees' WVO for collection. Under the 6K Addendum, you must purchase additional equipment from Filta and you must have a storage facility with a minimum capacity of 6,000 gallons of WVO.

Filta is not currently operating the FiltaBio program in all areas. If the program is not currently operating in your area, you can collect and sell WVO locally on your own terms under the FiltaBio name and mark, subject to the terms of the Franchise Agreement. We will give you 45 days notice before starting up the FiltaBio program in your area. If we have not given this notice within six months after signing the Franchise Agreement, you will start paying Filta a monthly fee equal to 12.5% of your gross monthly revenue from the sale of WVO. If we give the notice more than six months after signing the Franchise Agreement, the 12.5% fee will be cancelled when the FiltaBio program begins in your area.

FiltaCool service. The FiltaCool service features a special, proprietary filter installed in walk-in coolers, freezers and other refrigeration units to absorb and desorb moisture, reduce odors, capture ethylene and pectin gases, and stabilize cold storage temperatures. Franchisees must purchase the filters from Filta. Franchisees place the filters at customer locations and rotate out used filters every three months, on average. The used filters are de-gassed for reuse. The filters generally have a usable life of up to 9 de-gassing cycles, after which you return the filter to Filta for disposal.

FiltaGold service. The FiltaGold service involves delivery of new cooking oil to the customer's premises. To offer the FiltaGold service, you must sign the FiltaGold Addendum to the Franchise Agreement. The current form of FiltaGold Addendum is Exhibit 5 to the sample Franchise Agreement in this disclosure document.

FiltaDrain service. The FiltaDrain service involves application of a live bacterial solution to drainage pipes to clear blockages and remove odors, but we may expand into additional service offerings for drain and chemical management. To offer the FiltaDrain service, you must sign the FiltaDrain Addendum to the Franchise Agreement. The current form of FiltaDrain Addendum is Exhibit 6 to the sample Franchise Agreement in this disclosure document.

Our current form of Franchise Agreement (including the FiltaBio Addendum, the 6K Addendum, the FiltaGold Addendum, and the FiltaDrain Addendum) is in Exhibit A to this disclosure document. Under the Franchise Agreement, you obtain the right to operate a Filta Environmental Kitchen Solutions business within a defined service area (the "**Territory**"). See Item 12 for information about the Territory.

Our franchisees typically start business with a single van. The number of service calls that you will be able to make with a single van depends on the number and geographic distribution of the customers that you service, traffic patterns, and how fast you work. You may operate additional vans in your Territory, if you wish; if you do so, you will have to obtain another MFU, vacuums, and other equipment and supplies from us for each van (see Item 8).

Filta franchises operate under a distinctive set of specifications, procedures, and business methods (collectively, the "**System**"). We have described our mandatory and suggested specifications and procedures in a confidential operating manual (the "**Manual**"), which is only available online at a password-protected site designated by Filta for use by franchisees (the "**Franchise Portal**"). You must use the Franchise Portal to access the Manual and for reporting,

training, or other purposes as we direct from time to time. You must log on to the Franchise Portal at least once a week to read all email, news, Manual updates and other items.

Deposit Letter. If we approve your application for a franchise, we will ask you to sign a letter agreement in the form shown in Exhibit B to this disclosure document (the “**Deposit Letter**”). The Deposit Letter commits both you and us to enter into a Franchise Agreement for a specific territory and requires you to pay us a nonrefundable deposit, which is described in Item 5 of this disclosure document. Upon receipt of your deposit, we will schedule you for the initial training program and draw up your Franchise Agreement.

Alternatively, you can ask us to sign a Deposit Letter as soon as we start to review your application, if you wish us to reserve one or more particular territories while we assess your qualifications and you assess our franchise opportunity. We have no obligation to enter into a Deposit Letter with you at this stage. If we agree to do so, you must pay us a deposit for each territory reserved as described in Item 5 of this disclosure document. We will remove the specified territories from our list of available territories and you will have the first right to enter into a Franchise Agreement for those territories. If we determine that you satisfy our requirements, we will offer you a Franchise Agreement.

Market and Competition

The markets for the types of services that we offer are developing. Outsourcing of these services is a relatively new development in the restaurant and catering industries. With respect to the FiltaFry service and the FiltaBio service, restaurants, catering operations and institutional kitchens traditionally have used their own personnel to clean and maintain their fryers and/or dispose of waste cooking oil. As best as we can determine, restaurants, catering operations and institutional kitchens have not generally used filters of the type we offer in the FiltaCool service for humidity, odor and temperature control in their refrigeration units and walk-in coolers.

We are not presently aware of any competitors with national scope that offer a range of on-site services similar to our Environmental Kitchen Solutions Services, but such competitors may exist or arise and you may have to compete with them. We are aware of local competitors that purport to offer micro-filtration of cooking oil.

Industry-Specific Regulations

Certain states and municipalities have laws and regulations for the transport, storage and disposal of WVO. These regulations may require licensing, inspections, special equipment, notification of spills, spill contingency plans, bills of lading to track the waste oil, etc. These laws will affect operation of the FiltaBio service in areas where the laws apply.

Other than as described in the previous paragraph, we are not aware of any laws or regulations that are specific to the type of business that you would operate as a Filta Environmental Kitchen Solutions franchisee. However, you will have to comply with general federal and state laws and regulations applicable to the operation of your business, including health, sanitation, food handling, and waste disposal laws.

There are other laws and regulations applicable to businesses generally (such as workers' compensation, OSHA, and the Americans with Disabilities Act) with which you also must comply. You should consult with your attorney about all laws and regulations that may affect your Filta business.

**ITEM 2
BUSINESS EXPERIENCE**

Chairman: Victor Clewes

Mr. Clewes has been Chairman of the Board since December 2008. He was our CEO from July 2009 to October 2016. He has been with the company since its inception in August 2000.

CEO, President and Director: Jason C. Sayers

Mr. Sayers has been our President since April 2008 and our CEO since October 2016. He has been with the company since its inception in August 2000.

Chief Operating Officer: Tom Dunn

Mr. Dunn has been our Chief Operating Officer since April 2011. From March 2009 to April 2011, he was our Vice President of Sales.

Chief Financial Officer: Brian Hogan

Mr. Hogan has been our Chief Financial Officer since February 2016. From August 2015 to February 2016, he was Controller of Oak Run Associates, a residential development in Ocala, Florida. From May 2009 to August 2015, he was Chief Financial Officer of Cobalt Capital Inc., a private equity firm in Oakville, Ontario, Canada.

Vice President of Franchise Development: Adam Blake

Mr. Blake has been our Vice President of Franchise Development since January 2010.

Franchise Support Director: Scott Humphreys

Mr. Humphreys has been our Franchise Support Director since April 2011. From January 2007 to April 2011, he was our Network Development Manager.

Franchise Development Manager: Barbara McManama

Ms. McManama has been our Franchise Development Manager since October 2006.

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ITEM 3 LITIGATION

Pending Actions

None.

Litigation filed against franchisees in 2016

The Filta Group, Inc. v. James Sargent and JMS Corp, LLC, Case No. 2016-029755 (Circuit Court for Miami-Dade County, Florida, filed November 17, 2016).

Sargent and his company JMS Corp are former Filta franchisees. They both signed a separation agreement with Filta dated August 2, 2016, after their franchise agreement expired. Afterward, Filta discovered that Sargent and JMS Corp were violating the terms of the separation agreement by operating a competing business and soliciting their former Filta customers. Filta filed suit, alleging claims for breach of contract and for temporary and permanent injunction. The Defendants filed a motion for extension of time to respond and Filta has filed a motion for default. Discovery is ongoing and no trial date is set.

Concluded Actions

David G. Cooke v. The Filta Group, Inc., Case No. 3:16-cv-00083-HSM-CCS (U.S. District Court, E.D. Tenn., filed Feb. 17, 2016)

Cooke and Filta entered into a franchise agreement in January 2015. After signing the agreement, going through training, and otherwise preparing to open the franchise, Cooke attempted to back out of the franchise agreement and demanded a full refund of the money he had paid us. When negotiations broke down, Cooke filed suit against us in Knoxville, Tennessee circuit court, alleging claims for conversion and violations of the Tennessee Consumer Protection Act. Filta removed the case to the U.S. District Court for the Eastern District of Tennessee on February 17, 2016, and subsequently filed a motion to dismiss the complaint for failure to state a claim upon which relief may be granted. The court granted the motion as to the conversion claim, which was also transferred to the U.S. District Court for the Middle District of Florida, Case No. 6:16-CV-01620, leaving the TCPA claim pending in Tennessee. In December 2016, the parties reached a settlement in which Filta agreed to reimburse Cooke for certain obligations he had incurred. An order of dismissal was entered by the U.S. District Court for the Middle District of Florida on December 12, 2016, and as part of the settlement Cooke filed a voluntary dismissal of the case in the Eastern District of Tennessee.

The Filta Group, Inc. v. Georgia Fryer Management Services, Inc. & Jonathan Hardwick, Case No. 2011-CV-1562-N (Superior Court of Rockdale County, Georgia, filed April 29, 2011)

We sued a former franchisee and its owner to prevent the continued use of Filta's System and MFUs after termination of the franchise agreements. The defendants filed a counterclaim alleging Filta's failure to return approximately \$3,000 owed after termination of the agreements. On May 22, 2013, after a trial, the jury awarded Filta \$1,035 plus the 5 MFUs that Defendants failed to return after termination of the franchise agreement. The Defendants were awarded \$3,050 plus attorney's fees on their counterclaim. On June 25, 2013, the parties entered into a settlement under which Filta agreed to pay a reduced amount of Defendants' attorney's fees, and the parties waived rights of appeal and gave each other releases.

North Texas Alternative Energy, LLC and NTAE Biofuel Mfg., LLC v. Xenerga, Inc., The Filta Group, Inc. d/b/a FiltaFry, Victor Clewes, Jason Sayers, and Raptor Fabrication & Equipment, Inc., No. 09-CA-12495 (Circuit Court of Florida, Orange County, filed April 21, 2009)

We were named as a defendant in a lawsuit filed against Xenerga, Inc., a supplier of equipment and services for the construction of biodiesel plants, by a customer of Xenerga. Filta was not involved in the biodiesel business, but two of our shareholders and officers, Victor Clewes and Jason Sayers, were also shareholders and officers of Xenerga. The plaintiffs alleged breach of contract, false representations of a material fact, and other claims against Xenerga and against Mr. Clewes and Mr. Sayers personally. On December 27, 2011, the parties entered into a settlement in which the plaintiffs filed a voluntary dismissal of their suit against Filta, Mr. Clewes and Mr. Sayers. The defendants agreed to pay a sum of money to the plaintiffs and were released from any further claims by the plaintiffs.

The Filta Group, Inc. v. Scott Bilodeau, Tom Nelson and ClearFry LLC, No. LLI-CV-10-6002881-S (Superior Court of Connecticut, Judicial District of Litchfield, filed July 2, 2010)

We sued two individuals who, as prospective Filta franchisees, signed non-disclosure and non-compete agreements and attended our Discovery Day. The defendants did not purchase a Filta franchise, but instead set up a competitive business. Our complaint alleged, among other things, breach of the non-disclosure and non-compete obligations, misappropriation of our proprietary information, unfair trade practices, and unjust enrichment. The defendants filed an answer and counterclaim alleging, among other things, violation of the Connecticut Unfair Trade Practices Act and that the non-disclosure agreements were induced by fraud. On December 19, 2011, the parties entered into a settlement agreement to resolve the case. In return for mutual releases and dismissal of the lawsuit, the defendants agreed to shut down their former business and agreed not to operate a competing business or solicit former customers for a competing business for three years.

The Filta Group, Inc. v. Thomas Shuler, Thomas Solutions, LLC, J.T. Enviro, LLC, and Donzie Arnette, No. 2010 CV 07600 (Court of Common Pleas, Montgomery County, Ohio, filed September 23, 2010)

We sued a former franchisee to prohibit him from operating a competing business in his former territories for a period of two years, as per the franchise agreement. Shuler did not renew his Franchise Agreement with Filta after 5 years but instead formed another company and continued to trade outside of the Filta network. Shuler filed an answer and counterclaim alleging, among other things, violation of the Ohio Business Opportunity Plan Act and common law fraud. On June 7, 2011, the parties entered into a settlement agreement and mutual release of all claims. In return for Filta's payment of \$2,000 for two MFUs, defendants returned a total of five MFUs and Filta's confidential and proprietary information. The defendants also agreed not to operate a fryer management services business in their former territories for one year and not to solicit former customers for two years.

Charles Rogers v. The Filta Group, Inc., Jim Katsiitis, Victor Clewes, Chad Walker and Robert Rogers, No. 09-2-21294-5 SEA (Superior Court of King County, Washington, filed June 2, 2009)

The plaintiff, a Filta franchisee, alleged that we violated the Washington Franchise Investment Protection Act by omitting material information from the Franchise Disclosure Document that he received. The complaint sought rescission of the franchise agreement, compensatory damages, exemplary damages, and costs and attorney's fees. On September 27, 2010, the parties entered into a settlement in which: (i) Filta agreed to an initial payment of \$60,000 (which was intended to cover legal fees of \$45,000 incurred by Mr. Rogers and \$15,000 for his barely-used MFU and ancillary equipment), plus five additional monthly payments of \$8,000 each;

(ii) the parties agreed to cancel the franchise agreement; (iii) we received back the two assigned territories; and (iv) the parties fully released each other from all claims.

Commonwealth of Virginia ex. rel. State Corporation Commission v. The Filta Group, Inc., Case No. SEC 2009-6034

On May 20, 2009, we entered into a voluntary agreement with the Commonwealth of Virginia to conclude an investigation conducted by the Division of Securities and Retail Franchising. The Division alleged that we granted franchises in 2008 in between the time that our then-current franchise registration expired and our renewal registration became effective, and that, in doing so, we used franchise offering materials that had not as yet been accepted by the Division. Under the Settlement Order, we offered rescission to one Virginia franchisee (who declined the offer and remained a franchisee), paid \$3,500 to help defray the Division's investigative costs, and agreed not to violate the Virginia Retail Franchising Act.

In August 2011, we sued the former franchisee who had filed the complaint with the Commonwealth of Virginia in Case No. SEC 2009-6034, described above. The name of our lawsuit is The Filta Group, Inc. v. CKB Enterprise, CKB Swanson, Inc., Kip Swanson and Christy Swanson, Case No. 3:11-cv-562-HEH (U.S. District Court for the Eastern District of Virginia, filed Aug. 25, 2011). We alleged that the former franchisee violated the settlement agreement that we signed to resolve the complaint he made to the state. Specifically, the former franchisee operated a competing business in violation of the settlement agreement. In November 2011, the court granted us an injunction prohibiting the defendants from using the Filta marks, prohibiting them from operating a competing business in the Richmond, Virginia area, and prohibiting them from soliciting their former customers for a competing business. On March 13, 2012, Filta obtained a final judgment against CKB Swanson, Inc. in the amount of \$175,000.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

In re Xenerga, Inc., No. 6:09-BK-13954-KSJ (U.S. Bankruptcy Court, Middle District of Florida, filed September 18, 2009)

Xenerga, Inc. was a supplier of equipment and services for the construction of biodiesel plants. Two of Filta's officers, Victor Clewes and Jason Sayers, were also shareholders and officers of Xenerga. Xenerga borrowed money from Filta and leased office space from Filta. Xenerga suffered severe financial losses due to the economic and financial crisis of 2008 as well as the collapsing biodiesel fuel market. On February 27, 2014, the bankruptcy trustee filed a Trustee's Notice of Final Dividends to Creditors, effectively concluding the Chapter 7 liquidation.

Other than the above bankruptcy, no bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Deposit Letter and the Deposit. As described in Item 1, before entering into the Franchise Agreement, you will enter into a Deposit Letter with us and pay a deposit to us at the time you sign the Deposit Letter. If you and we enter into the Deposit Letter after we have approved your franchise application, the deposit is \$15,000 and is nonrefundable.

If you request, and we agree, to sign a Deposit Letter before we complete our review of your application for a franchise, the deposit is \$5,000 for each territory reserved. If we offer you a Franchise Agreement for the reserved territory but you do not sign it and return it within 30 days along with an additional deposit of \$10,000, we will have the right to terminate the Deposit Letter and retain your \$5,000 deposit. The \$5,000 deposit is partially or fully refundable only in the following circumstances:

- If you fail to satisfy any of Filta's normal franchise qualification requirements (or any special requirements or conditions that we may agree upon in connection with the Deposit Letter), Filta will be free to terminate the Deposit Letter, put the reserved territory back on the list of available territories, and enter into a Franchise Agreement with another person for that territory. If this happens, we will refund \$3,500 of your deposit.
- If we determine that you have satisfied all of Filta's normal franchise qualification requirements (or any special requirements or conditions that we may agree upon in connection with the Deposit Letter), but (a) we decide not to establish a Filta franchise in the reserved territory; or (b) we are not able to enter into a Franchise Agreement with you within a reasonable time (e.g., because Filta has not obtained a necessary franchise registration), we will have the right to terminate the Deposit Letter by refunding 100% of your deposit.

We have no obligation to pay interest on any portion of the deposit refunded to you.

Franchise Agreement Fees. The initial franchise fee (also called the "**Territory Fee**") for a Filta franchise is \$39,950. In addition, you must pay us for an opening package of items needed for the franchise (the "**Opening Package**"). The Opening Package includes the MFU, spare parts, FiltaCool filters, equipment, uniforms, marketing materials, and vehicle preparation (including the installation of a geo-location device). Please see the Schedule following the sample Franchise Agreement in Exhibit A for further details on the contents of the Opening Package. The current cost of the Opening Package is \$49,950. The Territory Fee and Opening Package are uniformly imposed on new franchisees and are non-refundable, even if you fail to open the franchise for business. We do not offer financing for the Territory Fee or Opening Package.

We will apply your deposit paid under the Deposit Letter to the Territory Fee when you sign the Franchise Agreement. The balance of the Territory Fee and the price of the Opening Package are normally due at the earlier of: (i) six weeks before your scheduled opening date, which is the date set by Filta for the arrival of its business development manager(s) in your Territory (see Item 11); or (ii) 90 days from when you sign the Franchise Agreement. You must pay the balance by cashier's check or wire transfer.

Certain states may not permit us to charge a deposit and may require us to defer collection of the Territory Fee until we complete our initial obligations. Please see the Additional State-Required Information in Exhibit I for any states in which this applies.

**ITEM 6
OTHER FEES**

TYPE OF FEE ^{1, 2}	AMOUNT	DUE DATE	REMARKS
FiltaFry Service Fee	Currently \$565 times the number of MFUs that you have in operation, the number of Vans that you have in operation, or the number of Territories in which you operate, whichever number is the greatest	28 th of each month	No fee during the first three months of operation of a new franchise. We can adjust the Service Fee once per calendar year by the rate of inflation or 2.5%, whichever is greater. See Note 1 regarding our policy on payment method.
Omitted Service Fee	\$100 per Month per omitted service	With Service Fee	Payable starting in the 13th Month after the Opening Date, if You are not offering all products and services then constituting the Environmental Kitchen Solutions Services. We also have the right, on reasonable notice, to revoke your territorial protection for any omitted service.
Supplemental Service Fee	50% of then-current Service Fee for six months, then 100% of then-current Service Fee		Payable starting in the 61 st Month of operation if you have fewer than 1 MFU in operation per territory you own. If not corrected within 6 months, the supplemental service fee increases to 100% of the then-current Service Fee. If and when you have at least 1 MFU in operation per Territory that You own, the Supplemental Service Fee will terminate but may be reinstated if you again fall below 1 MFU in operation per Territory.
Advertising/Promotions Levy	Currently \$135 per month	28 th of each month	No fee during the first three months of operation of a new franchise. We can adjust the Advertising/Promotions Levy once per calendar year by the rate of inflation or 2.5%, whichever is greater. Filta administers the use of these funds (see Item 11).
MFU Filters	Currently \$397 per case of 20 filters	7 th of each month	You must purchase a minimum of 1 case of filters per month per MFU used in your Filta business. See Item 8 for details. Filter prices are subject to change.

TYPE OF FEE ^{1, 2}	AMOUNT	DUE DATE	REMARKS
Spare Parts	Our then-current prices	When you place order	You must have a full set of spare parts for the MFU on hand at all times. You will receive an initial supply of spare parts as part of the Opening Package. Whenever you use any of the spare parts, you must immediately order replacement parts so that you again have a complete set available.
FiltaCool Filters and Holders	Currently \$3 per filter and \$9 per holder	When you place order	We will provide you with 21 FILTACOOLO filters as part of the Opening Package. You must purchase additional FiltaCool filters and holders from us; please see Note 3 for details. The price is subject to change. Your exclusivity for the FiltaCool service depends on increasing the number of filters in service each year; please see Note 3.
FiltaCool Service Fee	Currently \$3 per filter per month	7 th of each month	No fee during the first three months of operation of a new franchise. We can adjust the FiltaCool Service Fee at any time on 90 days' notice. No fee for the filters you receive in the Opening Package. Please see Note 3 for further information.
FiltaCool Restocking Fee	Currently \$8 per filter	7 th of each month	Payable if you return unspent FiltaCool filters to us before the end of their 27-month useful life. Please see Note 3 for further information.
FiltaBio Fee	12.5% of your Gross Monthly Revenue from the sale of WVO	28 th of each month	Payable only in certain circumstances; please see Note 4.
FiltaGold Service Fee	None currently; if implemented, will not exceed \$.035 per pound of cooking oil you sell to customers	28 th of each month	We do not charge a service fee on the sale of new cooking oil as of the date of this disclosure document, but we may do so in the future on 30 days' written notice. We may require that you purchase the new cooking oil from us.

TYPE OF FEE ^{1, 2}	AMOUNT	DUE DATE	REMARKS
FiltaDrain purchases	\$150 per box of bacterial solution (includes shipping) \$115 per sprayer (plus shipping)	When you place order	Each box of FiltaDrain bacterial solution contains four 1-gallon jugs. To keep your territorial exclusivity for the FiltaDrain Service, you must purchase a minimum of 25 boxes (100 gal.) of bacterial solution per year per MFU that you have in operation (see Item 8). Prices are subject to change.
FiltaDrain Service Fee	None currently	Not applicable	We do not charge a service fee on the sale of FiltaDrain services as of the date of this disclosure document, but we may do so in the future on 30 days' written notice.
Conference Fee	Currently \$45 per Month per franchise	With Service Fee	Refunded if you attend Filta's conference for franchise owners; if you do not attend, we will use the conference fees collected from you to defray general expenses of the conference. We determine the scheduling of each conference, but we expect to hold a conference no more often than annually. We can increase the monthly conference fee on reasonable notice and/or change the per-franchise methodology.
Out-of-Territory Fee (see Items 1 and 12)	Any and all revenue that you derive from unauthorized activities outside of your defined Territory. In addition, if Filta grants a franchise for a Territory in which You have engaged in unauthorized activities and Filta makes any concessions to the franchisee because of your activities, you must pay Filta the value of the concessions.	Within 30 days after demand	Payable to the franchisee in whose Territory the activity occurs or to Filta, if the Territory is not franchised. Filta also has the right to terminate the Franchise Agreement (see Item 17).
National Account Contracts	Up to 10% of amount invoiced to National Account Contract customer. Certain National Account Contracts may require	Deducted from the customer's payment to Filta	Unless we direct otherwise, all billing and collection for National Account Contract customers is done by Filta. After deducting its fee, Filta remits the rest of the customer's payment to the

TYPE OF FEE ^{1, 2}	AMOUNT	DUE DATE	REMARKS
	additional volume rebates from Filta; see Item 12 for more information.		franchisees who provided the invoiced services. However, if you have not submitted the appropriate documentation for the services within 1 year after Filta's receipt of the funds from the customer, we will transfer your unclaimed funds into the account for the Advertising/ Promotions Levy.
Centralized Accounts	Up to 5% of amount invoiced to Centralized Account customer.	Deducted from the customer's payment to Filta	All billing and collection for Centralized Account customers is done by Filta. After deducting its fee, Filta remits the rest of the customer's payment to the franchisees who provided the invoiced services. However, if you have not submitted the appropriate documentation for the services within 1 year after Filta's receipt of the funds from the customer, we will transfer your unclaimed funds into the account for the Advertising/ Promotions Levy.
Late Report Fee	\$75 per late report for each week the report is late. We can also charge you for the cost of an accountant to inspect your records if a report is 3 weeks late.	With submission of late report	We consider it critical that you submit timely reports of all services that you provide (including the monitor sheets that customers must sign).
Information System User Fee	Currently \$46 per month per user, beginning in the 1 st month after we give you access.	28 th of each month	This fee is for access to the Franchise Portal where we host the Manual, email, sales and marketing database, and other resources for franchisees; please see Note 5 for further information. Filta will pay the \$225 set-up charge for your initial access.
Geo-Locator Subscription	50% of monthly tracking fee	28 th of each month	Your vans must be equipped with a geo-location device and subscribed to a tracking service that we designate. We will pay 50% of the monthly tracking fee and you must pay the other 50%. The current monthly fee is \$22, so you pay \$11.

TYPE OF FEE ^{1, 2}	AMOUNT	DUE DATE	REMARKS
Online Subscription to QuickBooks	Approximately \$20 per month	As arranged	Payable directly to vendor, not to us.
Brand Integrity or Quality Assurance Assessment	Our out-of-pocket costs, including fees paid to service vendors; our vendor's current fee is \$225	Within 30 days after presentation of invoice	Payable only for a follow-up assessment if you fail to achieve the minimum score on initial assessment. Our brand integrity and quality assurance programs may include, among other things, customer satisfaction surveys, mystery shopper reports, employee satisfaction and perception surveys, health and safety reviews, observation of services as they are being performed, assessment of the use of our service marks, and inspection of your van, MFU, equipment, stationery, and marketing materials.
Expenses of Examination or Audit	Reasonable and customary cost, including travel and lodging expenses for the examiners or auditors. We estimate that the cost would not exceed \$950 for an audit by correspondence. We estimate that the cost would range from \$2,500 to \$3,500 for an on-site audit.	Within 30 days after presentation of invoice	Payable only if the examination or audit is performed due to (i) your failure to submit required reports or financial statements; (ii) your failure to maintain required books and records; or (iii) your underreporting of Gross Monthly Revenue by 10% or more. For purposes of calculating the reasonable and customary cost, we will use hourly rates for our own personnel that are commensurate with the rates of mid-level professionals of independent accounting firms.
Fee for Additional Training	Currently \$350 per day	Before training begins	We will make additional training available at our then-current daily rate. You are responsible for all meals, lodging, travel and living expenses for any additional training.
Fee for Additional Trainee	Currently \$175 per day	Before training begins	Payable for each person in excess of 1 who attends training. You are responsible for all meals, lodging, travel and living expenses for any additional trainee.

TYPE OF FEE ^{1, 2}	AMOUNT	DUE DATE	REMARKS
Fee for In-Person Assistance	Currently \$350 per day plus travel and lodging expenses for Filta representatives	As incurred	Filta will provide in-person assistance to you at your reasonable request, subject to our then-current standard rates.
Transfer Fees	\$250 for each individual who attends our "Discovery Day" or similar event in connection with the proposed transfer, whether or not the transaction goes forward. If transaction goes forward, \$950 per individual to cover Filta's costs of investigating the proposed transferee(s). Filta will credit the \$250 fee toward payment of the \$950 fee if it is for the same individual. In the case of sale of your entire Filta business, you must also pay us a transfer fee of 10% of the purchase price if we referred the buyer to you, or 7.5% if you found the buyer without our assistance. Administrative fee of \$750 if you transfer the franchise agreement to a corporation that you form after the opening date.	Upon submission of request for consent to transfer	Filta will waive the percentage transfer fee if the transferee is a member of your immediate family (i.e., spouse, son, or daughter).
Listing Fee for Resale Assistance	Currently \$495	When you request listing	Payable only if you request and we agree to provide assistance in marketing your Filta business for sale to a new franchise owner. Filta will refund the fee if and when a sale is completed. This is in addition to the Transfer Fees described above.

TYPE OF FEE ^{1, 2}	AMOUNT	DUE DATE	REMARKS
Renewal Fee	None for the first 10-year renewal term. For the final 10-year renewal term, the renewal fee is 5% of your average annual gross revenue for the final two years of the expiring term, but will not exceed \$75,000.	N/A Before signing new agreement for the final 10-year term.	After the initial 10-year term and the first 10-year renewal term, you may renew for one final term of 10 years.
Operation Fee in Case of Your Death or Incapacity	150% of the total costs of the manager provided by Filta.	Weekly	If the approved Operator (see Item 15) dies or becomes incapacitated, Filta has the right to manage the business until the Operator's interest has been transferred to a new approved Operator.
Operation Fee in Case of Your Ceasing to Trade	Filta's costs in operating your Filta business.	As incurred.	Filta has the right to operate your Filta business if we reasonably believe that you have ceased operations without our consent.
Termination Fee	Service Fee times 25% to 65% of the number of months remaining in franchise term	On or before termination date.	Payable only if you exercise your right to terminate the Franchise Agreement without cause. Other conditions apply (see Item 17.d)
Liquidated Damages for Failure to Return MFU	\$20,000 per MFU	60 days after expiration or termination.	Payable only if you fail to return the MFU to us within 60 days after expiration or termination of your Franchise Agreement.
Fee for Management Services	Commercially reasonable fee	Within 30 days after presentation of invoice	Payable only if the principal operator of the franchise has been arrested for or charged with a serious crime and we elect to take over operation of the business and manage it on your behalf pending final disposition of the charges.
Indemnification	Filta's actual costs.	As incurred.	You must indemnify us and our affiliates from any and all claims, losses, costs, expenses, liabilities and damages arising from your Filta business.

Notes:

1. Unless otherwise indicated, all of the fees in the chart are payable to us and are non-refundable. For all fees and charges, you must use the payment method we designate. We require payment of the Service Fee, Advertising/Promotions Levy, Information System User Fee, FiltaBio fee, FiltaGold fee, purchases of supplies, and

fees for FiltaCool filters by direct debit from your bank account. You must designate an account at a commercial bank and furnish the bank with all authorizations necessary to permit us to make direct debits for these items.

2. All fees listed under Item 6 are uniformly imposed on franchisees receiving this disclosure document.
3. As of the date of this disclosure document, we sell the FiltaCool filters at \$3 each and the FiltaCool holders at \$9 each. Shipping is additional. You need 1 holder for every 3 FiltaCool filters. The filters generally last 3 months between de-gassing and generally last for up to 9 de-gassing cycles. After 27 months, you can return the spent filters to us for disposal. You can return unspent FiltaCool filters to us before the end of the 27 months if you pay us a restocking fee, currently \$8 per filter. To demonstrate diligent efforts to expand the FiltaCool business in the Territory, you must add at least 40 filters per year. If you do not add at least 40 filters in any year, Filta will have the right to revoke your exclusivity for the FiltaCool service in the Territory (see Item 12). At the current price, adding 40 filters per year would cost you \$120 for the initial purchase and \$1,440 in additional service fees.
4. Filta is not currently operating the FiltaBio program in all areas. If the program is not currently operating in your area, you can collect and sell WVO locally on your own terms under the FiltaBio name and mark, subject to the terms of the Franchise Agreement. We will give you 45 days notice before starting up the FiltaBio program in your area. If we have not given this notice within six months after signing the Franchise Agreement, you will start paying Filta a monthly fee equal to 12.5% of your Gross Monthly Revenue (as defined below) from the sale of WVO. If we give the notice more than six months after signing the Franchise Agreement, the 12.5% fee will be cancelled when the FiltaBio program begins in your area. "Gross Monthly Revenue" means the gross revenue arising directly or indirectly from the conduct of your business during each month that the Franchise Agreement is in force (and for any period less than a complete month). Gross revenue includes the value of all services performed and of all goods sold and delivered, whether or not invoiced, and the assumed gross revenue of the business calculated for the purposes of any loss of profits or business interruption insurance claim.
5. Filta's on-line systems enable Filta, our franchise owners, Filta's inside salespeople, Business Development representatives, waste oil collectors, and technicians to access the Manual and other resources and to share information. The online resources are hosted on a service controlled by Filta. The modules currently available in the system include Sales CRM, Auto-Email Marketing, Customers, FiltaBio Operations, and National Account Invoicing. We are continuing to develop our online resources. Filta sub-contracts the system design work to a third party.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made (note 9)
Territory Fee (note 1)	\$39,950	Two installments	\$5,000 or \$15,000 with Deposit Letter; balance at earlier of: (a) six weeks before scheduled opening date, or (b) 90 days from signing the Franchise Agreement	Filta
Opening Package (note 2)	\$49,950	Lump sum	Earlier of 6 weeks before scheduled opening date or 90 days from signing the Franchise Agreement	Filta
Taxes on Opening Package (note 3)	\$0 to \$3,000	Lump sum	When you pay for Opening Package	Government
Van (note 4)	\$3,550 to \$3,850 (includes \$2,500 initial payment and \$350-\$450 per month for first 3 months) excluding applicable sales and use tax	As Arranged	Before opening	Lessor or vehicle dealer
Expenses For Training (note 5)	\$250-\$1,500 for travel \$300-\$500 for lodging during field training	As Arranged	Before opening	Airlines; Hotels
Insurance (note 6)	\$2,000-\$5,000	As Arranged	Before opening	Insurers
Information Technology (note 7)	\$0-\$1,000	As Arranged	As Incurred	Vendors
Additional Funds – 3 Months (note 8)	\$2,500-\$7,500	As required	As Incurred	Vendors
Total	\$98,500 to \$112,250			

Notes:

- (1) See Item 5. You will pay a nonrefundable deposit of \$15,000 toward the Territory Fee when you sign the Deposit Letter (see Item 1). If we agree to sign a Deposit Letter before completing review of your application for a franchise, the required deposit is \$5,000 per reserved Territory and the deposit is fully or partly refundable under certain circumstances (see Item 5). Under either approach, we will apply your deposit paid under the Deposit Letter to the Territory Fee when you sign the Franchise Agreement. We consider each Territory to be a separate franchise, even though you and Filta do not sign a separate Franchise Agreement for each Territory.
- (2) For a complete list of the items included in the Opening Package, see the Schedule attached to the sample Franchise Agreement in Exhibit A. In most cases, you will transport the Opening Package items home in your van (see note 3 below). However, in cases where we are transporting the van to your Territory, you will have to pay the cost of shipping the Opening Package items, which we estimate to be about \$1,500 but will vary depending on your location. The figure in the chart does not include shipping.
- (3) We may have to charge sales tax ranging from 0-10.75% of the taxable portion of the Opening Package. Most items will be delivered in Florida at a sales tax rate of 7.5%, or \$1,875 in tax.
- (4) You must acquire and use a van meeting our specifications. As of the date of this disclosure document, the approved makes and models are the Chevy 2500 and the Dodge Ram Promaster 2500. The estimate assumes that you lease the van; if you purchase a new van, we estimate that the cost will be approximately \$27,800. We will outfit and decal your van to meet our specifications while you are in Orlando for the initial training program. The cost to decal and outfit the van is included in the Opening Package. You may lease or purchase a used van, but only if the van is not more than two model years old and has no more than 30,000 miles on the odometer at the time you acquire it. If you acquire a used vehicle, you must ensure that a bulkhead and shelving are fitted to our specifications. If you request and Filta approves the use of a model other than the Chevy 2500 and Dodge Ram Promaster 2500, we will charge you our cost for any non-standard van preparation work, which will be in addition to the cost of the Opening Package. You can drive the van home from the initial training, or we will transport it to your Territory at your expense. You will likely have to pay \$1,000 to \$2,500 to a vehicle transport company if you elect to have the van shipped to your Territory. See Item 8 for further information.
- (5) Filta pays for lodging, breakfast, and lunch associated with your initial classroom training. However, you must travel to and from Orlando at your own expense. The cost varies depending on your mode of travel, distance, etc. You must bear all expenses associated with Your field training and training in Your Territory.

Filta has the right to require that any employee You hire who will have access to the MFU also attend training. You must notify Filta each time You hire an employee who will have access to the MFU.
- (6) See Item 8 for a description of our insurance requirements. We have developed a relationship with Navion Insurance Associates, Inc., a commercial insurance broker in Anaheim, California that most of our franchisees use to purchase the required coverage. The estimate in the chart is for the first year's coverage and assumes that you purchase your insurance through Navion.

- (7) You must have a laptop computer which is dedicated for use in the operation of your franchise. The computer must be Windows-based. You must use Microsoft Office and subscribe to the online version of Intuit's "Quickbooks" small business financial software. You must have a broadband Internet connection with an email account. See Item 11 for further information.
- (8) This is an estimate of the additional funds that you will need during the initial period of operation, which we define as three months from the opening of your Filta business. This figure is only an estimate; we cannot guarantee that you will not have additional expenses starting the business. The estimate does not include payroll expenses, any compensation that you choose to pay yourself, or the Service Fee or Advertising Levy. Your actual costs will depend on many factors. These include how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate; competition; and the sales level reached during the initial period. We relied on the experience of our existing franchisees making this estimate.
- (9) Payments to us are non-refundable with the exception noted in Item 5. Whether your payments to others are refundable depends on your arrangements with them.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Filta has the right to require that all equipment, supplies, products and services that you purchase for operation of or sale in the Franchise: (a) meet specifications that Filta establishes from time to time; and/or (b) be purchased only from suppliers that Filta has expressly approved; and/or (c) be purchased only from a designated source (which may be Filta or its affiliate). We and our affiliates may earn a profit on products and services we sell to you directly or through distributors, and we and our affiliates may receive rebates or other consideration from unaffiliated suppliers and distributors with respect to their sales of products or services to you or other Filta franchisees, whether or not the product or service is presently mentioned in this Item. Except as limited by applicable law or by agreement with the supplier, we and our affiliates have the right to retain any payments received from suppliers.

If we do not require you to use a designated source or approved supplier for a particular item, you may purchase the item from any supplier you choose, so long as your purchases conform to our standards and specifications.

In addition to the general restrictions described above, the following specific restrictions on your purchasing are in effect as of the date of this disclosure document, but we can impose other restrictions at any time.

Opening Package. As noted in Item 5, you must obtain the Opening Package from Filta. For a complete list of the items included, see the Schedule attached to the sample Franchise Agreement in Exhibit A.

Mobile Filtration Unit. If you are a single-territory franchisee and you wish to operate more than one van in your Territory, you will have to obtain an additional MFU for each additional van. We are the only source of the MFU. As of the date of this disclosure document, the acquisition cost per MFU is \$11,950 plus shipping within the United States. We have the right to change this amount without notice.

The MFU comes with a twelve month warranty against electrical or mechanical failure resulting from defective materials, provided that the breakdown is not due to misuse or operation under conditions other than as stated in the Manual and that the MFU has been maintained pursuant to the maintenance program stated in the Manual. The warranty period begins when you take possession of the MFU.

Spare Parts. To reduce downtime and meet customer expectations, you must have spare parts on hand for the MFU at all times. You will receive an initial supply of spare parts as part of the Opening Package. Whenever you use any of the spare parts, you must immediately order replacement parts so that you have a complete set available at all times. We are the only source of spare parts for the MFU.

MFU Filters. The MFU filters are specially designed and manufactured for use with the MFU. To protect Filta's interest in the proprietary nature of the MFU, you must purchase all of your filters from us. We require that franchisees purchase a minimum of one case of filters per month for each MFU that they operate. This gives you a sufficient quantity of filters to meet our current specifications for periodic changing of filters. As of the date of this disclosure document, the price of the filters is \$397.00 per case of 20 filters, plus shipping within the United States. We have the right to change our filter prices on reasonable notice.

The life expectancy of a filter cartridge varies depending on the type of oil filtered, the quality and temperature of the oil when filtered, the type of food that has been fried in the oil, the volume of food fried, the seasonings, flour content and food additives present in the oil, and the customer's general frying practices. Filters are not guaranteed to perform for any specific period of time or in all conditions and all filters eventually bind up and must be replaced. If you do not use the MFU filters in accordance with our specifications, the life expectancy will be shorter.

FILTACOOl® Filters. FILTACOOl® filters are specially designed and manufactured all-natural filters for use in walk-in coolers and refrigeration units. We will provide you with 21 FILTACOOl® filters and 7 holders as part of the Opening Package. You must purchase all additional FILTACOOl® filters and holders only from Filta; please see Item 6, Note 3 for details.

To demonstrate diligent efforts to expand the FiltaCool business in the Territory, you must add at least 40 filters per year. If you do not add at least 40 filters in any year, we can revoke your exclusivity for the FiltaCool service in the Territory (see Item 12).

FILTABIO® Supplies. To provide the FiltaBio service, you must purchase a minimum of four totes at an estimated cost of \$50 to \$200 each. You may purchase the totes from any source as long as they meet our specifications. You may also need to rent a storage unit, garage, or warehouse facility to store waste oil and/or supplies. The estimated cost of renting a facility is \$50 to \$500 per month. Your facility must meet any standards outlined in the Manual for accessibility to the facility by Filta. Meeting our standards is not a representation or guarantee that the facility complies with applicable laws or codes. We are not responsible for, and will have no liability for compliance with, any federal, state or local law or ordinance regulating the use, condition or operation of your facility. If you qualify for and decide to sign the 6K Addendum, the storage facility is required (not optional), and you must buy additional WVO collection equipment from Filta.

FILTAGOLD® Supplies. Filta has the right under the FiltaGold Addendum to designate an approved vendor or vendors and to become the sole and exclusive supplier of cooking oil as well as all products and equipment you use in the FiltaGold Service. As of the date of this disclosure document, however, you may purchase the new cooking oil from the vendor of your choice.

FILTADRAIN™ Supplies. Filta has the right under the FiltaDrain Addendum to designate an approved vendor or vendors and to become the sole and exclusive supplier of FiltaDrain equipment and products. If you perform the FiltaDrain Service with products that were not purchased from us, you will be in default of your Franchise Agreement.

Filta will have the right to revoke your territorial exclusivity for the FiltaDrain Service if you do not purchase a minimum of 25 boxes of FiltaDrain solution per year per MFU that you have in operation in your Territory.

Vans. As noted in Item 7, you must obtain and use a van that meets our standards. You may purchase or lease the van from any source as long as the van meets our specifications.

Van Retrofitting. As part of the Opening Package, we retrofit and decal your van to meet our specifications for appearance, equipment, and function. The work takes place while you are in Orlando for the initial training program. We may outsource the van preparation work to external vendors. If you request and Filta approves the use of a vehicle other than the makes and models approved by Filta, we will charge you our cost for any non-standard van preparation work, which will be in addition to the cost of the Opening Package. You can drive the van home from the initial training, or we will transport it to your Territory at your expense. Depending on the location of your Territory, you will likely have to pay between \$1,000 and \$2,500 to a vehicle transport company if you elect to have the van shipped to your Territory.

If we determine that unusual circumstances would make retrofitting the van in Orlando an extreme hardship, we will ship you the van retrofit components (ramp and locking mechanism, VST, and decals) that are included in the Opening Package. You must pay for shipping of the retrofit package, which typically costs about \$1,500. This also applies to each additional van that you purchase. You must obtain our approval of a vendor that you select locally to do the retrofitting work.

If you are a single-territory franchisee and you wish to operate more than one van in your Territory, you will have to buy an additional van retrofit package for each additional van.

Van Tracker. Each van that you operate must be equipped with the geo-location device and subscribed to the geo-location service designated by Filta from time to time. Filta will pay for and install the geo-location device for your first van. For each additional van that you acquire, Filta will install the geo-location device at your expense. We will pay 50% of the monthly tracking fee for each van.

Hardware and Software. You must have a laptop computer dedicated to the operation of your franchise with Microsoft Office, an e-mail account, a broadband Internet connection, and an online subscription to QuickBooks. See Item 11 for further details. You must also have a mobile phone that receives e-mail and text messages. We have the right to require you to acquire and install, at your own expense, additional computer equipment and software from time to time. However, we cannot require you to spend more than \$1,000 for any single upgrade or more than \$2,500 in the aggregate for upgrades over the initial 10-year term of the franchise.

Insurance. You must obtain liability and property insurance coverage protecting you and naming Filta and our affiliates, officers, directors, and shareholders as additional insureds. You

must obtain insurance coverage before undertaking any activities in connection with your franchise and keep it in force at all times. Activities include but are not limited to the hauling and transporting of waste oil as well as new cooking oil. As of the date of this disclosure document, we require the following minimum coverage:

<u>Type</u>	<u>Minimum Policy</u>
Comprehensive General Liability	\$1 million per incident / \$2 million aggregate
Personal Property	\$15,000 per MFU
Business Automobile Insurance	\$500,000

Your liability policies must be primary and noncontributory. Customers may impose additional insurance or bonding requirements before allowing you to provide services on their premises. In addition, you must obtain any other coverage required by law in your Territory.

As noted in Item 7, we have developed a relationship with Navion Insurance Associates, Inc., a commercial insurance brokerage that most of our franchisees use to purchase the required coverage. Navion is located at 130 Chaparral Court, Suite 235, Anaheim Hills, CA 92808, tel. 714.202.4710. Navion is not our affiliate and you are not required to use its services.

We have the right to change or add to the types of insurance coverage that you must obtain, and to increase the minimum required policy limits. You must supply Filta with a copy of your policy documents before undertaking any activities in connection with the franchise and provide a copy of your annual renewal confirmations.

* * * * *

We publish our purchasing requirements in the Manual and/or the Franchise Portal. We will give you advance notice of any new or changed requirements. The requirements may vary by type of Environmental Kitchen Solutions Service. You are responsible for consulting the Manual and Franchise Portal to make sure that you are up to date on the requirements at all times. You can order any items that Filta supplies from the online store at the Franchise Portal.

To the extent that we establish specifications for items you can purchase elsewhere, we will make the specifications available to proposed suppliers at your request, but we may require the supplier to sign a nondisclosure agreement. None of our officers owns an interest in any third-party suppliers to our system.

You are prohibited from selling or transshipping any MFU, MFU Filters, FILTACOOl® filters, or any other equipment, supplies, or materials that you obtain from Filta, except that if another Filta franchisee experiences an emergency or an unforeseen shortage, you can offer to assist that franchisee with Filta's prior written consent.

We derive income from purchases of the Opening Package. We also derive income from ongoing purchases of spare parts and filters for the MFU, FILTACOOl® filters and holders, waste oil, FryChem cleaning fluid, uniforms, and other equipment and supplies. During our last fiscal year, which ended on December 31, 2016, we received \$2,719,334 from payments for Opening Packages and ongoing purchases of supplies by franchisees. This was 30% of our total revenue of

\$9,014,247 for the fiscal year (these figures are from our audited financial statements in Exhibit E to this disclosure document).

We estimate that virtually all of a franchisee's purchases and leases in establishing the Filta business and approximately 25% of a franchisee's total purchases and leases in operating the Filta business will be subject to the restrictions described above.

Although not obligated to do so, we may try to negotiate purchasing arrangements with suppliers for the benefit of our franchisees. We do not currently receive payments from any unaffiliated suppliers based on your purchases from them, but we reserve the right to do so in the future. We do not grant special benefits to franchisees based on whether they purchase particular products or services or purchase from particular sources. However, in determining whether to renew your franchise rights or to grant you additional franchises, among the factors we will consider is your compliance with the requirements outlined in the Manual. Our franchisees have not organized any purchasing or distribution cooperatives.

You agree not to assert any claims against Filta (or any officer, director or affiliate of Filta) with respect to products and services that you obtain from third-party suppliers that are not affiliated with us by ownership. We will use our best efforts to assist you in resolving any disputes with suppliers approved and/or designated by us, but you must assert any legal claims only against the supplier in question. You must provide us with written notice before taking any legal action in connection with a claim against a supplier.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item(s)
a. Site selection and acquisition/lease	Not applicable	Not applicable
b. Pre-opening purchases/ leases	Sections 4.1, 5.1, 5.2, and 8.1	Items 7 and 8
c. Site development and other pre-opening requirements	Section 5	Items 8 and 11
d. Initial and ongoing training	Sections 3.7, 5.1.3, 6, 7 and 13.4	Item 11
e. Opening	Section 5	Item 11
f. Fees	Sections 3.9, 4, 8.12, 8.15, 9, 16.2, 20.2, 20.3, and 22.3	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Sections 8 and 16	Items 11 and 14

Obligation	Section in Franchise Agreement	Disclosure Document Item(s)
h. Trademarks and proprietary information	Sections 8.9 and 15	Items 13 and 14
i. Restrictions on products/ services offered	Sections 8.5 and 8.10	Item 16
j. Warranty and customer service requirements	Sections 8.8, 8.13, 8.14 and 9	Item 16
k. Territorial development and sales quotas	Sections 2, 3.4 and 7.2	Item 12
l. Ongoing product/service purchases	Sections 8.1-8.5	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 3.6, 8.6, 8.9, 13.2, 15.3, 16.2 and 20.2	Item 8
n. Insurance	Section 12	Items 7 and 8
o. Advertising/Promotions	Section 14	Items 6 and 11
p. Indemnification	Section 24	Item 6
q. Owner's participation/ management/staffing	Sections 5.3, 8.6 and 13	Item 15
r. Records/reports	Sections 8.8, 8.12, 8.15 and 11	Item 6
s. Inspections/audits	Sections 8.6, 8.14 and 11	Item 11
t. Transfer	Section 20	Item 17
u. Renewal	Section 3	Item 17
v. Post-termination obligations	Section 22	Item 17
w. Non-competition covenants	Sections 8.6 and 23	Item 17
x. Dispute resolution	Section 30	Item 17
y. Other – Owners/shareholders Personal Guarantee	Section 5.3, 20.2 and 23.6	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing to franchisees. We do not guarantee your promissory note, lease, or other obligation.

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

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

Our Pre-Opening Obligations

Before you begin operating your Filta business, we will:

1. Designate the Territory for your franchise (Deposit Letter and Section 2.1.1 of the Franchise Agreement). If you elect to rent a storage unit, garage or warehouse facility to store waste oil and/or supplies, we do not assist with selecting the location and we do not have to approve the location. However, we do have to approve the facility as meeting Filta's accessibility standards outlined in the Manual (see Item 8).
2. Provide a pre-opening training program for you and any of your employees that we designate (Sections 5.1.3 and 6.1 of the Franchise Agreement).
3. Provide the products and services included in the Opening Package (Section 5.1.2 of the Franchise Agreement). This includes retrofitting and applying graphics to your van and installing a geo-location device.
4. Provide you with electronic access to the Manual. The contents of the Manual are confidential and remain our property (Section 5.1.1 of the Franchise Agreement).

Our Obligations After You Open

After your Filta business opens, we will:

1. Provide the services of one or more business development managers, an existing experienced Filta franchisee, or a third-party business coach (as determined by Filta) for a period of not less than 10 working days to assist you in developing customer accounts (Section 7.1 of Franchise Agreement). We call this period the "Sales Support Period."
2. Supply you with spare parts and filters for the MFU on our standard prices and terms (Section 8.1 of the Franchise Agreement).
3. Supply you with FiltaCool filters and holders on our standard prices and terms (Section 8.3 of the Franchise Agreement).
4. Supply you with new cooking oil on our standard prices and terms, if you provide the FiltaGold service and we make ourselves an approved or sole-source supplier (FiltaGold Addendum, Paragraph 4).
5. Supply you with FiltaDrain equipment and products on our standard prices and terms, if you provide the FiltaDrain service and we make ourselves an approved or sole-source supplier (FiltaDrain Addendum, Paragraph 2).
6. Purchase and collect from you the WVO that you collect from customer locations (Exhibit 3 to the Franchise Agreement). However, we have the right to suspend the FiltaBio program during any period in which the market price for WVO declines to the extent that we determine that the program is not economically feasible. We can reinstate the program if the market price recovers.

7. Make available additional on-site advice and further training as you may reasonably request. You must pay our standard rates as well as the cost of any travel, living expenses, and salaries of those attending (Sections 6.2 and 6.3 of the Franchise Agreement).
8. Provide you with ongoing advice and guidance by telephone, email, and other forms of communication from Filta's office, as you reasonably request. You must provide us with such information as we may need to monitor your performance (Section 6.4 of the Franchise Agreement).
9. Maintain the Franchise Portal, with the features and terms of use that we determine (Section 8.12 of the Franchise Agreement).

Time Before Opening

We estimate that the time from signing the Franchise Agreement until you start business will be approximately 8-12 weeks. Examples of factors which could affect the time to opening include how long it takes to obtain and retrofit your van, the difficulty of obtaining any business licenses you may need, how much you shop around for insurance coverage, and the scheduling of training courses.

Advertising & Promotions

We generally attract customers for our Environmental Kitchen Solutions Services by means of in-person demonstrations. We have no contractual obligation to conduct media advertising, but if we do so, we may use direct mail, print, radio, television, or online media, which may be local, regional or national in scope.

Customer endorsements are critical to the marketing of the Filta business. Accordingly, you must obtain at least 6 separate testimonial letters from customers serviced by your franchise, written on the customer's letterhead, during each of your first three years of operation, for a total of at least 18 by the end of the third year.

Advertising fund. We have established a marketing and advertising fund (the "Fund") for the common benefit of the franchise system and its franchisees. You must make monthly contributions to the Fund. The required contribution is currently \$135 per month (see the Advertising/Promotions Levy in Item 6). You must participate in all advertising, marketing, promotions, research and public relations programs instituted by the Fund.

We direct all programs and activities financed by the Fund. We can use the Fund for any activities we consider to be appropriate to properly promote Filta Environmental Kitchen Solutions Services. Uses may include, but are not limited to: advertising campaigns in print, online, mobile and other electronic; direct mail advertising; conducting and administering promotions; creative development; market research and development, including secret shoppers and customer satisfaction surveys; employing advertising and/or public relations agencies; production of advertising and promotion; creation and maintenance of an Internet site, social networking accounts, mobile applications, and other electronic identifiers; and reasonable administrative expenses related to these efforts (including accounting fees and, if Filta deems it necessary, reasonable attorney's fees for review of proposed advertising and promotional materials). We have final discretion over creative concepts, materials, and media (including online, mobile and other electronic media) used in these activities and their placement.

We have no obligation to spend any specific portion of the Fund in your geographic area. The media that we use may be local, regional, or national in coverage. A public relations firm or Filta may prepare the advertising for the Fund. We do not use Fund monies for the solicitation of franchise sales. We do not have a council of franchisees that advises us on advertising policies.

We maintain separate accounting for the Fund, but we have no obligation to hold the Fund monies in a separate deposit account. We may spend in any fiscal year an amount greater or less than the aggregate contributions to the Fund during that year or cause the Fund to invest any surplus for future use by the Fund. We prepare an unaudited annual report of Fund receipts and expenses and will make the report available to you upon request within 120 days after the end of our fiscal year.

During the fiscal year that ended on December 31, 2016, we spent a total of \$380,000 from the Fund. Of this total expenditure, approximately 38% went for telemarketing, 22% for advertising, web and printed materials, 31% for exhibitions and national account development, and 8% for public relations and other, including administrative expense.

Local advertising. You may develop, or purchase from any source, advertising material for your own local use, but we must approve your advertising materials before their first use. All advertising materials must comply with federal and local laws and regulations and any guidelines we promulgate. We reserve the right to limit the media and geographic area in which you advertise.

You have no obligation to participate in a local or regional advertising cooperative. Filta has no authority or power requiring the formation, or any changes, dissolution or merging of a cooperative.

You cannot register, maintain or sponsor any URL, web site, social media account, discussion forum, blog, email account, text address, or other electronic identifier or electronic, mobile or Internet presence for your Filta franchise without our prior written consent. We have the right to prescribe rules and policies for these activities. If we authorize you to engage in any such activities, you must follow our rules and policies, as amended from time to time, and not to make any statements about Filta or any franchisee or competitor of Filta that may constitute trade disparagement.

All telephone answering messages, email autosignatures, and other identifiers of your Filta franchise must be in the form we prescribe from time to time.

Computer System

You must have a laptop (Windows, not Mac) with Microsoft Office, an online subscription to QuickBooks, and a broadband Internet connection. In order to receive emails (which may contain service leads that require immediate attention) in a timely manner, you must use a smartphone with an associated data plan that is capable of receiving emails and that can connect to your account at Filta.

We will have access to the information on your Filta invoices: Customer Name, Customer Address, Invoice Number, Date, the line items for the invoice (i.e. FiltaFry service, FiltaCool service), the quantity, the item amount and the total. Filta uses the information from the invoices to create reports.

As described in Item 7, we estimate that the cost of purchasing or leasing the hardware and software that you will need is \$0 to \$1,000 (with the low range reflecting that you may already possess the necessary hardware and software). The cost of the QuickBooks subscription is approximately \$20 per month.

You will use your computer to communicate with us and customers, to order supplies, to maintain your business records, and to access the Franchise Portal. You must sign up for the Franchise Portal and use it for reporting, training, or other purposes as we direct. Please see Item 6 for further information. We will have independent access to the information, data, and communications that you input to the Franchise Portal. There are no contractual limits on our right to access this information.

We have the right to require you to obtain additional computer equipment and software that Filta specifies in writing from time to time, but we cannot require you to spend more than \$1,000 for any single upgrade or more than \$2,500 in the aggregate for upgrades over the initial 10-year term of the franchise. We have no obligation to provide you with ongoing maintenance, repairs, upgrades or updates to your computer system. We do not currently require that you purchase any maintenance, update, upgrade or support contracts, but we have the right to do so in the future. We estimate that the annual cost of maintenance and support will be less than \$500.

Manual

The Manual is only available online via the Franchisee Portal. The table of contents of the Manual is in Exhibit C to this disclosure document. The Manual consists of approximately 136 web pages.

Training

You must attend an initial training program before you start business. The following chart summarizes the program:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of Field Training	Location
Technical Training – Operations and “Good Frying Practices”	12 hours	1 week	Classroom training in Orlando Field training in Territory of an existing franchisee
Accounting and Other Administrative	8 hours	None	Orlando
Sales and Marketing Techniques/ Management Practices	20 hours	10 days	Classroom training in Orlando On-the-job training in your Territory

We typically schedule one initial training session per month. As explained in Item 7, Filta provides lodging, breakfast and lunch for the classroom training in Orlando, but otherwise you must bear all of your own travel and other expenses. The instructional materials used in training primarily consist of Filta’s Manual, marketing materials, worksheets, and PowerPoint slides. Our principal classroom instructor has more than 3 years of experience with our business. Our instructors for field training are Filta franchisees who have at least 5 years of experience with our business. We may invite other experienced franchisees to serve as field trainers; if we do so, they will be multi-van operators who have at least 2 years of experience with our business. We compensate these franchisees for providing field training.

Successful completion of the initial training program is mandatory for the principal owner of the franchise and for the designated Operator, if other than the principal owner (see Item 15). You must complete classroom training not more than one month before you start business and field training not more than 2 weeks before you start. We also require that all technicians you hire complete certain online courses, as described in the Manual, before undertaking their duties. You must notify Filta each time You hire an employee who will have access to the MFU.

We can require you and your personnel to attend additional or refresher training programs and we may charge a fee for this training (see "Fee for Additional Training" and "Brand Integrity or Quality Assurance Assessment" in Item 6). To the extent Filta decides to offer, or requires that you attend, any additional or refresher training in the future, Filta will develop and determine the location, content, duration, and frequency of that training at a later time. In addition, we will make additional training available at your request, at our then-current daily rate (see Item 6).

Remote training and Business Development Plan. Until the earlier of 90 days after your opening date or when your Business Volume first exceeds \$1,000 per week, you must participate in all remote training sessions scheduled by Filta. "**Business Volume**" means the aggregate weekly value of the customer accounts serviced by the franchise at any particular point in time. To calculate your Business Volume, we value each customer account based on the price and frequency of service. For example, if the customer is scheduled for one service call per week at \$40, we value the account at \$40 per week; if the order is for two service calls per week at \$35, we value the account at \$70 per week; and if the order is for one service call every two weeks at \$50, we value the account at \$25 per week. We include your receipts from all services in the calculation of Business Volume. The total value of the customer accounts at the time of the calculation is your Business Volume.

If your Business Volume has not reached \$1,000 per week by the end of 3 months of operation, you must hold a business evaluation conference call with us and establish a business development plan.

ITEM 12 TERRITORY

Your franchise is for a specific geographic area (the "**Territory**"). We typically define the Territory using county boundaries and/or interstate highways. We also use other criteria, particularly in areas with high population density. For instance, we use the number of McDonald's restaurants in the vicinity as a rough proxy of the broader potential customer base. We have purchased mapping software, which has been tailored to our business, to help us determine Territories.

There is no specific minimum size for a Territory. We will attach a map to your Franchise Agreement that defines your Territory. You cannot relocate your Territory without our prior written consent. Most of our franchisees operate the business from a home office, but you are free to set up in commercial office space if you wish. You cannot relocate your office without our approval, but we will generally approve relocation as long as you have a legitimate business reason and the new office is within the Territory. If you set up a waste oil storage area for the FiltaBio service, you must make sure that Filta has free access to it, including all necessary entry codes or keys. You must give permission for our employees, contractors and subcontractors to enter your property to access the WVO storage area.

Your Territory is exclusive. This means that, while the Franchise Agreement is in effect, Filta will not operate or license any person other than you to operate a business offering

Environmental Kitchen Solutions Services under the Filta name (or any other names or marks) from fixed premises or a van within the Territory.

Your exclusivity within the Territory is subject to some important limitations and exceptions:

- It does not apply to our activities with respect to National Account Contracts and Centralized Accounts (described below).
- We and our affiliates are free to engage in any business activities that do not constitute operating or licensing any other person to operate an Environmental Kitchen Solutions business from fixed premises or a van in the Territory. We can engage in these activities under any name, in any geographic area and at any location, including within the Territory via the Internet or any other electronic means, without any liability or compensation to you. There is no restriction on our right to solicit customers in your Territory or to use other channels of distribution, and we have no obligation to compensate you if we do so. We have no present plans to establish franchises, company-owned outlets, or other channels of distribution for similar products or services under a different trademark.
- We will refer to you, without charge, any customer leads for Environmental Kitchen Solutions Services that we receive through our web site, provided that (i) the inquiry is not from a person in an organization that has a National Account Contract (see below), and (ii) we are able to determine that the potential customer is located in your Territory. However, if you do not promptly respond to the potential customer, we have the right to contact and/or service the customer, or refer the customer to a franchisee outside of your Territory for service; this right is an exception to your territorial exclusivity.
- As noted in Item 6 and Item 8, you must purchase at least 40 additional FiltaCool filters per year in order to demonstrate diligent efforts to expand the FiltaCool business in the Territory. If you do not add at least 40 filters in any year, Filta will have the right to revoke your exclusivity for the FiltaCool service in the Territory on reasonable notice. This does not affect your exclusivity for other Environmental Kitchen Solutions services. If Filta revokes your exclusivity for the FiltaCool service, you can continue to service FiltaCool accounts, but Filta can also solicit and service FiltaCool accounts, directly or through others, in the Territory.
- As noted in Item 6 and Item 8, if you do not purchase at least 25 boxes of FiltaDrain solution per year per MFU that you have in operation, Filta will have the right to revoke your exclusivity for the FiltaDrain service in the Territory on reasonable notice. This does not affect your exclusivity for other Environmental Kitchen Solutions services. If Filta revokes your exclusivity for the FiltaDrain service, you can continue to service FiltaDrain accounts, but Filta can also solicit and service FiltaDrain accounts, directly or through others, in the Territory.
- From time to time we may introduce new products or services that we deem to be complementary to the existing services offered under the System. Once you have received written notice that we have introduced a new product or service, within 45 days you must give us written notice of your intention to offer and sell the new product or service as part of your franchise. You must pay any start-up costs, fees and expenses associated with the new product or service, which may include licensing fees, equipment and material costs, charges for marketing materials, and other expenses related to the new product or service introduced by Filta. If you reject the

opportunity to offer or sell the new product or service, we can enter your Territory and either offer or sell the new product or service directly or designate a third party (which might be another Filta franchisee) to do so on our behalf. You will receive no compensation from Filta or the designated third-party derived from the offer or sale of the new product or service in the Territory. If you do not send us the required written notice within the 45-day time period, we will consider it a rejection of the opportunity to offer the new product or service.

- Starting in the 13th month after your opening date, if you are not offering customers all products and services then constituting the Environmental Kitchen Solutions Services, we will have the right, on reasonable notice, to revoke your exclusivity for any omitted service.

You are prohibited from conducting any business of the franchise outside of your defined Territory by any means, including the Internet. This prohibition applies not only to servicing customers but also advertising for business, making sales calls, or performing demonstrations. If you engage in any unauthorized activities outside of the Territory, (i) you agree to pay over to the franchisee in whose territory the activity occurs (or to Filta, if the territory is not franchised) any and all revenue derived from the unauthorized activity; and (ii) Filta will have the right to terminate the Franchise Agreement by written notice, effective immediately. If Filta grants a franchise for a territory in which you have engaged in unauthorized activities, and if Filta makes concessions to the franchisee because of your unauthorized activities, you agree to pay Filta the amount that will make Filta whole for the concessions granted. These remedies are in addition to any other remedies that Filta and other franchisees may have as a result of your breach.

There is only one exception to the rule against doing business outside of your Territory: You may provide services to a customer in territory adjacent to your defined Territory ("**Adjacent Territory**") if, and only if, all of the following conditions are met: (1) You have been servicing the customer in the Territory for at least 8 weeks; (2) You are expressly requested by the customer or its affiliate to service one or more facilities of the same brand in the Adjacent Territory; (3) the Adjacent Territory has not been franchised to any other party by Filta; and (4) you provide Filta with a copy of the customer's request and obtain Filta's express written approval before providing service. If Filta authorizes you to service one or more customer locations outside of your defined Territory, and Filta subsequently grants a franchise for a territory that covers the authorized customer location(s), Filta will give you notice and you will have eight (8) weeks from the date of the notice to transfer the servicing of the customer location(s) to the new franchisee. You will not be entitled to any compensation if this happens.

National Account Contracts. We administer a National Account Contracts program for the Filta business in North America. "**National Account Contract**" means an arrangement between Filta and the owner of a national or regional brand for delivery of one or more of the Environmental Kitchen Solutions Services at multiple locations of the customer's brand. We have sole discretion as to whether to pursue a National Account Contract with a particular customer, the manner of negotiation of the National Account Contract, and the terms and conditions of the National Account Contract. The Franchise Agreement requires you to service National Account Contracts in the Territory on behalf of Filta, in accordance with the pricing and other terms negotiated between Filta and the National Account Contract customer. You may not enter into any relationship with a customer that we deem to conflict with a National Account Contract with that customer.

Unless we otherwise specify, we will handle all billing and collection for a National Account Contract. We have the right to deduct up to 10% of the amount invoiced in order to compensate us for marketing and negotiating the National Account Contract and for providing billing and collection services, customer relations, and administration of the National Account Contract. Certain National Account Contracts may require payment of additional volume rebates to the customer, which we

will negotiate with the customer on a case-by-case basis. If an additional rebate is required, you will have the option not to participate in that National Account Contract. We will not pay you for National Account Contract services until you submit the appropriate documentation in the manner specified in the Manual. If you have not submitted the appropriate documentation within 1 year after we receive the funds from the customer, we will transfer your unclaimed funds into the account for the Advertising/Promotions Levy.

Certain National Account Contracts may require you to comply with account-specific rules of service as a condition of servicing the brand's locations, which may include check-in and check-out procedures, mandatory days of service, fixed service routines, and reporting methods. We will notify you of any special service obligations and may require you to agree in writing to follow the rules of service as a condition of participating in that National Account Contract.

If you fail to satisfy the conditions and obligations of any National Account Contract, or choose not to provide service under any National Account Contract, we will have the right to service and/or authorize others to service the National Account Contract within the Territory without any compensation to you. We will have no obligation to readmit you into the National Account program or to transfer any National Account Contract business to you if you are subsequently willing and able to provide service within the Territory. Service of National Account Contracts by Filta and/or its designee is an exception to your territorial exclusivity described above in this Item.

Centralized Accounts. A customer may request to be designated as a Centralized Account even though the customer does not wish to enter into a National Account Contract with Filta. If a customer requests to be designated as a Centralized Account, we will handle all billing and collection for services performed for that customer. We have the right to deduct up to 5% of the amount invoiced in order to compensate us for our billing, collection, and administration services. We will not pay you for your services to a Centralized Account customer until you submit the appropriate documentation in the manner specified in the Manual. If you have not submitted the appropriate documentation within 1 year after we receive the funds from the customer, we will transfer your unclaimed funds into the account for the Advertising/Promotions Levy.

* * *

Except for the requirement to add filters for the FiltaCool business and the obligation to offer all Environmental Kitchen Solutions Services, as described above, the exclusivity of your Territory does not depend on achievement of a particular sales volume, market penetration or other contingency. You do not receive any options, rights of first refusal, or similar rights with respect to additional franchises or territories.

To protect our reputation and that of our Environmental Kitchen Solutions Services, and to maintain satisfactory public relations, we reserve the right to communicate with customers at any time. At our request you must furnish us with information regarding the customers serviced by your franchise. We will not solicit the customers serviced by your franchise (other than National Account customers) for Filta Environmental Kitchen Solutions services without your consent, although we may contact customers for other commercial purposes.

ITEM 13 TRADEMARKS

The principal mark that you would use as our franchisee is the FILTA ENVIRONMENTAL KITCHEN SOLUTIONS design shown on the cover of this disclosure document (the "Logo"). You also may use the FILTAFRY, FILTABIO, FILTACOO, FILTAGOLD, and FILTADRAIN marks in addition to the Logo. We may also authorize you to use other marks from time to time.

We have registered the marks shown below on the Principal Register of the U.S. Patent and Trademark Office:

Depiction/Description of Mark	Registration Number	Registration Date
	3701153	October 27, 2009
	3711461	November 17, 2009
	3730770	December 29, 2009
	4056208	November 15, 2011
	5063763	October 18, 2016

In addition, we have applied to register the following mark on the Principal Register of the U.S. Patent and Trademark Office:

Depiction/Description of Mark	Serial Number	Application Date
FILTADRAIN & Design	87415631	April 18, 2017

Although we have applied for registration of the FILTADRAIN™ mark, we do not have a federal registration for this mark. Therefore, this mark does not have the same legal benefits and rights as a federally registered trademark. If our right to use this mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We have filed all affidavits required to date for the marks listed above.

There are no currently effective determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving any of our principal marks. We know of no pending infringement, opposition or cancellation proceedings and no material litigation involving any of our principal marks.

There are no agreements that significantly limit our right to use any of our principal marks. We are aware of no superior rights or infringing uses that could materially affect your use of any of our principal marks.

We have no obligation under the Franchise Agreement to protect your right to use any of our principal marks, or to indemnify you against claims of infringement or unfair competition, although we may do so voluntarily in our discretion. You must notify us immediately if you learn about an infringement of any of our principal marks or any other proprietary marks associated with the Filta business. You must also notify us of any challenge to your right to use them. The Franchise Agreement does not require us to take affirmative action when you notify us; we are free to take the action we believe to be appropriate. We have the right to control any administrative proceeding or litigation involving any proprietary marks. We have no obligation to participate in your defense or to indemnify you for expenses or damages if you are involved in a trademark proceeding, although we may do so voluntarily.

We have the right to change the Logo and/or to use a name other than FILTA ENVIRONMENTAL KITCHEN SOLUTIONS to identify the Filta businesses. If we change the name or Logo, you must adopt the new name or Logo, at your expense, within a reasonable period of time.

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ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents as of the date of this disclosure document. However, we have a pending U.S. application for a utility patent which may (or may not) turn out to be material to the operation of the franchise:

<u>Title</u>	<u>U.S. Serial Number</u>	<u>Filing Date</u>
Cooking Oil Delivery System and Method	14/394,884	April 17, 2012

This patent application relates to equipment used in the FILTAGOLD® new cooking oil delivery service.

We also regard the MFU, the MFU filters, the VST, and the Filtacool filters as proprietary, although we do not have patents or patent applications relating to these items. You may not use the MFU or the filters for any purpose other than your Filtacool Environmental Kitchen Solutions franchise.

You are responsible for maintaining and repairing the MFU and other proprietary equipment at your own expense. Any improvements or upgrades that you propose to any proprietary items and that we subsequently adopt will become the property of Filtacool and/or the manufacturer. You must assign all of your interest in any improvements and upgrades. You may not alter, engineer, reverse engineer, add to, remove any component of, or disable any safety feature of the MFU, VST, or any other equipment supplied by Filtacool without our prior written consent.

Because we consider the MFU to be proprietary, you will have a contractual obligation to return all MFUs to us when your Franchise Agreement expires or is terminated. If you return all MFUs within 60 days after expiration or termination, we will pay you the depreciated value of the returned MFUs (which we determine using the double declining balance method over a 10 year period). If you do not return all MFUs within 60 days, you must pay us liquidated damages of \$20,000 per MFU. You must also return all Filtacool filters, for which you will not receive any payment.

We claim copyright protection in the U.S.A. for the Manual, our advertisements, promotional materials, signs, our web site, and van decals. However, we have not filed an application to register the copyright in any of these materials. You may use our proprietary materials and the proprietary information in the Manual solely for the purpose of developing and operating your Filtacool business while the Franchise Agreement is in force.

We claim proprietary rights in our **“Confidential Information,”** which means any information not known to the public concerning the Filtacool business (whether written, oral, visual, electronic, or in any other form or media), including information concerning: (a) Filtacool’s products, services, customers, suppliers, accounts, finances, or other dealings, transactions or affairs; (b) Filtacool’s relationships with its franchisees and their respective principals, owners, and prospective investors; (c) Filtacool’s relationships with its shareholders and employees and former shareholders and employees; (d) technical information, drawings, engineering data, equipment and performance specifications, quality control information, equipment cost and price information; (e) marketing plans, advertising plans, business plans, territorial development strategies, and training curricula; (f) the terms of the FiltacoolBio program; (g) other information of a similar nature that you obtain as a result of your association with Filtacool; and (h) any and all works of authorship and material that you

prepare based on Confidential Information, whether prepared individually, collectively or jointly with Filta or a third party. In particular, you must treat the Manual as confidential and use all reasonable efforts to maintain strict secrecy of its contents.

We will have access to all data generated by the geo-location service to which your van(s) are subscribed. You consent to our access to and use of that data for internal purposes related to the Filta Environmental Kitchen Solutions business. We will not sell or transfer the data to any third party outside of the Filta Environmental Kitchen Solutions franchise system without your prior consent. To the extent that you make personal use of the van not related to the Filta franchise, the data generated will reflect your personal use. You acknowledge that we will have no liability for collection of or access to this data. Your failure to keep the geo-location service in operation, except in cases of unavoidable mechanical failure, is a material breach of the Franchise Agreement.

You must not reveal or use for the benefit of anyone else any Confidential Information that you acquire through your activities under the Franchise Agreement, including data that you collect from customers or others in connection with the operation of your Filta business. You also must ensure that your employees and anyone else under your direction and control maintain the confidentiality of our Confidential Information. These obligations continue for five years after the Franchise Agreement expires or terminates.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We require franchisees to form a corporation or limited liability company ("**Company**") to engage in the Filta business. If you sign the Franchise Agreement as an individual or partnership, you must establish a Company and transfer your Franchise Agreement to the Company before you open for business. All Owners of the Company must sign a Personal Guarantee of the Company's obligations. The form of the Personal Guarantee follows the Franchise Agreement in Exhibit A. By signing the Franchise Agreement or the separate Personal Guarantee, you and the other Owners are binding yourselves personally to all of the terms of the Franchise Agreement. If you transfer the franchise, and the transferee is a different corporation or LLC, the owner or owners of the transferee must execute our then-current form of Personal Guarantee.

You must designate one of the Owners to devote his or her full time and best efforts to the Filta business. The person so designated is known as the "**Operator**." The Operator may not engage in any other business or hold any full-time position of employment with any organization without the prior written consent of Filta. Based on our adverse experience with franchisees who have attempted to diversify into biodiesel production, we have determined that we will not consent to involvement in that business. The Operator must attend training and must have the power to speak for your Company and to bind your Company in all dealings with Filta.

Although we require the Operator to devote full time to the Filta business, we do not require the Operator to personally operate the van. If the Operator does not personally operate the van, you must designate a technician to operate the van who has completed certain training programs as described in Item 11.

You or the Operator must maintain his or her primary residence within 100 miles of the territory defined as your "Base Franchise," unless otherwise approved by Filta. "Base Franchise" means the oldest continuously-operated Filta Environmental Kitchen Solutions franchise that remains in operation under your ownership.

You must obtain signed non-competition and confidentiality agreements from your owners, officers, directors, and employees, as we designate. You can use your own form of agreement, but it must be acceptable to us and name us as a third-party beneficiary with the independent right to enforce the non-competition and confidentiality obligations.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell only the products and services that we specify in the Manual as approved Environmental Kitchen Solutions Services. Starting in the 13th month after the Opening Date, if you are not offering all of the Environmental Kitchen Solutions Services, you must pay us a monthly fee for each omitted service (see Item 6). As noted in Item 12, we will also have the right, on reasonable notice, to revoke your territorial exclusivity for any omitted service. You may not offer for sale any products or services not listed as approved in the Manual without obtaining Filta's prior written consent. You must cease selling or offering for sale any products or services that we disapprove at any time. We have the right to change the types of authorized products and services, and there are no limits on our right to make changes.

From time to time Filta may introduce new products or services that Filta deems to be complementary to the existing Environmental Kitchen Solutions Services. Once you receive written notice that Filta has introduced a new Environmental Kitchen Solutions Service, within 45 days you must give Filta written notice of your intention to offer and sell the new Environmental Kitchen Solutions Service as part of your franchise. You must pay any start-up costs, fees and expenses associated with the new Environmental Kitchen Solutions Service, which may include licensing fees, equipment and material costs, charges for marketing materials, and other expenses. If you do not offer or sell the new Environmental Kitchen Solutions Service, you must pay the omitted service fee described above and in Item 6, and Filta will have the right to offer or sell the new Environmental Kitchen Solutions Service in your territory (see Item 12).

Starting in the 61st month of operation, you must pay us a Supplemental Service Fee if you have fewer than 1 MFU in operation per territory you own (see Item 6). If and when you have at least 1 MFU in operation per Territory, the Supplemental Service Fee will terminate, but may be reinstated if you again fall below 1 MFU in operation per Territory.

With one exception, you may provide services only at customer locations physically within your Territory. See Item 12 for details.

You are prohibited from selling or transshipping any MFU, MFU filters, FiltaCool filters, or any other equipment, supplies, or materials that you obtain from Filta, except that if another Filta franchisee experiences an emergency or an unforeseen shortage, you can offer to assist that franchisee with Filta's prior written consent. You are prohibited from selling waste cooking oil to anyone other than Filta unless expressly permitted by Filta.

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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 AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2.5	10 years from the date of the Franchise Agreement.
b. Renewal or extension of the term	Section 3	Two renewal terms of 10 years each.
c. Requirements for you to renew or extend	Sections 3.1 - 3.8	Conditions include: written notice of your intention to renew; no material breaches of the expiring Franchise Agreement; you are offering all products and services then constituting the Environmental Kitchen Solutions Services; you have at least 3 Vans in operation; you satisfy gross revenue requirement; you sign our then-current form of Franchise Agreement; you refurbish and upgrade your equipment and vans; you attend refresher training; and you sign a full release of any claims against us (see Exhibit J -- although not required by the Franchise Agreement, our current policy is that the release will be mutual). You must also pay a renewal fee for the final 10-year term (see Item 6). The Franchise Agreement you sign at renewal may contain terms that are materially different from those of your expiring Franchise Agreement, including the fee requirements. If Filta agrees to a term longer than 10 years for the final term, the extended period will be governed by the same agreement as we negotiate for the first 10 years of the final term.
d. Termination by you	Section 21.5; Section 7 of FiltaBio Addendum; Section 9 of 6K Addendum	You can terminate the Franchise Agreement at any time without cause, provided that: (i) you are not in default of any of your obligations to Filta; (ii) you give us at least 30 days advance notice of the termination date; (iii) you continue to provide service to customers, conduct demonstrations for potential customers, and fulfill your obligations until the termination date; (iv) you cooperate with us in transitioning the customers serviced by your franchise to us or to a new franchisee; (v) you return all equipment in good condition; (vi) you pay us a termination fee; (vii) you comply with all obligations described in "i" below; and (viii) you sign a full release of any claims against us. (Although the sample Release in Exhibit J is a mutual release, in this case the Release will not be mutual.) The amount of the termination fee varies depending on how many months are left in the Agreement term; see Exhibit 2 to the Franchise Agreement in <u>Exhibit A</u>.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		You can terminate your obligation to sell WVO through the FiltaBio program on 30 days' notice if we fail to pay money owed to you under the program within 10 days after notice of nonpayment.
e. Termination by Filta without cause	Not applicable	None, except that the agreement terminates without cause when the term expires.
f. Termination by Filta with "cause"	Section 21	Filta can terminate the Franchise Agreement if you default. See "g" and "h."
g. "Cause" defined – curable defaults	Sections 21.1.2 and 21.2	You have 30 days (5 days for payments that are 60 days past due) to cure defaults other than those listed in h.
h. "Cause" defined – non-curable defaults	Sections 21.1 (except 21.1.2) and 21.3	Non-curable defaults include: failure to complete training to our satisfaction; failure to open business when required; causing a customer to terminate a National Account Contract or other conduct that is detrimental to Filta, the System, the trademarks or other franchisees; conducting business outside of your Territory; using the MFU other than as intended or altering, reverse engineering, or disabling a safety feature on any equipment; unauthorized transfer of your franchise or of an interest in your franchise; breach of non-disclosure requirements; failure to obtain prior written consent from Filta when required; failure to submit required report within 3 weeks after its original due date; refusing to permit inspection of your books, records, van, MFU, operations or premises; submitting false or misleading information to Filta; ceasing operation of the Filta business without authorization; insolvency or foreclosure; criminal offense; persistent customer complaints; repeated notices of default; failing to install QuickBooks, maintain a broadband connection, or allow Filta access to your QuickBooks at any prescribed time, or failing to input into QuickBooks any account or customer.
i. Your obligations on termination/nonrenewal	Section 22	Obligations include: stop operating under the Filta name and marks; no telephone calls regarding the Filta business; de-identify the van; cancel trade name filing or domain name registration associating you with Filta; return all FiltaCool filters; return the MFU within 60 days or pay liquidated damages (see Item 6 and Item 14); return any other equipment requested by Filta (for which Filta will pay the used fair market value); deliver all customer lists and contracts to Filta; pay us any amounts owed; and return the Manual. Your obligations not to use or disclose our Confidential Information, to indemnify us, and not to compete with us, among others, survive termination or expiration of the agreement. Also see "r" below.
j. Assignment of contract by Filta	Section 19	There are no restrictions on Filta's right to transfer.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
k. "Transfer" by you – defined	Section 20	Includes sale, assignment, giving away, pledging, or encumbering, either voluntarily or by operation of law, any interest in the Franchise Agreement or the assets of your Filta business. Also includes transfer of any ownership interest in the corporation or LLC that you form for the Filta business.
l. Filta's approval of transfer by you	Section 20.1	Filta has the right to approve all transfers.
m. Conditions for Filta's approval of transfer	Sections 20.2, 20.3, and 20.4.	If you are transferring your entire Filta business: - You must: (i) be in compliance with all obligations under the Franchise Agreement, (ii) pay us an application fee for our investigation of the proposed transferee, (iii) pay us a transfer fee (waived if the transferee is your immediate family member), and (iv) sign a full release of any claims against us (see Exhibit J -- although not required by the Franchise Agreement, our current policy is that the release will be mutual). - The proposed transferee must: (i) meet all requirements for new Filta franchisees, (ii) at our option, either execute an agreement assuming all of your obligations and a new Personal Guarantee, or execute a new Franchise Agreement in the form then offered to new franchisees in the U.S.A. (or the form most recently offered, if Filta is not then granting new franchises in the U.S.A.) for an initial 10-year term, and a new Personal Guarantee, and (iii) if we so request, make arrangements to modernize and upgrade the Filta business. If you are transferring a minority ownership interest, you must give us advance notice and a copy of all proposed contracts; pay us the application fee and any expenses we incur in reviewing the proposed transfer; be in compliance with your agreements; and sign a release as indicated above.
n. Filta's right of first refusal to acquire your business	Section 20.8	If you receive a bona fide offer from an independent third party to purchase all or a part of your Filta business, we have the right to purchase on the same economic terms and conditions. We must exercise the right within 30 days after receipt of notice from you. We can substitute cash for any other form of consideration contained in the offer from the third party. This right of first refusal does not apply if the transferee is your immediate family member (spouse, son or daughter).

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
o. Filta's option to purchase your business	Not applicable	Not applicable
p. Your death or disability	Section 20.6	Your personal representatives must apply to transfer your interest within 30 days after your death or disability. If the deceased was the approved Operator, we can step in to operate the franchise on an interim basis. If your interest is not disposed of within 150 days (unless extended by order of probate), we can terminate the agreement.
q. Noncompetition covenants during the term of the franchise	Section 23.1	You cannot own, operate, be employed by, provide financing or other assistance or facilities to, or have any interest in, any business that offers services similar to one or more of the Environmental Kitchen Solutions Services (" Competing Business ").
r. Non-competition covenants after the franchise is terminated or expires	Sections 23.2 and 23.3	For 2 years following the expiration or termination of the Franchise Agreement or an approved transfer of the franchise to a new franchisee, you cannot engage in any of the activities described in "q" within any Territory formerly assigned to you or within 25 miles from the perimeter of any Territory formerly assigned to you. For 2 years following the expiration or termination of the Franchise Agreement or an approved transfer of the franchise to a new franchisee, you cannot have any contact with any customers to which you provided services within 1 year before expiration, termination or transfer for purposes of soliciting the customers for a Competing Business at any location.
s. Modification of the agreement	Sections 8.6, 16 and 31	No modification generally without signed agreement, but Filta can modify and improve the Manual and the System.
t. Integration/merger clause	Section 32	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable.
v. Choice of forum	Section 30.2	You must sue us where we have our principal place of business at the time the suit is filed. We can sue you in your Territory or where we have our principal place of business. Suits must be filed within 1 year after the occurrence of the facts giving rise to the claim. You and Filta both waive the right to trial by jury, and you waive the right to a class action. All of these provisions are subject to applicable state law.
w. Choice of law	Section 30.1	Florida law governs (subject to applicable state law).

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

In this Item we provide certain historical information concerning the performance of services by franchisees. Written substantiation for these financial performance representations will be made available to prospective franchisees upon reasonable request.

Statement of Total Value of Services Provided in October 2016, Number of Customers Served in October 2016, and Average Value of Services Provided per Customer Served in October 2016

The Notes following the Table form an integral part of this summary statement.

Total Value of Services Provided in October 2016 (see Notes to Table)	\$2,739,162
Number of Customers who received the Services included in line 1 (see Notes to Table)	4,224
Average Value of Services Provided per Customer for October 2016 (line 1 divided by line 2) (see Notes to Table)	\$648.48

Notes:

1. The figures stated in the Table are based on data in our system as of December 31, 2016 for service calls performed in October 2016, as reported to us by franchisees via Quickbooks. For each franchisee, we used only data for October 2016 that had been reported to us in the proper format by December 31, 2016. As of December 31, 2016, 125 franchisees had itemized the service call data correctly and 7 franchisees had not. The Table excludes the data of the 7 franchisees who did not load line items correctly in the database.

2. We believe the amount of data generated system-wide in a full calendar month with respect to services delivered is sufficient to provide representative results. We do not consider our services to be seasonal. We are not aware of any unusual events or circumstances during October 2016 that would cause that month to be atypical for our system.
3. The Table includes all service calls for the relevant period, without regard to the type(s) of Environmental Kitchen Solutions Services provided on a given service call. Some customers received only one type of service per service call, while others received two or more types of service.
4. The number of customers stated in the Table does not include all customers for which we had data; it includes only the customers for which service calls were reported correctly by franchisees, by line item.
5. The "average value of services per customer" is calculated by dividing the total value of the services included in the sample by the number of customers in the sample. THE FIGURE SHOWN IS NOT THE AVERAGE VALUE PER SERVICE CALL. Some customers received more than one service call in October 2016.

Of the 125 franchisees whose data are included in the Table, 50 franchisees (or 40%) had an average value of services per customer for October 2016 higher than \$648.48. The median value of services per customer for the 125 franchisees whose data are included in Table 1 was \$546.61. The prices charged by franchisees for the services included in Table 1 ranged from a low of \$20 to a high of \$4,972. The low figure was an invoice for one fryer in a large complex (but invoiced separately). The high figure was an invoice for service at a stadium.

We have not audited or independently verified the franchisee-reported service call values used to calculate the figures in the Table. To the best of our knowledge, all of our franchisees use the cash basis of accounting. You may wish to consult a financial advisor or an accountant to help you determine how to interpret the information contained in this Item.

The financial performance representations appearing in this Item 19 constitute a historic representation and are not a forecast of future financial performance. Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

Other than the preceding financial performance representation, 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 Victor Clewes, 7075 Kingspointe Parkway, Suite 1, Orlando, Florida 32819, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1:
System-wide Outlet Summary
For Years 2014 to 2016 (Note 1, 2)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year (Note 2)	Net Change
Franchised	2014	201	232	+31
	2015	232	250	+18
	2016	250	275	+25
Company-Owned	2014	0	0	0
	2015	0	0	0
	2016	0	0	+0
Total	2014	201	232	+31
	2015	232	250	+18
	2016	250	275	+25

Notes to Table 1:

- (1) All numbers are as of the fiscal year end. Each fiscal year ends on December 31.
- (2) The figures are for the number of territories in operation at year-end. As of December 31, 2016, we had 144 franchisees, some of whom had multiple territories (the number of territories in operation for each franchise is shown in Exhibit D). See Table 5 below regarding territories that were not yet in operation under Franchise Agreements that had been signed as of year-end.

Table 2:
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2014 to 2016 (Note 1, 2)

State (Note 2)	Year	Number of Transfers
Colorado	2014	2
	2015	0
	2016	0
Connecticut	2014	2
	2015	0
	2016	0
Florida	2014	0
	2015	1
	2016	6

State (Note 2)	Year	Number of Transfers
Georgia	2014	0
	2015	0
	2016	1
Idaho	2014	1
	2015	0
	2016	0
Indiana	2014	0
	2015	0
	2016	1
Maryland	2014	0
	2015	1
	2016	0
Michigan	2014	1
	2015	0
	2016	0
Minnesota	2014	0
	2015	1
	2016	0
New Mexico	2014	1
	2015	0
	2016	0
Ohio	2014	3
	2015	1
	2016	0
South Carolina	2014	0
	2015	0
	2016	2
Texas	2014	0
	2015	2
	2016	2
Utah	2014	0
	2015	0
	2016	1
Virginia	2014	1
	2015	1
	2016	1
Total	2014	11
	2015	7
	2016	14

Notes to Table 2:

- (1) All numbers are as of the fiscal year end. Each fiscal year ends on December 31.
- (2) States not listed had no transfers during the relevant time period.

Table 3:
Status of Franchised Outlets
For Years 2014 to 2016 (Notes 1, 2)

State	Year	Outlets at Beginning of Year	Outlets Opened	Terminations	Non Renewals	Reaquired by Franchisor (Note 2)	Ceased Operations Other Reasons	Outlets at End of Year
Alabama	2014	7	2	0	0	0	0	9
	2015	9	1	0	0	2	0	8
	2016	8	1	0	0	1	0	8
Arizona	2014	3	0	0	0	0	0	3
	2015	3	2	0	0	0	1	4
	2016	4	0	0	0	0	0	4
Arkansas	2014	1	1	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
California	2014	12	2	0	0	0	0	14
	2015	14	1	0	0	0	1	14
	2016	14	2	0	0	0	1	15
Colorado	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	0	4
	2016	4	2	2	0	0	0	4
Connecticut	2014	3	0	0	0	1	0	2
	2015	2	5	0	0	0	0	7
	2016	7	0	0	0	0	0	7
Delaware	2014	1	0	0	0	0	0	1
	2015	1	2	0	0	1	0	2
	2016	2	0	0	0	1	0	1
District of Columbia	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Florida	2014	23	4	0	0	0	0	27
	2015	27	0	0	1	0	0	26
	2016	26	1	0	3	0	0	24
Georgia	2014	6	3	0	0	0	0	9
	2015	9	2	0	0	1	0	10
	2016	10	1	0	0	0	0	11
Idaho	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Illinois	2014	15	2	0	0	0	0	17
	2015	17	1	0	0	0	0	18
	2016	18	0	0	0	0	0	18
Indiana	2014	6	0	0	0	0	0	6
	2015	6	0	0	0	0	0	6
	2016	6	0	0	0	0	0	6
Iowa	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Kansas	2014	2	1	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3

State	Year	Outlets at Beginning of Year	Outlets Opened	Terminations	Non Renewals	Reaquired by Franchisor (Note 2)	Ceased Operations Other Reasons	Outlets at End of Year
Kentucky	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Louisiana	2014	3	2	0	0	0	0	5
	2015	5	0	0	1	0	0	4
	2016	4	3	0	0	0	0	7
Maryland	2014	9	0	0	0	0	1	8
	2015	8	1	0	0	0	0	9
	2016	9	2	0	1	0	0	10
Massachusetts	2014	7	0	0	0	0	0	7
	2015	7	1	0	0	2	0	6
	2016	6	2	0	0	0	0	8
Michigan	2014	10	1	0	1	0	0	10
	2015	10	1	0	1	4	0	6
	2016	6	0	0	0	0	0	6
Minnesota	2014	5	2	0	2	0	0	5
	2015	5	1	0	0	0	0	6
	2016	6	0	0	0	0	0	6
Mississippi	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	1	1	0	0	0	1
Missouri	2014	6	1	0	0	0	0	7
	2015	7	0	0	0	0	0	7
	2016	7	0	0	0	0	0	7
Montana	2014	1	0	0	1	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Nebraska	2014	1	1	0	0	0	0	2
	2015	2	0	0	0	1	0	1
	2016	1	0	0	0	0	0	1
Nevada	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
New Jersey	2014	6	1	0	0	0	0	7
	2015	7	1	0	2	0	0	5
	2016	5	0	0	0	0	1	4
New Mexico	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
New York	2014	4	2	0	0	0	0	6
	2015	6	2	0	0	0	1	7
	2016	7	1	0	0	0	1	7
North Carolina	2014	11	0	0	0	0	0	11
	2015	11	0	1	1	0	0	9
	2016	9	1	0	0	0	0	10
North Dakota	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2

State	Year	Outlets at Beginning of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor (Note 2)	Ceased Operations Other Reasons	Outlets at End of Year
Ohio	2014	14	0	0	0	0	0	14
	2015	14	3	0	0	0	0	17
	2016	17	3	0	0	0	0	20
Oklahoma	2014	1	1	0	0	0	0	2
	2015	2	1	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Oregon	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	1	0	0	2	0	1
Pennsylvania	2014	4	3	0	0	0	0	7
	2015	7	2	0	0	0	0	9
	2016	9	1	0	0	0	0	10
Rhode Island	2014	2	0	0	0	0	1	1
	2015	1	1	0	0	0	0	2
	2016	2	0	0	0	0	0	2
South Carolina	2014	8	2	0	0	2	0	8
	2015	8	0	0	0	0	0	8
	2016	8	0	0	0	0	0	8
Tennessee	2014	0	0	0	0	0	0	0
	2015	0	2	0	0	0	0	2
	2016	2	2	0	0	0	0	4
Texas	2014	7	8	1	0	0	0	14
	2015	14	6	0	0	0	0	20
	2016	20	7	0	0	0	0	27
Utah	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	1	0	0	0	0	2
Virginia	2014	4	1	0	0	0	0	5
	2015	5	2	0	0	0	0	7
	2016	7	3	0	0	0	0	10
Washington	2014	0	0	0	0	0	0	0
	2015	0	2	0	0	0	0	2
	2016	2	0	0	0	0	0	2
West Virginia	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
Wisconsin	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	2	0	0	0	0	2
Totals	2014	201	41	1	2	5	2	232
	2015	232	39	1	6	11	3	250
	2016	250	39	3	4	4	3	275

Notes to Table 3:

- (1) All numbers are as of the fiscal year end. Each fiscal year ends on December 31.
- (2) We hold the Territories reacquired from franchisees, along with any equipment reacquired, for resale to new or existing franchisees. We have no company-owned territories in operation, but we have an affiliate that has an ownership interest in a franchisee with territories in Virginia, Maryland and the District of Columbia.

Table 4:
Status of Company-Owned Outlets
For Years 2014 to 2016 (Note 1)

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Re- Acquired from Franchisee (Note 2)	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Totals	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0

Notes to Table 4:

- (1) All numbers are as of the fiscal year end. Each fiscal year ends on December 31.
- (2) We do not operate in Territories reacquired from franchisees (see Table 3); we hold the Territories reacquired from franchisees, along with any equipment reacquired, for resale to new or existing franchisees. We have no company-owned territories in operation, but we have an affiliate that has an ownership interest in a franchisee with territories in Virginia, Maryland and the District of Columbia.

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**Table 5:
Projected Openings for 2017**

State	Franchise Agreement Signed But Territory Not Open as of December 31, 2016 (Note 1)	Projected New Franchise Territories in Fiscal Year 2017 (Note 2)	Projected New Company-Owned Territories in Fiscal Year 2017
California	1	2	0
Florida	0	1	0
Georgia	0	1	0
Indiana	0	1	0
Maryland	0	1	0
Kentucky	1	0	0
Massachusetts	0	1	0
Michigan	1	1	0
Minnesota	0	1	0
Mississippi	0	1	0
New Jersey	1	1	0
New York	0	1	0
North Carolina	1	1	0
Ohio	0	1	0
Pennsylvania	0	1	0
Tennessee	1	1	0
Texas	3	1	0
Virginia	0	1	0
Washington	0	1	0
Wisconsin	0	1	0
Total	9	20	0

Notes to Table 5:

- (1) This column refers to the number of territories that Filta franchisees have committed to open, but have not yet opened, under Franchise Agreements signed on or before December 31, 2016.
- (2) This column refers to the number of territories that Filta expects to be covered by new Franchise Agreements signed in 2017.

* * *

Exhibit D to this disclosure document contains a list of the names, addresses, and telephone numbers of all Filta franchisees in the USA as of December 31, 2016. Exhibit D also contains a list of the franchisees that ceased to operate a franchise territory during 2016. Some of the franchisees who ceased to operate a franchise territory continue to operate in one or more other franchise territories. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. There are no Filta franchisees who have not communicated with us within ten weeks before the date of this disclosure document.

Certain current and former franchisees have signed confidentiality clauses with us during the last 3 fiscal years in connection with the settlement of disputes. Those current and former franchisees may be restricted from speaking openly about their experience with Filta. You may

wish to speak with current and former franchisees, but be aware that not all of them will be able to communicate with you.

Filta has not created or sponsored any trademark-specific franchisee organizations associated with the franchise system. No independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21 FINANCIAL STATEMENTS

Exhibit E to this disclosure document contains the audited comparative balance sheet of The Filta Group, Inc. as of December 31, 2016, December 31, 2015, and December 31, 2014 and the related audited statements of income, changes in stockholders' equity and cash flows for the years then ended.

ITEM 22 CONTRACTS

The following sample contracts are included in this disclosure document:

- Exhibit A Franchise Agreement (including Personal Guarantee, Contingent Assignment of Telephone Numbers, FiltaBio Addendum, 6K Addendum, FiltaGold Addendum, and FiltaDrain Addendum)
- Exhibit B Deposit Letter Agreement
- Exhibit I Additional State-Required Information and State Contract Addenda
- Exhibit J Sample of Release to be signed when you renew or transfer the franchise

We also require that you fill out a Compliance Questionnaire before signing the Franchise Agreement or a Letter of Intent. The Compliance Questionnaire is in Exhibit F.

ITEM 23 RECEIPTS

The last two pages of this disclosure document are detachable receipt pages. Please sign and date each of them as of the date you received this disclosure document, return one copy to us and retain the other for your records.

EXHIBIT A

**FRANCHISE AGREEMENT, FILTABIO ADDENDUM, 6K ADDENDUM, FILTAGOLD
ADDENDUM, AND FILTADRAIN ADDENDUM**



®

=====

FRANCHISE AGREEMENT

=====

DATED _____

between

THE FILTA GROUP INC.,
a Delaware corporation

and

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ATTACHMENTS:

Schedule

Personal Guarantee

Exhibit 1 - Conditional Assignment of Telephone Numbers

Exhibit 2 - Termination Fee

Exhibit 3 – FiltaBio Addendum

Exhibit 4 – FiltaBio 6K Addendum

Exhibit 5 – FiltaGold Addendum

Exhibit 6 – FiltaDrain Addendum

FILTA FRANCHISE AGREEMENT

PARTIES:

- (1) **THE FILTA GROUP INC.**, a Delaware corporation whose principal place of business is at 7075 Kingspointe Parkway, Suite 1, Orlando, Florida 32819 ("**we**" or "**Filta**"); and
- (2) _____, a(n) **individual, limited liability corporation, corporation**, whose address is _____ ("**You**").

RECITALS:

A. Filta is in the business of franchising others to operate Filta Environmental Kitchen Solutions® businesses, which provide certain services to restaurants, catering establishments, and institutional kitchens. The services currently include:

Service	Description
"FiltaFry Service"	On-site microfiltration of cooking oil using a proprietary filtration machine, fryer cleaning, temperature calibration, advice on good frying practices, and on-site dumping of used oil
"FiltaBio Service"	Collection of waste cooking oil from customers' premises and sale to Filta, to be resold mainly to biofuel producers
"FiltaCool Service"	Placement of special filters in walk-in coolers, freezers and other refrigeration units to provide all-natural temperature, humidity, and odor control
"FiltaGold Service"	Delivery of new cooking oil to customers, either in boxes or using Filta's proprietary onsite equipment.
"FiltaDrain Service"	Application of live bacterial solution to drainage pipes to clear blockages and remove odors

B. We have developed and own a distinctive set of specifications and operating procedures (collectively, the "**System**") for Filta Environmental Kitchen Solutions® businesses. The distinguishing characteristics of the System include, but are not limited to, the proprietary FiltaFry Mobile Filtration Unit ("**MFU**") and filters for microfiltration of cooking oils; the proprietary FiltaCool filters for walk-in cooler and refrigeration units; the FiltaGold proprietary on-site equipment; specially equipped vans to transport Filta equipment and products to customer sites; specifications for additional equipment and accessories; and the accumulated experience reflected in Filta's training program, operating procedures, customer service standards, and marketing techniques; all of which Filta may change, improve and further develop from time to time.

C. Filta identifies the businesses operating under the System by means of the FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® logo shown on the cover page to this Agreement, and such other trademarks, service marks, trade names, signs, logos and other indicia of origin as Filta may designate from time to time for use with the System (collectively, the **"Proprietary Marks"**).

D. You understand the importance of Filta's high standards of quality, cleanliness, appearance and service; of opening and operating Filta businesses in accordance with the Franchise Agreement and Filta's standards, specifications and procedures; and of monitoring Your performance in the Territory.

IT IS AGREED as follows:

1 DEFINITIONS

In this Agreement, unless the context otherwise requires:

"Advertising/Promotions Levy"	means \$-0- for each of the first 3 Months following the Opening Date; and (ii) \$135 per month, starting in the 4 th Month after the Opening Date. Filta has the right to adjust the Advertising/Promotions Levy once per calendar year, on or before December 31, by the amount of the Annual Adjustment.
"Annual Adjustment"	means an increase in the amount of a fee equal to the greater of: (i) the increase in the U.S. Consumer Price Index - All Urban Consumers for the calendar year; or (ii) 2.5% of the then-current monthly amount of that fee .
"Business Volume"	means the aggregate value per week, measured at any particular point in time, of the customer accounts You service (including, if applicable, National Account Contracts under Article 9). For purposes of this clause, each customer account will be valued on the assumption that the customer will continue service at the same level (frequency and scope of work) as most recently ordered.
"Centralized Account"	means a customer that does not have a National Account Contract but (i) owns, operates, controls, or represents multiple locations at which Environmental Kitchen Solutions Services may be performed, and (ii) requests centralized billing of such services through Filta.
"Company"	means a corporation or limited liability company that You form to own the Franchise.

"Confidential Information"	means any information not known to the public concerning You, Filta or the System (whether written, oral, visual, electronic, or in any other form or media), including but not limited to information concerning: (a) Filta's products and services, customers, suppliers, accounts, finances, or other dealings, transactions or affairs; (b) Filta's relationships with its franchisees and former franchisees and their respective principals, owners, and prospective investors; (c) Filta's relationships with its shareholders and employees and former shareholders and employees; (d) technical information, drawings, engineering data, equipment and performance specifications, quality control information, equipment cost and price information; (e) marketing plans, advertising plans, business plans, territorial development strategies, and training curricula; (f) other information of a similar nature which You obtain as a result of Your association with Filta; and (g) any and all works of authorship and material that You prepare based on Confidential Information, whether prepared individually, collectively or jointly with Filta or a third party.
"Environmental Kitchen Solutions Services"	means, collectively, the FiltaFry Service, the FiltaBio Service, the FiltaCool Service, the FiltaGold Service, and the FiltaDrain Service, as those services may be modified or supplemented by Filta under clause 16.2 of this Agreement, and all products sold to customers in conjunction with the services.
"Equipment"	means those items contained in the Equipment Package and any other similar items purchased or leased by You for the Franchise.
"Equipment Package"	means, collectively, the items of equipment set out in the Schedule.
"FDD"	means the Franchise Disclosure Document then used by Filta to offer franchises in the U.S.A. (or the Franchise Disclosure Document most recently used, if Filta is not then offering new franchises in the U.S.A.).
"Fee Payment Date"	means the 28th of each Month (or the next business day, if the 28th falls on a weekend or federal holiday).

"FiltaCool Service Fee"	means \$-0- for each of the first 3 Months following the Opening Date; and (ii) \$3 per FiltaCool filter per month, starting in the 4 th Month after the Opening Date. Filta has the right to adjust the FiltaCool Service Fee at any time on 90 days' notice.
"FiltaDrain Service Fee"	means the fee we charge on Your sale of FiltaDrain services to customers, which is \$-0- as of the date of this Agreement. Filta has the right to institute a FiltaDrain Service Fee at any time on 30 days' notice.
"FiltaGold Service Fee"	means the fee we charge on Your sale of new cooking oil to customers, which is \$-0- as of the date of this Agreement. Filta has the right to institute a FiltaGold Service Fee at any time on 30 days' notice.
"Filter Payment Date"	means the 7th of each month (or the next business day, if the 7th falls on a weekend or federal holiday).
"Franchise"	means the Filta Environmental Kitchen Solutions business that You operate in accordance with the provisions of this Agreement, including its attachments.
"Franchise Portal"	means one or more password-protected sites designated by Filta for use by franchisees and having such features and terms of use as Filta may determine from time to time.
"Gross Monthly Revenue"	means the gross revenue arising directly or indirectly from the conduct of the Franchise during each Month that this Agreement is in force (and for any period less than a complete Month). Gross revenue includes the value of all services performed and of all goods sold and delivered by You during each Month, and the assumed gross revenue of the Franchise in each Month calculated for the purposes of any loss of profits or business interruption insurance claim.
"Information Systems"	means, collectively, the Franchise Portal, QuickBooks (as defined below), and a broadband internet connection for the transmission of invoices, monthly reporting, and other information sharing required under this Agreement.
"Information System User Fee"	means Filta's then-current fee for access to the Franchise Portal.

"Manual"	means the operations manual containing Filta's mandatory and recommended specifications and procedures for operation of a Filta business, as amended by Filta from time to time.
"MFU"	means the proprietary mobile filtration machine used in the FiltaFry Service.
"MFU Filters"	means the filters specifically designed and manufactured for use in the MFU.
"Month"	means a calendar month.
"National Account Contract"	means an arrangement between Filta and a customer for delivery of one or more Environmental Kitchen Solutions Services at multiple locations of the customer or its brand. Filta has sole discretion as to whether to pursue a National Account Contract with a particular customer, the manner of negotiation of the National Account Contract, and the terms and conditions of the National Account Contract.
"Opening Date"	means the date scheduled by Filta for the arrival of the business development manager(s) in the Territory to begin the Sales Support Period pursuant to clause 7.1.
"Opening Package"	means the Equipment Package, uniforms, marketing materials, vehicle preparation, Stock and Stationery listed in the Schedule.
"Owners"	means all of Your shareholders, partners, or members, if You are a corporation, partnership, or limited liability company. This includes all persons whom Filta may subsequently approve to acquire an interest in You.
"Premises"	means Your business office at the location specified in the Schedule or another location approved by Filta pursuant to clause 2.1.
"Quickbooks"	means the version of Intuit's "Quickbooks" small business financial software program designated by Filta from time to time.

"Schedule"	means the Schedule attached to this Agreement. The Schedule is an integral part of this Agreement and references to "this Agreement" include the Schedule.
"Service Fee"	means (i) \$-0- for the first 3 Months following the Opening Date; and (ii) \$565 per Month times the number of MFUs that You have in operation, the number of Vans that You have in operation, or the number of Territories in which You operate, whichever is the greatest number of the three, beginning the 4th Month after the Opening Date. Filta has the right to adjust the Service Fee once per calendar year, on or before December 31, by the amount of the Annual Adjustment.
"Stationery"	means business cards, stationery and other materials in which You identify the Franchise and that bear any of the Proprietary Marks.
"Stock"	means the initial supply of MFU Filters, FiltaCool filters, and other items set out in the Schedule.
"Supply Payment Date"	means the 7th of each Month (or the next business day, if the 7th falls on a weekend or federal holiday).
"Territory"	means the geographic area specified in the Schedule.
"Van"	means a vehicle meeting Filta's specifications that You use to transport the MFU and other Equipment and products to provide Environmental Kitchen Solutions Services at customer locations.

2 FRANCHISE RIGHTS AND TERM

2.1 Filta grants You the right, and You undertake the obligation:

2.1.1 to operate the Franchise within the Territory only;

2.1.2 to use the Proprietary Marks and System solely in connection with the operation of the Franchise; and

2.1.3 to provide Environmental Kitchen Solutions Services solely from the Vans and the Premises or such other premises as may be approved in writing by Filta.

- 2.2 While this Agreement is in effect, and except as otherwise provided in this Agreement or an addendum, Filta will not operate or license any person other than You to operate a business offering Environmental Kitchen Solutions Services under the Proprietary Marks or any other names or marks from premises or a Van within the Territory. Except as specifically provided in the previous sentence, Filta and its affiliates may engage in any business activities, under any name, in any geographic area and at any location, including within the Territory via the Internet, mobile networks, or any other electronic means.
- 2.3 **You are prohibited from conducting any business of the Franchise outside of your defined Territory by any means without Filta's express written consent as provided in clause 2.4.** If You engage in any unauthorized activities (including but not limited to providing services to customers, advertising for business, making sales calls, or performing demonstrations) outside of the Territory: (i) You agree to pay over to the franchisee in whose territory the activity occurs (or to Filta, if the territory is not franchised) any and all gross revenue derived from the unauthorized activity; and (ii) Filta will have the right to terminate this Agreement by written notice, effective immediately. If Filta grants a franchise for a territory in which You have engaged in unauthorized activities, and if Filta makes concessions to the franchisee because of Your unauthorized activities, You agree to pay Filta such amount as will make Filta whole for the concessions granted. The remedies specified in this clause are in addition to any other remedies that Filta and other franchisees may have as a result of your breach.
- 2.4 Notwithstanding clause 2.3, You may provide services to a customer in territory adjacent to Your defined Territory ("**Adjacent Territory**") if, and only if, all of the following conditions are met: (1) You have been servicing the customer in the Territory for at least 8 weeks; (2) You are expressly requested by the customer or its affiliate to service one or more facilities of the same brand in the Adjacent Territory; (3) the Adjacent Territory has not been franchised to any other party by Filta; and (4) You provide Filta with a copy of the customer's request and obtain Filta's express written approval before providing service. If Filta authorizes You to service one or more customer locations outside of your defined Territory, and Filta subsequently grants a franchise for a territory that covers the authorized customer location(s), Filta will give You notice and You will have eight (8) weeks from the date of the notice to transfer the servicing of the customer location(s) to the new franchisee. You acknowledge that You will not be entitled to any compensation if this happens and You agree to assist the incoming franchisee with the transition in a professional manner.
- 2.5 The term of this Agreement expires 10 years from the date shown on the cover page.

3 CONDITIONS OF RENEWAL

Subject to satisfaction of the conditions below, at the end of the initial 10-year term in clause 2.5, You will have the option to renew the franchise relationship. The first renewal term will be for 10 years. If You satisfy the conditions below and choose to renew again at the end of the first renewal term, You will have one final term of 10 years. Filta may require satisfaction of any or all of the following conditions at each renewal:

- 3.1 You must notify Filta in writing, not more than 6 Months nor less than 3 Months before the end of the expiring term, that You wish to renew.
- 3.2 You must have no material breaches of this Agreement outstanding at the date You give the notice referred to in clause 3.1 or in the period between that date and the expiration of the term.
- 3.3 You must have performed Your obligations during the expiring term to the reasonable satisfaction of Filta.
- 3.4 At the date You give the notice referred to in clause 3.1, You must be offering to the public all of the products and services then constituting the Environmental Kitchen Solutions Services and You must have at least 3 Vans in operation.
- 3.5 Your gross revenue per Van during the final year of the expiring term must be no more than 15% below the per-Van average for all Filta Vans in the U.S.A. for the same time period (excluding Vans that were not in operation for the entire year). If You fail to satisfy this condition, Filta may either (i) refuse to renew the franchise relationship; or (ii) renew the franchise relationship only if You agree to reduce the size of, or redefine the boundaries of, the Territory.
- 3.6 Before the end of the expiring term, You must sign a renewal Franchise Agreement in the form then disclosed in the FDD as the Franchise Agreement offered to new franchisees in the U.S.A. (or the form most recently offered, if Filta is not then granting new franchises in the U.S.A.). The renewal Franchise Agreement will take effect the day after the expiring term ends. The provisions of the renewal franchise agreement may differ from and will supersede the terms of this Agreement. However: (1) You will not have to pay another Territory Fee; (2) Filta will not have to perform any pre-opening obligations specified in the new franchise agreement or provide another Sales Support Period; and (3) notwithstanding anything to the contrary in the renewal franchise agreement, Your second 10-year renewal option will continue to be governed by Article 3 of this Agreement. If You exercise Your final 10-year renewal option and satisfy the renewal conditions, including the signing of Filta's then-current form of franchise agreement, You will have such further opportunity to renew as that franchise agreement may specify.
- 3.7 You must refurbish and upgrade the Equipment and each Van at your own expense, to the extent that Filta reasonably deems to be necessary, within the time prescribed by Filta. If You fail to carry out the refurbishment and upgrading referred to in this clause, Filta will have no obligation to grant a renewal.
- 3.8 You and any person specified by Filta must complete such re-training or refresher training as Filta may require, at your own expense.
- 3.9 You and all Owners must sign a general release, in a form satisfactory to us, of all claims against us and our past, present and future affiliates, officers, directors, shareholders, agents and employees.

- 3.10 If You are renewing for the final 10-year term, You must pay Filta a renewal fee equal to 5% of Your average annual gross revenue for the final two years of the expiring term, but not to exceed \$75,000.

4 FEES

- 4.1 You must pay Filta the following amounts:

Territory Fee	\$39,950
Opening Package	<u>\$49,950</u>
Total	\$89,900

If You paid Filta a deposit before signing this Agreement, Filta will apply the deposit to the Territory Fee when You sign this Agreement. The balance due for the Territory Fee and the Opening Package must be paid to Filta 6 weeks before the Opening Date or 90 days from when You sign this Agreement, whichever is earlier. The Territory Fee and Opening Package price are non-refundable even if You fail to open the Franchise for business.

- 4.2 Starting in the 4th Month following the Opening Date, You must pay the Service Fee and Advertising/Promotions Levy to Filta on the Fee Payment Date without any abatement, set off or deduction.
- 4.3 Starting in the 61st Month following the Opening Date, You must pay Filta a supplemental Service Fee (the **"Supplemental Service Fee"**) equal to 50% of the then-current Service Fee if You have in operation fewer than 1 MFU per Territory that You own under this Agreement and any other Franchise Agreement(s) you have with Filta, taken together. Starting in the 67th Month after the Opening Date, if You still have fewer than 1 MFU in operation per Territory that You own under this Agreement and any other Franchise Agreement(s) you have with Filta, taken together, then the Supplemental Service Fee will increase to 100% of the then-current Service Fee. If and when You have at least 1 MFU in operation per Territory that You own under this Agreement and any other Franchise Agreement(s) you have with Filta, taken together, the Supplemental Service Fee will terminate but may be reinstated if You again fall below 1 MFU in operation per Territory.
- 4.4 When you pay the Service Fee each month, You must also pay Filta a conference fee in the amount specified in the Manual (the **"Conference Fee"**). As of the date of this Agreement, the Conference Fee is \$45 per Month per Franchise, regardless of the number of Territories covered by the Franchise Agreement. Filta can increase the Conference Fee on reasonable notice and/or change the per-franchise methodology. If You attend Filta's conference for franchise owners, Filta will refund the Conference Fees collected from You since the prior conference. If You do not attend the conference, Filta will use the Conference Fees collected from you to defray general expenses of the conference. In order to obtain uniformity with respect to Conference Fees, You agree that all of Your existing franchise agreements with Filta, if any, are hereby amended to include the provisions of this clause 4.4 (if the existing franchise agreements do not already include this provision) and, in the event of a conflict

between an existing agreement and this Agreement with respect to the Conference Fee, clause 4.4 of this Agreement will control. Filta reserves the right to determine the scheduling of each conference, but expects to hold a conference no more often than annually.

- 4.5 For all amounts You owe Filta, You must use the payment method that we designate. Because we currently require electronic funds transfer, You must designate an account at a commercial bank (the "**Account**") and furnish the bank with all authorizations necessary to permit us to transfer funds from the Account. On each Fee Payment Date, Filta will transfer from the Account an amount equal to the aggregate Service Fees, Advertising/Promotions Levy, and Information System User Fees then due from You, as determined by Filta from Your online reporting through Quickbooks. On each Supply Payment Date, Filta will transfer from the Account an amount equal to Your aggregate purchases and other amounts then due from You. We will furnish You with a confirmation of each transfer. You agree to maintain sufficient funds in the Account to cover all amounts payable to us. If funds in the Account are insufficient to cover the amounts payable at the time we initiate the funds transfer, the amount of the shortfall will be deemed overdue, and You agree to pay us, on demand, the overdue amount plus daily interest as provided in clause 4.6, plus any bank fees we may incur as a result of lack of funds in Your Account. Filta may also suspend shipment of filters until such time as the past due amount is paid. These remedies are in addition to any other remedies we may have under this Agreement or applicable law. Our right to effect payment by electronic funds transfer does not impair or diminish Your obligation to make payment when due.
- 4.6 If any payment due to Filta is not received in full by the due date, You agree to pay us daily interest on the amount owed, calculated from the due date until paid at the rate of 18% per annum (or the maximum rate permitted by law, if less than 18% per annum).
- 4.7 You agree to pay all applicable taxes and other fees due to any local, state, or federal government arising from the operation of the Franchise. In addition, You must pay to Filta an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on Filta with respect to any payments we receive under this Agreement. You agree to hold us harmless from all claims and demands with respect to taxes that You owe arising from the operation of the Franchise.

5 PRE-OPENING OBLIGATIONS

- 5.1 Filta will provide the following assistance and materials to You before You begin offering Services to customers:
- 5.1.1 the Manual - upon successful completion of the training specified in clause 5.1.3 below, access to the Manual via the Franchise Portal, for use solely by You and your staff;
 - 5.1.2 the Opening Package, including preparation of a Van as provided in the Schedule;
 - 5.1.3 Training - A combination of training at a site designated by Filta, field training, and training in your Territory, all as specified in the Manual.

- 5.2 At Your own expense, You must obtain a Van meeting Filta's specifications before the Opening Date, and You must deliver the Van to a location designated by Filta for Van preparation work under clause 5.1.2. The Van must not be more than two model years old and have no more than 30,000 miles on the odometer at the time You acquire it. If You acquire a used vehicle, You must ensure that a bulkhead and shelving are fitted to Filta's specifications. If You request and Filta approves the use of a vehicle other than the make(s) and model(s) specified by Filta, You acknowledge that Filta may charge You at Filta's cost for any and all non-standard Van preparation work, which will be in addition to the cost of the Opening Package.
- 5.3 If You initially enter into this Agreement with Filta as an individual or partnership, You must establish a Company and transfer Your Agreement to the Company before the Opening Date in accordance with clause 20.4 below. You must satisfy the following requirements at the time You organize the Company and throughout the remaining term of this Agreement:
- 5.3.1 You must provide Filta with proof from the State that the Company is in existence and in good standing.
- 5.3.2 You must designate, subject to Filta's approval, one of the Owners (the "**Operator**") to be personally responsible for performance of all obligations and requirements relating to the Franchise. The Operator must have the power to speak for the Franchise and to bind the Company in any dealings with Filta.
- 5.3.3 The Operator and all other Owners must sign a Personal Guarantee of the Company's obligations in the form prescribed by Filta. The current form of Personal Guarantee is attached to this Agreement.
- 5.3.4 The legal name of the Company must have no connection whatsoever to Filta's brand identity names for the various Environmental Kitchen Solutions Services. In particular, but not by way of limitation, the legal name of the Company must not contain the word "Filta", "FiltaFry", "cooking", "oil", "filter", "micro-filter", "Environmental", "Kitchen", "Solutions", "FiltaBio", "FiltaCool", "eco", "green," "management", or any similar words or phrases.

6 TRAINING

- 6.1 Filta or its designee will train You as specified in clause 5.1.3. Filta will provide lodging, breakfast and lunch for initial training, and You will be responsible for Your travel expenses to and from the training site and all other expenses. You must bear all expenses associated with Your field training and training in Your Territory. Filta has the right to require that any employee You hire who will have access to the MFU also attend training. You must notify Filta each time You hire an employee who will have access to the MFU.
- 6.2 Filta will make available such on-site advice and further field training as You may reasonably request. Filta may also require You and/or Your employees to attend further training courses at any time during the term of this Agreement, if Filta reasonably considers that such further training is necessary.

- 6.3 All training under clause 6.2 will be provided at Filta's standard rate, and You will be responsible for all traveling and living expenses and salaries of those attending. The time and place of training will be at the absolute discretion of Filta or its designee, but Filta will try to accommodate Your reasonable requirements.
- 6.4 Filta will provide You with ongoing advice and guidance by telephone, email, and other forms of communication from Filta's office, as You may from time to time reasonably request, subject to Your provision of such information as Filta may require so as to enable Filta to monitor the performance of the Franchise.

7 FILTA'S SALES SUPPORT OBLIGATIONS

- 7.1 Filta will provide the services of one or more business development managers, an existing experienced Filta franchisee or third-party business coach, to be determined in the sole discretion of Filta, for a period of not less than ten (10) working days which includes Saturday (the "**Sales Support Period**," as it may be extended below), to assist in arranging customer accounts to be serviced by the Franchise. At the end of the Sales Support Period, You and the business development manager, existing experienced Filta franchisee or third-party business coach will jointly certify to Filta the Business Volume achieved as of the end of the Sales Support Period. You and the business development manager, existing experienced Filta franchisee or third-party business coach will also jointly list any demonstrations that have been scheduled but not completed for potential customers by the end of the Sales Support Period ("**Pending Demos**"). Filta may, in its sole discretion, extend the Sales Support Period for as long as Filta elects to continue providing the services of its business development manager(s) in the Territory.
- 7.2 After the Sales Support Period ends, Filta will assign an employee, existing franchisee or third-party business coach to guide You in marketing the services of the Franchise. This relationship will continue until Business Volume reaches \$1,000 per week. You agree that the employee, existing franchisee or third-party business coach may share any and all information about the Franchise with Filta. If Business Volume has not reached \$1,000 per week by the end of three Months of operation, You agree to hold a business evaluation conference call with Filta and to establish a business development plan, which may, at Filta's sole option, include on-site advice from a member of Filta's staff or an experienced operator or third-party business coach appointed by Filta.
- 7.3 Until the earlier of 90 days after the Opening Date or when Business Volume first exceeds \$1,000 per week, You must participate in all remote training sessions scheduled by Filta.

8 FRANCHISEE'S OPERATING OBLIGATIONS

8.1 FiltaFry Service

8.1.1 Mobile Filtration Unit

You acknowledge that a principal purpose of the relationship created by this Agreement is to authorize You to provide services using the MFU. You may not use

the MFU for any purpose other than the FiltaFry Service under this Agreement. You are responsible for maintaining and repairing the MFU at Your own expense. Any improvements or upgrades to the MFU that You propose and that are subsequently adopted by Filta will become the property of Filta and/or the manufacturer of the MFU. To the extent necessary to give legal effect to such ownership, You agree to assign to Filta all of your right, title and interest, if any, in such improvements and upgrades, and You agree to execute all assignments, instruments, affidavits, and other documents that Filta may reasonably request to give effect to this provision. You agree not to alter, engineer, reverse engineer, add to, remove any component of, or disable any safety feature of the MFU or any other Equipment supplied by Filta.

Filta warrants the MFU for a period of twelve months against electrical or mechanical failure resulting from defective materials, provided that the breakdown is not due to misuse or operation of the MFU under conditions other than as stated in the Manual, and that the MFU has been maintained pursuant to the maintenance program stated in the Manual. The warranty period begins on the date You take possession of the MFU.

8.1.2 MFU Spare Parts and Filters

You acknowledge that use of spare parts and MFU Filters supplied by Filta is a legitimate means to protect Filta's interest in the proprietary nature of the MFU. Accordingly, You must purchase from Filta, and Filta agrees to supply, all of Your requirements of spare parts and MFU Filters. An initial supply of spare parts and MFU Filters is included in the Opening Package. Subject to the right to suspend shipment in clause 4.5, Filta will make additional spare parts and MFU Filters available for purchase at Filta's then-current prices and terms. In order to promote customer satisfaction and to minimize downtime of the MFU, You must have a full complement of spare parts for the MFU on hand at all times. Whenever You use any spare parts, You must immediately order replacement parts as necessary to ensure that You have a complete set. In order to promote customer satisfaction and to comply with Filta's specifications for periodic changing of MFU Filters, You must purchase from Filta a minimum of one (1) box of MFU Filters per Month per MFU that You have in operation. However, if You place an order to purchase an additional MFU, You may request in writing at the time of Your order that Filta waive the filter purchase requirement for the additional MFU for an initial period of three months.

You acknowledge that the life expectancy of a MFU Filter cartridge will vary depending on numerous factors, including but not limited to the type of oil filtered, the quality and temperature of the oil when filtered, the type of food that has been fried in the oil, the volume of food fried, the seasonings, flour content and food additives present in the oil, and the customer's general frying practices. Filta does not guarantee that MFU Filters will perform for any specific period of time or in all conditions. If You do not use the MFU Filters in accordance with Filta's specifications, the life expectancy will be shorter.

8.2 **FiltaBio Service**

- 8.2.1 Concurrently with execution of this Agreement, You agree to execute the FiltaBio Addendum attached to this Agreement as Exhibit 3. The purposes of the FiltaBio Addendum are to facilitate development of the FiltaBio Service, to give You assurance of a sales outlet for the waste vegetable oil ("WVO"), and to provide for the aggregation of WVO from You and other Filta franchisees in order to (a) leverage pricing of the WVO, and (b) improve opportunities for consistent sales of the WVO. The program set forth in the FiltaBio Addendum is the "FiltaBio Program." If Filta is operating the FiltaBio Program in Your area of the country at the time of execution of the FiltaBio Addendum, then the terms of the FiltaBio Addendum will take effect immediately. If Filta is not operating the FiltaBio Program in Your area of the country at the time of execution of the FiltaBio Addendum, then notwithstanding the FiltaBio Addendum, You may sell WVO locally on your own terms, subject to the terms and conditions of this Agreement, until Filta sends You the "FiltaBio Notice" as provided in clause 8.2.2. If Filta has not sent You the FiltaBio Notice within six months after executing the FiltaBio Addendum, You agree to begin paying Filta an ongoing monthly fee equal to 12.5% of your Gross Monthly Revenue from WVO sales (the "WVO Sales Fee"). You must pay the WVO Sales Fee, if applicable, at the same time and by the same method as the Service Fee.
- 8.2.2 If Filta intends to begin operating the FiltaBio Program in your area, Filta will give You written notice (the "FiltaBio Notice") of the date on which the terms of the FiltaBio Addendum will go into effect, which will not be less than 45 days after the FiltaBio Notice. If Filta issues the FiltaBio Notice at any time after the WVO Sales Fee has commenced under clause 8.2.1, the WVO Sale Fee will terminate when the FiltaBio Program begins, except as to any amount due for the period before the start of the FiltaBio Program.
- 8.2.3 If and when You reach the point of collecting 2,000 gallons of WVO per month, You will have the option to replace the FiltaBio Addendum with the FiltaBio 6K Addendum attached to this Agreement as Exhibit 4.

8.3 **FiltaCool Service**

- 8.3.1 You acknowledge that a principal benefit of the relationship created by this Agreement is to give You access to the filters used in the FiltaCool Service. An initial supply of filters and holders is provided to You as part of the Opening Package. Filta agrees to supply (subject to the right to suspend shipment in clause 4.5), and You agree to purchase from Filta, all of Your requirements of FiltaCool filters and holders. Starting in the 4th Month of operation, You must pay Filta the then-current monthly FiltaCool Service Fee.
- 8.3.2 You agree to distribute the filters to customers on a monthly rental basis as outlined in the Manual. You agree to change out and de-gas at least once each quarter all filters at each customer location. After 27 months, you can return the spent filters to us for disposal. You can return unspent FiltaCool filters to us before the end of the 27 months for if You pay our then-current restocking fee.

- 8.3.3 You must purchase at least 40 filters per year in order to demonstrate diligent efforts to expand the FiltaCool business in the Territory. If You fail to purchase at least 40 filters in any year, Filta will have the right to revoke your exclusivity under clause 2.2 for the FiltaCool Service in the Territory on reasonable notice. If Filta revokes Your exclusivity for the FiltaCool Service as provided above, You may continue to service FiltaCool accounts but Filta may also solicit and service FiltaCool accounts, directly or through others, in the Territory.

8.4 FiltaGold Service

- 8.4.1 To offer the FiltaGold Service, You must sign the FiltaGold Addendum attached to this Agreement as Exhibit 5. You agree to purchase products and equipment and to provide FiltaGold Services to customers in accordance with the terms of the FiltaGold Addendum.

8.5 FiltaDrain Service

- 8.5.1 To offer the FiltaDrain Service, you must sign the FiltaDrain Addendum attached to this Agreement as Exhibit 6. You agree to purchase products and equipment and to provide FiltaDrain Services to customers in accordance with the terms of the FiltaDrain Addendum.

8.6 Sourcing of Other Products and Services

- 8.6.1 In addition to the requirements in clause 8.1 through 8.5, Filta has the right to require that all other equipment, supplies, products and services that You purchase for operation of or sale in the Franchise: (a) meet specifications that Filta establishes from time to time; and/or (b) be purchased only from suppliers that Filta has expressly approved; and/or (c) be purchased only from a designated source (which may be Filta or its affiliate). Filta will publish its requirements in the Manual and/or the Franchise Portal. The requirements may vary by type of Environmental Kitchen Solutions Service. You are responsible for consulting the Manual and Franchise Portal to make sure that You are up to date on the requirements at all times.
- 8.6.2 Each additional Van that You purchase or lease for the Franchise must satisfy the requirements in clause 5.2. You may purchase or lease the additional Van from any source, provided that the Van meets Filta's specifications and standards and You obtain our written approval.
- 8.6.3 You agree not to assert any claims against Filta (or any officer, director or affiliate of Filta) with respect to any products and services that You obtain from third-party suppliers that are not affiliated with Filta by ownership. You must assert any such claims only against the supplier in question. You must provide Filta with written notice before taking any action in connection with such a claim. Filta will use diligent efforts to assist You in resolving any disputes with suppliers approved and/or designated by us.

8.7 **No Resale or Transshipping**

You are prohibited from selling or transshipping any MFU, MFU Filters, FiltaCool filters, or any other Equipment, supplies, or materials that You obtain from Filta, except that if another Filta franchisee experiences an emergency or an unforeseen shortage, You may offer to assist that franchisee with Filta's prior written consent.

8.8 **General Requirements**

You and/or the Operator must:

- 8.8.1 maintain his or her primary residence within 100 miles of the defined territory for Your Base Franchise, unless otherwise approved by Filta. **"Base Franchise"** means the oldest continuously-operated Filta Environmental Kitchen Solutions franchise that remains in operation under Your ownership;
- 8.8.2 when reasonably requested, demonstrate that You have adequate financing available to enable You fully to develop the Franchise in accordance with this Agreement;
- 8.8.3 carry on the Franchise to the highest standards of service;
- 8.8.4 use best endeavors to promote the Franchise and increase the demand for the Environmental Kitchen Solutions Services;
- 8.8.5 use in the operation of the Franchise only the filters, Equipment, Vans, Stationery, uniforms, and supplies that have been expressly approved by Filta or that satisfy the standards and specifications issued by Filta from time to time;
- 8.8.6 keep the Vans, MFU and uniforms clean and attractive to customers at all times, and maintain the Vans and all Equipment in the highest mechanical condition, including but not limited to performing daily, weekly and monthly servicing of the MFU as prescribed in the Manual and updating the Van graphics as necessary to comply with Filta's specifications;
- 8.8.7 not do anything that may bring Filta, the Proprietary Marks, the System, or the Franchise into disrepute, cause a customer to terminate a National Account Contract, or otherwise have a detrimental effect on Filta, the Proprietary Marks, the System, or the Franchise;
- 8.8.8 comply with all statutes, laws and other legal requirements relating to the Franchise. This includes, but is not limited to, all federal, state and local laws regarding the transport, storage and disposal of WVO. You must at Your own expense obtain (and maintain) all licenses, permits and approvals (if any) that may be required;
- 8.8.9 permit Filta and any person authorized by Filta, on 72 hours' notice, to inspect Your facilities and operations during normal business hours (including but not limited to

Your Vans, MFUs, waste oil storage facility, warehouse, or other areas where You keep Equipment, supplies or waste oil), to interview your employees in person or by other means, and to take copies or samples of any item relating to the Franchise;

8.8.10 devote full time and best efforts to the Franchise, and not engage in any other business or hold any full-time position of employment with any organization without the prior written consent of Filta. Based on its experience, Filta has determined that it will not consent to, and You acknowledge that You and the Operator are prohibited from, engaging in the production of biodiesel; and

8.8.11 not permit any person other than the Operator to manage the Franchise without Filta's prior written consent.

8.9 Compliance with Manual

8.9.1 You must comply with all mandatory elements of the Manual, as posted on the Franchise Portal and amended and supplemented by Filta from time to time. Any additions to or alterations of the mandatory portions of the Manual must be commercially reasonable in light of the requirements of this Agreement, the development of the System, the needs and desires of customers, general commercial practices in franchising, and the out-of-pocket costs of complying with the addition or alteration.

8.9.2 The Manual at all times remains the sole and exclusive property of Filta. You acknowledge that the copyright in the Manual vests in Filta. Neither You nor any other person subject to Your direction and control will print, download, or otherwise make any copies of the Manual without the prior written consent of Filta.

8.10 Monitor Sheets

You must record all pre-service and on-going monitoring activity at each customer site on a monitor sheet in the form prescribed by the Manual. Each monitor sheet must be signed by the manager or most senior representative of the customer at the site. Until the earlier of 90 days after the Opening Date or when Your Business Volume first exceeds \$1,000 per week, You must send Filta a copy of all monitor sheets by fax or other method that Filta specifies, by the 10th day of the Month preceding the activity. Thereafter, You do not have to send a copy to Filta unless requested, but all information required by this clause must be available at any time upon reasonable request by Filta;

8.11 Use of Name and System

8.11.1 You may use the Proprietary Marks only in connection with the Franchise. You may not, without Filta's prior written consent, register any company name or trademark or make use of any business name incorporating any of the Proprietary Marks or incorporating any similar sounding name.

- 8.11.2 All telephone answering messages, email autosignatures, and other identifiers of the Franchise must be in the form prescribed in the Manual from time to time.
- 8.11.3 You may use only such signs, display materials, promotional literature, and other items in connection with the Franchise as have been approved in writing by Filta. At Filta's request, You must immediately desist from the use or display of any signs, materials or objects.

8.12 **Trading**

You must:

- 8.12.1 sell or provide only the Environmental Kitchen Solutions Services and products approved by Filta from time to time;
- 8.12.2 offer customers all of the services constituting the Environmental Kitchen Solutions Services. Starting in the 13th Month after the Opening Date, if You are not offering customers all of the Environmental Kitchen Solutions Services, You must pay Filta a fee of \$100 per omitted service per Month. Filta will also have the right, on reasonable notice, to revoke your exclusivity under clause 2.2 for any omitted service. These are in addition to any other remedies Filta may have;
- 8.12.3 except as permitted by clause 2.4, not operate the Franchise or provide Environmental Kitchen Solutions Services to customers outside of the Territory; and
- 8.12.4 promptly inform Filta of all relevant details of any inquiry from a potential customer outside of the Territory;
- 8.12.5 as and when You receive a request from Filta, provide a full list of the customers that You are servicing, with such other details as Filta may reasonably require. You acknowledge that Filta has the rights, among other things, to: (a) solicit customers that You are servicing to enter into a National Account Contract; (b) deal directly with customers under existing National Account Contracts; and (c) contact customers for commercial purposes other than the Environmental Kitchen Solutions business. Upon expiration or termination of this Agreement for any reason, You may not retain or use any customer lists or other data that You have collected from customers in connection with the Franchise;
- 8.12.6 operate the Franchise at least Monday through Saturday to meet the needs of customers. You recognize that You may need to operate the Franchise during evening, weekend and holiday hours in order to provide service at times convenient to customers;
- 8.12.7 pay Your vendors in accordance with their terms of payment;

- 8.12.8 promptly replace or refund to the customer the cost of any product or service supplied by You which does not conform with the high standards required by the System;
- 8.12.9 not make any statement, representation, or claim or give any warranty to any person in respect of products and services offered by the Franchise, except as specifically authorized in the Manual; and
- 8.12.10 not contact a corporate headquarters of any National Account Contract customer listed on the Franchise Portal without the express consent of Filta.

8.13 Web Site Leads and Online Presence

- 8.13.1 Filta will refer to You without charge any leads that Filta receives through its web site, provided that (i) the inquiry is not from a person in an organization that has a National Account Contract, and (ii) Filta is able to determine that the potential customer is located in Your Territory. If You do not promptly respond to the potential customer, Filta may contact or service the customer, or refer the customer to a franchisee outside of Your Territory for service.
- 8.13.2 Unless agreed to in writing by Filta, You may not register, maintain or sponsor any URL, web site, social media account, discussion forum, blog, email account, text address, or other electronic identifier or electronic, mobile or Internet presence for the Franchise or that otherwise uses or displays any of the Proprietary Marks or any derivative thereof or promotes any products or services similar to those of the Franchise. We have the right to prescribe rules and policies for such activities in the Manual. If we authorize You to engage in any such activities, You agree to adhere to our rules and policies, as amended from time to time, and not to make any statements about Filta or any franchisee or competitor of Filta that may constitute trade disparagement.

8.14 Information Systems

8.14.1 Franchise Portal

The Franchise Portal will have such features and terms of use as Filta may determine from time to time. You must use the Franchise Portal to access the Manual and for reporting, training, or other purposes as directed by Filta from time to time. You must maintain an active broadband internet connection at all times. You must log-on to the Franchise Portal at least once per week and read all email, news, Manual updates and other items. Starting in the 1st Month after the Opening Date, You must pay the Information System User Fee on the Fee Payment Date for access to the Franchise Portal.

8.14.2 Quickbooks

You must install and use Quickbooks for your businesses bookkeeping and invoicing needs. The Quickbooks program must be installed on Your computer prior to the Opening Date.

8.14.3 System Maintenance

You must maintain Your Information Systems in good working order at all times and must ensure that Your employees are adequately trained in the use of the computer system and the Franchise Portal. You must transmit data to Filta via the Franchise Portal as specified in Article 11 below. You must bear all costs of installation, operation, and maintenance of Your Information Systems.

8.14.4 Upgrades

Filta has the right to require upgrades in equipment and software from time to time, provided that, for any such request by Filta, You will not be obligated to spend more than \$1,000 and You will not be obligated to spend more than \$2,500 in the aggregate for such upgrades over the initial 10-year term of this Agreement. You must acquire and install, at Your own expense, computer equipment and software meeting the specifications set out in the Manual from time to time.

8.15 Customer Endorsements

You acknowledge that customer endorsements are critical to the marketing of the Environmental Kitchen Solutions Services and that such endorsements are shared throughout the franchise network via the Franchise Portal. You agree to deliver to Filta a minimum of 6 separate testimonial letters from customers that You are servicing, written on the customer's business stationery, during each of Your first three years of operation, for a total of no fewer than 18 by the end of the third year. If You obtain more than the required number of testimonials by the end of the first two years, the excess number will reduce the number required in the following year.

8.16 Brand Integrity and Quality Assurance

You must comply fully with Filta's brand integrity and quality assurance programs. The programs may include, among other things, customer satisfaction surveys, mystery shopper reports, employee satisfaction and perception surveys, health and safety reviews, observation of services as they are being performed, assessment of the use of Proprietary Marks, and inspection of the Vans, MFUs, warehouse, waste oil storage facility, Equipment, supplies, Stationery, and marketing materials. If You fail to achieve the minimum score prescribed in the Manual for a specific brand integrity or quality assurance assessment, Filta may require You and/or your employees to complete additional training at a location that we designate, at your expense. In addition, You must pay Filta's out-of-pocket costs (including any fees paid to third-party vendors) to carry out a follow-up assessment. Your failure to achieve the prescribed minimum score on two consecutive assessments or on three or more assessments in any five (5) year period will constitute a material breach of this Agreement.

8.17 Van Tracker

Each Van that You operate must be equipped with the geo-location device and subscribed to the geo-location service designated by Filta from time to time. Filta will pay for and install the geo-location device for Your first Van. For each additional Van that You acquire under clause 8.6.2, Filta will install the geo-location device at Your expense. Filta will pay 50% of the monthly tracking fee for each Van. You acknowledge that Filta will have access to all data generated by the geo-location service and You hereby consent to Filta's access to and use of that data for internal purposes related to the Environmental Kitchen Solutions business. Filta will not sell or transfer such data to any third party outside of the FILTA ENVIRONMENTAL KITCHEN SOLUTIONS franchise system without Your prior consent. You acknowledge that, to the extent that You elect to make personal use of the Van not related to the Franchise, such data will reflect Your personal use, and You agree that Filta will have no liability for collection of or access to such data. Your failure to keep the geo-location service in operation, except in cases of unavoidable mechanical failure, will constitute a material breach of this Agreement.

9 NATIONAL ACCOUNT CONTRACTS AND CENTRALIZED ACCOUNTS

9.1 National Accounts

You acknowledge that Filta's negotiation of National Account Contracts, including rates and services to be performed, enhances the potential value of the Franchise and inures to Your benefit as well as to the benefit of Filta and other Filta franchisees. Accordingly, You agree to the following terms:

- 9.1.1 Subject to clause 9.1.2 below, You must service National Account Contracts in the Territory on behalf of Filta, in accordance with the pricing and other terms negotiated between Filta and the National Account Contract customer. You may not enter into any relationship with a customer that, in Filta's reasonable judgment, conflicts with a National Account Contract with that customer. You must comply with all rules and regulations that Filta may issue from time to time for National Account Contracts.
- 9.1.2 Unless otherwise directed by Filta, all billing and collection for services performed under a National Account Contract will be done by Filta. Filta will synchronize with your Information Systems weekly for downloading National Account Contract invoices and processing them for submittal to the National Account Contract customer. You must also leave an invoice at each site where You perform services. This invoice must be in the form of Filta's National and Centralized Account Invoice. Within 30 days after Filta's receipt of payment and remittance advice from the customer showing that the payment is for National Account Contract services that You performed, Filta will remit such payment to You, except that Filta will have the right to deduct up to 10% of the amount invoiced in order to compensate Filta for marketing and negotiating the National Account Contract and for providing billing and collection services, customer relations, and administration of the National Account program. Certain National Account Contracts may require additional volume

rebates from Filta, which Filta will negotiate with the customer on a case-by-case basis. If an additional rebate is required, notwithstanding clause 9.1.1, You will have the option not to participate in that National Account Contract. Filta will have no obligation to pay You for National Account Contract services if You have not submitted the appropriate documentation within 1 year after Filta's receipt of the funds from the customer. Filta will transfer any unclaimed funds for National Account Contract services into the account for the Advertising/Promotions Levy.

- 9.1.3 You understand that certain National Account Contracts may require You to comply with account specific rules of service, which may include but not be limited to check in and check out procedures, mandatory days of service, fixed service routines, and reporting methods as a condition of servicing the brand's locations. Filta will notify You of any special service obligations and may require You to agree in writing to follow the rules of service as a condition of participating in the National Account Contract. If You fail to satisfy the conditions and obligations of any National Account Contract, or choose not to provide service under any National Account Contract, Filta will have the right to service and/or authorize others to service the National Account Contract within the Territory without any compensation to You. Filta will have no obligation to readmit You into the National Account program or to transfer any National Account Contract business to You if You are subsequently willing and able to provide service within the Territory. Service of National Account Contracts by Filta and/or its designee in accordance with this clause will not be deemed to violate clause 2.2.

9.2 Centralized Accounts

You acknowledge that a customer that You are servicing may request to be designated as a Centralized Account even though the customer may not wish to enter into a National Account Contract with Filta. If a customer requests to be designated as a Centralized Account, all billing and collection for services performed for that customer will be done by Filta. You must follow the invoicing and reporting procedures as specified by Filta from time to time. Within 30 days after Filta receives payment and remittance advice from the Centralized Account customer showing that the payment is for services that You performed, Filta will remit such payment to You, except that Filta will have the right to deduct up to 5% of the amount invoiced in order to compensate Filta for its billing, collection, and administration services. Filta will have no obligation to pay You for services to a Centralized Account customer if You have not submitted the appropriate documentation within 1 year after Filta's receipt of the funds from the customer. Filta will transfer any unclaimed funds for Centralized Account services to the account for the Advertising/Promotions Levy.

10 TELEPHONE NUMBERS

- 10.1 You must inform Filta before the Opening Date of all telephone numbers which You propose to use in connection with the Franchise (the "**Telephone Numbers**"). You must sign and provide to Filta a Contingent Assignment of Telephone Numbers authorization in the form of Exhibit 1 to this Agreement. Filta will not make use of the Contingent Assignment of Telephone Numbers until the expiration or termination of this Agreement.

- 10.2 You must use the Telephone Numbers exclusively for the Franchise and no other business. You may not subscribe for, either directly or indirectly, or use telephone numbers other than the Telephone Numbers for the Franchise, unless Filta has been previously informed in writing. You must if so requested by Filta execute an updated Contingent Assignment of Telephone Numbers relating to the further telephone numbers.

11 REPORTS AND RECORDS

- 11.1 You must maintain accurate books of account and supporting records of all business conducted by the Franchise, including but not limited to all invoices, credit notes, statements and delivery notes and the pre-commencement and on-going monitor sheets referred to in clause 8.8. You must input into Quickbooks all invoices within two (2) days from services being rendered. You must submit to Filta a statement of Gross Monthly Revenue through the close of business on the last working day of each Month. You must prepare, in the form set out in the Manual, a monthly financial statement and such other reports as Filta may prescribe, and allow Filta ongoing access to Your Quickbooks invoices and lists of the customers that You are servicing. You must submit the financial statement and reports to Filta on or before each Fee Payment Date and allow Filta to access your Information Systems as often as Filta deems necessary, which will be no less than once a week on each Monday. If for any reason You fail to allow Filta access or fail to submit any of the reports or information required by this Article 11 by any due date, You will be in material breach of this Agreement and Filta will have the right to: (i) charge You a fee of \$75 for each week Filta is unable to access Your Information Systems, (ii) charge You a fee of \$75 per late report for each week that the report is late, and/or (iii) terminate this Agreement.
- 11.2 You must preserve all books of account and records for not less than five years from the date of their preparation, notwithstanding the expiration or termination of this Agreement. You must submit to Filta copies of all sales tax returns as and when they are submitted to any taxing authority.
- 11.3 Within 90 days after the end of Your fiscal year, You must provide to Filta a balance sheet as of the end of the fiscal year, an income statement showing the results of operation of the Franchise during the fiscal year, and such other financial statements as Filta may specify, each of which must be compiled in accordance with GAAP and general good business practices, and done at Your own expense by either an independent certified public accountant or using QuickBooks as required by this Agreement. You must also furnish to Filta such other accounting and management information as may be set out in the Manual from time to time, and any other information which Filta may from time to time reasonably require.
- 11.4 Filta is entitled, directly or through a third-party agent designated by Filta: (i) upon 72 hours' notice, to examine or audit Your books and records at Your offices, using any combination of Filta's own personnel and/or outside service providers; and (ii) upon 10 business days' notice, to require You to assemble, copy and deliver financial statements and other books and records to Filta or its agent for examination or audit at Filta's or the agent's offices. All books, records, accounts, correspondence, data, financial statements, and tax returns related to the Franchise shall be made available for any such examination or audit. You must

cooperate fully with the persons making the inspection, examination or audit on Filta's behalf.

- 11.6 If an examination or audit is performed due to (i) Your failure to submit required reports or financial statements, or (ii) Your failure to maintain books and records as provided herein, or if the Gross Monthly Revenue reported for any period of three consecutive months is more than 10% below the actual Gross Monthly Revenue for the period as determined by the examination or audit, then You agree to pay Filta the reasonable and customary cost of the examination or audit, including travel and lodging expenses for the examiners or auditors. For purposes of calculating the reasonable and customary cost, Filta will use hourly rates for its own personnel that are commensurate with the rates of mid-level professionals of independent accounting firms.

12 INSURANCE

- 12.1 You must at Your own expense maintain insurance coverage meeting the requirements in this Section 12 and any additional requirements we specify in the Manual. Requirements include, but are not limited to, the types and minimum amounts of coverage You must have. The policy or policies must be written by a carrier or carriers with an industry rating acceptable to us; must name Filta, our affiliates, and their respective officers, directors, shareholders, and employees as additional insureds as we direct; and must not have deductibles, exclusions or co-insurance that are unacceptable to us. Your liability policies must be primary and noncontributory and must contain a waiver by Your insurer of subrogation rights against Filta, our affiliates, and their successors and assigns. All public liability and property damage policies must contain a provision that Filta, although named as an additional insured, is nevertheless entitled to recover under the policies on any loss occasioned to Filta or its shareholders, directors, employees, and agents by reason of their negligence.
- 12.2 You must provide us with evidence of all required insurance coverage and payment of premiums before beginning operation of the Franchise. You must promptly notify Filta of cancellation or threatened cancellation of any insurance policies by the insurer. At least 30 days before each insurance policy expires, You must furnish a copy of renewal or replacement insurance and evidence of payment of the premium. Your obligation to obtain coverage is not limited by insurance that we maintain.
- 12.3 We have the right to increase the amounts of coverage required and to require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, new risks, industry practice, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. If You do not maintain the insurance required by this Agreement, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, You agree to reimburse us for the cost of insurance, plus a reasonable fee for our services.
- 12.4 Both during the term of this Agreement and after its expiration or termination, You must notify Filta within 48 hours after You become aware of any claim made by a third party

against You or your insurer relating to the operation of the Franchise, and You must provide documentation relating to the claim on Filta's request.

13 STAFFING

- 13.1 You have sole responsibility for all employment decisions and functions of the Franchise, including recruiting, hiring, firing, scheduling, training (other than the training in clause 5.1.3 and clause 13.4), compensation, benefits, payroll taxes, wage and hour requirements, recordkeeping, supervision, safety, security and discipline of employees. Any information Filta provides about employment matters, whether voluntarily or in response to Your request, and whether directly or by means of any technology tools, is a recommendation only and not intended to exercise control over Your employees, their wages, hours or working conditions, or the means and manner by which they carry out their duties. You alone will direct and control all employees of the Franchise, subject only to applicable legal requirements, the terms of this Agreement, and the standards that Filta prescribes for the preservation of the goodwill associated with the Marks. You may not use any of the Marks in connection with any employee documents (such as employment applications, paychecks, pay stubs, benefits materials, employee handbooks, and employment agreements) without a prominent notice on the document that You are a franchisee of Filta and that Filta is not the employer of anyone working in the Franchise. At our request, made not more often than once every six months, You must communicate by a means reasonably calculated to reach all of Your current employees a reminder that Filta is not their employer, and that Filta does not assume and will not accept any employer, co-employer or joint employer obligations. You must take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet any minimum standards that we may establish from time to time in the Manual.
- 13.2 You must ensure that all employees who visit customer locations wear such uniforms as Filta reasonably requires and that they are repaired and cleaned regularly.
- 13.3 You must obtain a signed confidentiality agreement from all persons employed by or who provide services to You. The form of confidentiality agreement must be acceptable to Filta and name us as a third-party beneficiary with the independent right to enforce the agreement. You may disclose Confidential Information only to persons who have signed a confidentiality agreement that complies with this section.
- 13.4 You and all employees designated by Filta must attend such further periods of training as may from time to time be reasonably required by Filta and bear any travel and subsistence expenses and the salaries of such persons.

14 ADVERTISING/PROMOTIONS

- 14.1 You must pay the Advertising/Promotions Levy to Filta in accordance with clause 4.2, without any abatement, set off or deduction.
- 14.2 Filta will maintain separate accounting for the Advertising/Promotions Levy but Filta has no obligation to maintain a separate account to hold the funds. Filta will expend the

Advertising/Promotions Levy in such activities as Filta, in its absolute discretion, considers to be appropriate to properly promote the Environmental Kitchen Solutions Services, including, but not limited to: advertising campaigns in various media; direct mail advertising; conducting and administering promotions; creative development; market research and development, including secret shoppers and customer satisfaction surveys; employing advertising and/or public relations agencies; production of advertising and promotion; creation and maintenance of an Internet site, social media accounts, mobile applications, and other electronic identifiers; and reasonable administrative expenses related to these efforts (including accounting fees and, if Filta deems it necessary, reasonable attorney's fees for review of proposed advertising and promotional materials). Filta will have final discretion over creative concepts, materials, and media (including online, mobile and other electronic media) used in such activities and their placement. We do not guarantee that You will benefit from these activities in proportion to Your Advertising/Promotion Levy. Filta has the right, but no obligation, to advance monies for use in advertising and promotion activities under this clause and to pay back any such advances from subsequent Advertising/Promotion Levy monies received from franchisees.

- 14.3 Filta will prepare an unaudited annual report of Advertising/Promotion Levy monies received and expended. The report will be available to You upon request within 120 days after Filta's fiscal year end.
- 14.4 You may not publish or distribute any advertising or promotional material unless it has been approved in writing by Filta, which approval will not be unreasonably withheld or unduly delayed. You must immediately cease the use of any advertising or promotional material upon receipt of a request from Filta to do so.
- 14.5 You must prominently display and distribute point of sale marketing material supplied by Filta.

15 TRADEMARKS

- 15.1 You may not apply for registration as owner of any of the Proprietary Marks.
- 15.2 You acknowledge that, as between You and Filta, the goodwill and all other rights in and associated with the Proprietary Marks vest absolutely in Filta, and that all such rights will at all times hereafter and for all purposes remain vested in Filta. If any such rights are deemed at any time to accrue to You, You will at Your own expense, forthwith on demand do all such acts and things and execute all such documents as Filta may deem necessary to vest such rights absolutely in Filta.
- 15.3 If Filta designates any new or different trademark for use in the System after the date of this Agreement, You will have rights to use such trademarks as if they had been included in the Schedule to this Agreement at the date hereof, and where the context so allows, all references in this Agreement to the Proprietary Marks will be deemed to include a reference to such further marks.

- 15.4 You must immediately notify Filta of all circumstances coming to Your attention which may constitute an infringement of any of the Proprietary Marks or may constitute passing off in respect of the Filta name. You must take such reasonable action as Filta may direct, at the expense of Filta, to assist Filta in the protection of the Proprietary Marks.

16 IMPROVEMENTS AND NEW SERVICES

- 16.1 You may not introduce any improvement or modification of or to the System or the Franchise without the prior written consent of Filta. You must notify Filta promptly of any improvement in or modification of or to the System which may be beneficial to Filta or other franchisees. Any such improvement or modification shall be deemed to be owned exclusively by Filta. Filta may use and permit others to use such improvement or modification without any obligation to make any payment to You.
- 16.2 From time to time Filta may introduce new products or services that Filta deems to be complementary to the existing Environmental Kitchen Solutions Services. Once You have received written notice from Filta that it has introduced a new Environmental Kitchen Solutions Service, within forty-five (45) days You must give Filta written notice of Your intention to offer and sell the new Environmental Kitchen Solutions Service as part of Your franchise. You must pay any start-up costs, fees and expenses associated with the new Environmental Kitchen Solutions Service, which may include licensing fees, equipment and material costs, charges for marketing materials, and other expenses. If You do not offer or sell the new Environmental Kitchen Solutions Service, Filta has the right to enter Your territory and either offer or sell the new Environmental Kitchen Solutions Service itself or designate a third-party, which may include another franchisee, to do so on Filta's behalf. You will receive no compensation from Filta or the designated third-party derived from the offer or sale of the new Environmental Kitchen Solutions Service in the Territory.

17 CONFIDENTIAL INFORMATION

- 17.1 You may not, during the term of this Agreement and for a period of five years after expiration, termination, non-renewal, or transfer of this Agreement, communicate or divulge Confidential Information to any unauthorized person or use Confidential Information for your own benefit or for the benefit of any other person in any manner other than in connection with the Franchise. You may divulge Confidential Information only to your employees and agents who must have access to it in order to carry out their duties relating to the Franchise. All information, knowledge, trade secrets, know-how, techniques, and other data which we designate as confidential will be deemed to be Confidential Information for purposes of this Agreement, except information which You can demonstrate came to Your attention by lawful means before we disclosed it to You, or which, at or after the time of our disclosure to You, had become or later becomes a part of the public domain, through publication or communication by others.
- 17.2 At our request, your Owners, officers, and managers must execute confidentiality agreements in a form satisfactory to Filta. The agreements must name Filta as a third-party beneficiary with the independent right to enforce the agreement. You agree to use your best

efforts to obtain similar agreements from any other person outside of your organization to whom You wish to disclose any Confidential Information.

18 FILTA'S RIGHT TO COMMUNICATE WITH CUSTOMERS

The customers serviced by Your Franchise are Filta's customers. In order to protect the reputation of Filta and the Filta Environmental Kitchen Solutions services and to maintain satisfactory public relations, Filta reserves the right to communicate directly with customers at any time to ascertain the quality of the service provided by the Franchise and to discuss any other matters related to the Franchise. You must upon request provide such reasonable assistance as may be necessary for this purpose.

19 ASSIGNMENT BY FILTA

Filta has the unrestricted right at any time to transfer or assign all or any part of our rights and obligations under this Agreement to any person or legal entity without Your consent. You agree that we will have no liability after the effective date of transfer or assignment for the performance of, or any failure to perform, any obligations transferred. We also have the absolute right to delegate any of our duties under this Agreement.

20 TRANSFER

In this Article 20, "**Transfer**" as a verb means to sell, assign, give away, pledge, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, any interest in the Franchise, or (if You are a corporation, partnership, or limited liability company) any ownership interest in You. "Transfer" as a noun means any such sale, assignment, etc.

20.1 No Transfer Without Filta's Consent

Neither You nor any of the Owners may make any Transfer or permit any Transfer to occur without obtaining Filta's prior written consent as provided in clause 20.2 through 20.7. We have the right to communicate with and counsel both You and the proposed transferee on any aspect of a proposed Transfer. No Transfer which requires our consent may be completed until at least 90 days after we receive written notice of the proposed Transfer. You agree to provide any information and documentation relating to the proposed Transfer as we reasonably require. We may withhold our consent on any reasonable grounds, including, but not limited to, failure to satisfy any of the conditions we impose under clause 20.2 or 20.3.

20.2 Transfer Of Entire Business

If You propose to Transfer all or substantially all of the Franchise, the following conditions apply (unless waived by us):

- 20.2.1 You must be in compliance with all obligations to us under this Agreement or any other agreement with us or our affiliates, including all monetary obligations, as of the date of the request for our approval of the Transfer, or You must make arrangements satisfactory to us to come into compliance by the date of the Transfer.
- 20.2.2 The proposed transferee must:
- (i) Demonstrate to our satisfaction that he or she meets all of our requirements to become a Filta franchisee. Filta will respond to an application for consent to Transfer within 30 days after we have received all information that we have requested with respect to the proposed transferee. We may approve a proposed transferee on a provisional basis subject to successful completion of our then-current training requirements and satisfaction of the other requirements for Transfer. If the proposed transferee is one of our other franchisees, he or she must not be in default under his or her agreements with us and must have a good record of service and compliance with our operating standards.
 - (ii) At our option, either (a) sign an agreement in a form acceptable to Filta by which the transferee assumes all of Your obligations under this Agreement for the remainder of the then-current term of the Franchise; or (b) sign a new Franchise Agreement, for an initial 10-year term, in the form disclosed by Filta in its then current FDD (or in the form most recently offered, if Filta is not then granting new franchises in the U.S.A.).
 - (iii) Make arrangements to modernize and upgrade the Vans and Equipment, at the transferee's expense, to conform to our then-current standards and specifications.
- 20.2.3 You must pay a nonrefundable fee of \$250 for each individual associated with the proposed transferee who attends our "Discovery Day" or similar event in connection with the proposed Transfer, whether or not You go forward with the Transfer. If You proceed with the Transfer, You must pay a nonrefundable fee of \$950 per individual Owner to cover Filta's costs of investigating the proposed transferee. Filta will credit the \$250 fee, if applicable, toward payment of the \$950 fee. In addition, if Filta gives consent and You complete the Transfer, You must pay Filta a transfer fee of (i) 10% of the purchase price, if Filta referred the buyer to You; or (ii) 7.5% of the purchase price, if You found the buyer without Filta's assistance. Filta will waive the transfer fee (but not any other conditions) if the transferee is a member of Your immediate family (i.e., spouse, son, or daughter).
- 20.2.4 You and all Owners must execute a general release, in a form satisfactory to us, of all claims against us and our past, present and future affiliates, officers, directors, shareholders, agents and employees. You and all Owners will remain liable to us for all obligations which arose prior to the effective date of the Transfer in connection with the Franchise, and must execute any and all instruments we reasonably request to evidence such liability.

20.2.5 If the transferee is a corporation or other entity, the owner or owners of a beneficial interest in the transferee must execute our then-current form of personal guarantee to ensure performance of the transferee's obligations to us.

20.3 Transfer Of Minority Ownership Interest

For any proposal to admit a new Owner, to remove an existing Owner, or to change the distribution of ownership of the Franchise, or for any other transaction that amounts to the Transfer of a minority interest in the Franchise, You must give Filta advance notice and submit a copy of all proposed contracts and other information concerning the Transfer that Filta may request. Filta will have the right to charge a preliminary fee of \$250 per individual who attends Discovery Day, an investigative fee of \$950 for each proposed new Owner, and to require reimbursement of any out-of-pocket expenses incurred in reviewing the proposed Transfer. Filta will have a reasonable time (not less than 30 days) after we have received all requested information to evaluate the proposed Transfer. You must satisfy the conditions in clause 20.2.1, 20.2.4, and 20.2.5. Filta may withhold its consent on any reasonable grounds or give our consent subject to reasonable conditions.

20.4 Transfer To A Corporation or LLC

We will consent to the Transfer of this Agreement to a Company that You form for the convenience of ownership, provided that You comply with the requirements in clauses 5.3, 20.2.1, 20.2.4, and 20.2.5. If You Transfer to a new or different Company formed for the convenience of ownership after the Opening Date, You must also pay a fee, not to exceed \$750, for Filta's administrative costs in connection with the Transfer.

20.5 Transfer Upon Death, Incapacity or Bankruptcy

If You or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to Filta in writing within thirty (30) days after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. If written notice is not given within thirty (30) days, Filta may terminate this Agreement immediately. Any Transfer under this clause 20.5 will be subject to the provisions of clause 20.2 or 20.3, except that no transfer fee will be charged by Filta. If the deceased or incapacitated person is the Operator (as defined in clause 5.3.2), Filta will have the right (but not the obligation) to take over operation of the Franchise until the Transfer is completed and to charge a reasonable management fee for our services. For purposes of this clause 20.5, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days or (ii) for 60 or more total days during a calendar year. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of clause 20.2 or 20.3, the executor may transfer the decedent's interest to another successor that Filta has approved, subject to all of the terms and conditions for transfers contained in this Agreement. If an interest is not disposed of under this clause 20.5 within one hundred fifty (150) days from the date written notice for consent to Transfer was given informing Filta after an event of death, incapacity, bankruptcy or permanent disability, unless extended by order of probate or bankruptcy proceedings, Filta may terminate this Agreement immediately.

20.6 Non-Conforming Transfers

Any purported Transfer that is not in compliance with this Article 20 is null and void and constitutes a material breach of this Agreement, for which we may terminate this Agreement without opportunity to cure. Our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement.

20.7 Right Of First Refusal

Filta has the right, exercisable within 30 days after receipt of the notice specified in clause 20.1, to send written notice to You that we intend to purchase the interest proposed to be Transferred, or we may name a designee to purchase the interest. If the Transfer is proposed to be made pursuant to a sale, we or our designee may purchase the interest proposed to be Transferred on the same economic terms and conditions offered by the third party. Closing on our purchase must occur within 60 days after the date of our notice to the seller electing to purchase the interest. If Filta cannot reasonably be required to furnish the same consideration as the third party, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within 30 days on the reasonable equivalent in cash, we will designate, at our expense, an independent appraiser and the appraiser's determination will be binding on all interested parties. Any material change in the terms of the offer from a third party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as applied to the third party's initial offer. If a Transfer to which this clause 20.7 applies is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser. Closing on the purchase will occur within 30 days after our notice to the transferor of the appraiser's determination of fair market value. If we elect not to exercise our rights under this clause 20.7, the proposed transferor may complete the transfer after complying with clause 20.1 through 20.7. Filta's right of first refusal in clause 20.7 will not apply to a Transfer under clause 20.4, a Transfer between existing Owners under clause 20.3, or a Transfer by an Owner to his or her spouse, son, or daughter upon death or disability of the Owner, so long as the Transfer does not result in a change of control of the Company.

21 TERMINATION

21.1 In addition to any other termination rights specified in this Agreement, Filta may terminate this Agreement immediately by giving notice in writing to You in any of the following circumstances:

- 21.1.1 if You fail to commence operation of the Franchise within 6 Months from the date of Filta's execution of this Agreement;
- 21.1.2 if any amount payable to Filta is 60 days overdue, Filta sends You a demand for payment, and You fail to pay the overdue amount within 5 days after Filta's demand;

- 21.1.3 if You engage in any conduct that threatens health or safety, causes a customer to terminate a National Account Contract, or is likely to have a material detrimental effect on the goodwill of Filta, the System, the Proprietary Marks, or other Filta franchisees;
- 21.1.4 if You conduct any business outside of the Territory other than as expressly permitted by clause 2.4;
- 21.1.5 if You fail to submit any report or information required by Filta within 3 weeks after its original due date;
- 21.1.6 if You refuse to permit an inspection or audit of Your Vans, MFUs, warehouse, waste oil storage facility, operations, books or records as provided in this Agreement;
- 21.1.7 if You disclose to any unauthorized person or allow the disclosure of any part of the Manual or other Confidential Information;
- 21.1.8 if You fail to obtain prior written approval or consent of Filta expressly required by this Agreement;
- 21.1.9 if You (or any of the Owners) submit to Filta any report or information that You know or should know to be false or misleading, either in connection with Your application for the Franchise or in connection with its operation;
- 21.1.10 if You cease or threaten to cease to conduct business for 3 or more consecutive business days without Filta's prior approval, or for any shorter period in circumstances where it is reasonable for Filta to conclude that You do not intend to promptly resume operations within the Territory;
- 21.1.11 if You use the MFU other than as intended or alter, engineer, reverse engineer, add to, remove any component of, or disable any safety feature of the MFU or any other Equipment supplied by Filta;
- 21.1.12 if You sell or transship any MFU, MFU Filters, FiltaCool filters, or any other Equipment, supplies, or materials that You obtain from Filta without Filta's prior written consent;
- 21.1.13 if any Transfer occurs other than in accordance with the terms of Article 20 of this Agreement;
- 21.1.14 if You (or, in the case of a partnership, any of Your partners) become insolvent or make an assignment for the benefit of creditors; if execution is levied against the Franchise; or if suit to foreclose any lien or mortgage against the Franchise or Equipment is instituted against and not dismissed within 30 days;

- 21.1.15 if You or any of the Owners is convicted of, pleads guilty to, or pleads no contest to a felony or any other crime or offense that Filta believes is likely to have an adverse effect on the System, the Marks, or the goodwill associated with them. Once You or the Owner has been arrested for or formally charged with a serious criminal offense, Filta will have the right: (i) to require that the individual(s) charged be removed from any active role in the Franchise pending final disposition of the charges; and (ii) if the person(s) charged include the Operator, to take over operation of the Franchise and to manage it on Your behalf pending final disposition of the charges. If Filta exercises the right in clause (ii), Filta may charge a reasonable management fee for its services;
- 21.1.16 if You fail to install Quickbooks, fail to maintain a broadband connection, fail to allow Filta access to Your Information Systems at any prescribed time, or knowingly fail to input into Quickbooks any account or customer being serviced by You;
- 21.1.17 if You and/or Filta receives persistent customer complaints, verified by Filta, as to the quality of Your services;
- 21.1.18 if You fail to obtain or maintain required insurance coverage, or if required insurance coverage lapses or is cancelled and is not restored or replaced within forty-eight (48) hours after receipt of written notice of default; or
- 21.1.19 if any customer, government agency, or court determines that You have (a) collected waste cooking oil without the customer's authority; or (b) taken waste oil from a third party's storage container without the consent of the third party.
- 21.2 For any breach not specified in clause 21.1 or elsewhere in this Agreement, Filta has the right to terminate this Agreement if You fail to cure the breach to Filta's satisfaction within 30 days after receipt of notice of default from Filta.
- 21.3 Filta will have the right to terminate this Agreement by written notice, effective immediately, if You are a "repeat offender" under clause 21.1 and/or 21.2. You are a "repeat offender" if You are in default again under clause 21.1 or 21.2 after having received 2 or more prior written notices of default from Filta within the previous 18-month period, even if You cured each default. Filta may exercise this right to terminate at any time within 6 months after You are in default for the third time.
- 21.4 If Filta has reasonable grounds for believing that You have ceased to operate the Franchise without Filta's consent, Filta or its designee may operate the Franchise as Your agent with full powers to bind You and You will be responsible for Filta's costs.
- 21.5 You may terminate this Agreement at any time without cause, provided that: (i) You are not in default of any of Your obligations to Filta; (ii) You give Filta at least 90 days advance notice of the termination date; (iii) You continue to provide service to customers, conduct demonstrations for potential customers, and fulfill your obligations to Filta in the ordinary course until the termination date; (iv) You cooperate with and assist Filta, as reasonably requested, in transitioning the servicing of the customers to Filta or to a new franchisee; (v) You return the Equipment in good condition; (vi) You pay Filta a termination fee as

determined according to the schedule in Exhibit 2 to this Agreement (the "**Termination Fee**"); (vii) You comply with the obligations in Article 22 below; and (viii) You sign a full release of any claims against Filta and its affiliates, officers, directors, agents, and employees.

22 OBLIGATIONS UPON EXPIRATION OR TERMINATION

Immediately upon expiration or termination of this Agreement by either party for any reason or the Transfer of the Franchise to a new owner, unless otherwise explicitly directed by Filta, You must:

- 22.1 cease to trade under the Proprietary Marks, and cease to use the Proprietary Marks (or any imitation or approximation thereof) on the Vans, Stationery, signs, uniforms or otherwise;
- 22.2 not make or receive telephone calls in connection with the Franchise, and not hold Yourself out as an operator of the Franchise or as having any connection with Filta or the System;
- 22.3 deliver to Filta all MFUs in your possession or control. If You return all MFUs within 60 days, Filta will pay You the depreciated value (which we determine using the double declining balance method over a 10 year period) of each returned MFU. If You do not return all MFUs within 60 days, You agree to pay Filta liquidated damages of \$20,000 for each MFU that You fail to return. If Filta accepts the return of any other Equipment, Filta will pay You the fair market used equipment value, as determined by Filta in its reasonable judgment. Filta may deduct from any such payments the costs of any refurbishments and repairs and any other amounts You owe Filta;
- 22.4 within 30 days, return all FiltaCool filters;
- 22.5 within 5 business days, cancel any fictitious name filing or similar filing and any domain name registration that associates You with Filta, the Franchise or the System. If You fail so to do, Filta is hereby irrevocably appointed Your agent with full authority to give such notice to the appropriate government authorities on Your behalf;
- 22.6 within 5 business days, deliver to Filta: (a) full contact details for all customers You have serviced; and (b) the names of all other persons who have inquired about and/or requested the services of the Franchise within the previous 12 months;
- 22.7 pay all amounts owed to Filta and to the creditors of the Franchise;
- 22.8 comply with Your ongoing obligations that survive expiration, termination, or transfer of this Agreement, including but not limited to Article 12 (Insurance), Article 17 (Confidential Information); Article 23 (Restrictions on Competition); Article 24 (Indemnification); and Article 30 (Disputes); and
- 22.9 execute and deliver any and all documents required by Filta to complete the termination of this Agreement, which may include a release of claims, and to facilitate the transition of the servicing of the customers to Filta or its designee.

23 RESTRICTIONS ON COMPETITION

- 23.1 During the term of this Agreement, You may not, without Filta's prior written consent, own, operate, be employed by, provide financing or other assistance or facilities to, or have any interest in, any business that offers services similar to one or more of the Environmental Kitchen Solutions Services (a **"Competing Business"**).
- 23.2 For 2 years following the expiration, termination or non-renewal of this Agreement or the approved transfer of this Agreement by You to a new franchisee, You may not, without Filta's prior written consent, own, operate, be employed by, provide financing or other assistance or facilities to, or have any interest in, any Competing Business that is operating within any Territory formerly assigned to You or within the geographic area defined by an outer boundary line that is measured twenty-five miles outward from the perimeter of any Territory formerly assigned to You. You agree that this restriction will not keep You from earning a livelihood, and You acknowledge that its purpose is to protect the goodwill of Filta and its other franchisees.
- 23.3 For 2 years following the expiration, termination, or non-renewal of this Agreement or the approved transfer of this Agreement by You to a new franchisee, You may not have any contact with any customers to which You provided services within the 1-year period before expiration, termination, non-renewal, or transfer for the purpose of soliciting such customers for any Competing Business at any location.
- 23.4 The running of the time periods in clause 23.2 and 23.3 will be suspended during any period in which You are not in compliance with those sections. In addition, if a court proceeding results in enforcement of clause 23.2 or 23.3, any portion of the time periods in those sections that has not yet run will run from the date of the court order or settlement permitting enforcement.
- 23.5 You may not attempt to circumvent the restrictions in clause 23.1, 23.2 or 23.3 by engaging in prohibited activity indirectly through any other person or entity.
- 23.6 The Owners acknowledge that, by signing this Agreement or a separate Personal Guarantee, they are binding themselves personally to all of the terms of this Agreement, including this Article 23. You must obtain from your officers, directors, and employees, as Filta may designate, executed non-competition and confidentiality agreements similar in substance to this Article 23. The agreements must be in a form acceptable to Filta and specifically identify Filta as a third party beneficiary with the independent right to enforce the agreement.
- 23.7 If any provision of clause 23.1 to 23.3 is deemed by a court to be overbroad or unenforceable as written, the parties intend that the court reform the provision to make it enforceable, and You agree to comply with the clause as so reformed. You agree that the existence of any claim You may have against us, whether or not arising from this Agreement, is not a defense to Filta's enforcement of Article 23.

24 INDEMNITY

You agree to hold harmless and indemnify us and our past, present and future affiliates, officers, directors, shareholders, and employees (collectively, the **"Indemnitees"**) against any claims, losses, costs, expenses, liabilities and damages (collectively, **"Claims"**) arising directly or indirectly from, as a result of, or in connection with the Franchise, as well as the costs of defending against such Claims (including, but not limited to, reasonable attorneys' fees, costs of investigation, settlement costs, and interest), except to the extent that the Claim is finally determined by a court to have been caused solely by Filta's gross negligence or willful misconduct. If You do not respond to a Claim in a timely and appropriate manner, the Indemnitees will have the right, but no obligation, to: (i) choose counsel; (ii) direct and control the handling of the matter; and (iii) settle any claims against the Indemnitees. If You are co-defendant with Filta or any other Indemnitee in a lawsuit, each defendant may retain its own counsel to represent its interests based on their respective contracts of insurance. You and Filta agree to co-operate in a joint defense to deal with the matter unless a conflict arises due to and based on the facts of the case. Your obligations under this clause are not limited by the amount of Your insurance coverage. This clause will survive the expiration or termination of this Agreement.

25 ACKNOWLEDGMENTS

25.1 You hereby acknowledge:

25.1.1 the exclusive rights of Filta to the System.

25.1.2 that in giving advice to You, assisting You to establish the Franchise, and assessing Your suitability, Filta does not give any guarantee or warranty with regard to the financial performance of the Franchise.

25.1.3 that You have been advised by Filta to seek independent advice, including legal advice, and that the decision to enter into this Agreement has been taken on the basis of Your personal judgment and experience, having taken such independent advice.

25.1.4 that You are not relying on any representation, warranty, inducement or promise, express or implied, by Filta other than the documents referred to in Article 32.

25.1.5 that You are not entering into this Agreement in whole or in part because of any potential add-on business concepts that Filta may or may not introduce in the future.

25.1.6 that in order to run a successful Filta franchise, You must be willing to operate during night, weekend and holiday hours.

25.2 It is hereby expressly agreed between the parties that each of the restrictions contained in this Agreement is reasonably necessary for the protection of Filta and its other franchisees, the System, and the Proprietary Marks, and does not unreasonably interfere with Your freedom of action. You enter into this Agreement with the benefit of legal advice in full

knowledge of all the provisions hereof and You acknowledge that all such provisions are fair and reasonable.

- 25.3 You warrant that prior to the execution of this Agreement or any similar agreement with Filta, You had no knowledge of Filta's System or Confidential Information.

26 RESERVATION OF RIGHTS

All rights not specifically and expressly granted to You by this Agreement are for all purposes reserved to Filta.

27 NO AGENCY

Nothing in this Agreement shall be construed as making You and Filta partners or joint venturers or shall make either party liable for any of the debts or obligations of the other. You have no power to contract on behalf of Filta. You are an independent contractor and must not hold yourself out or give the impression that You are acting as an agent or representative of Filta in any dealings which You may have with any third party. You must place upon all Stationery, letter headings, business cards, autosignatures, and other documents and literature used in connection with the Franchise, in such manner and place as Filta may direct, the following words (or such other words to similar effect as may from time to time be specified by Filta): "a Filta Franchise owned and operated under License by" followed by Your name.

28 NO IMPLIED WAIVERS

No delay or failure to exercise any right under this Agreement (or any similar agreement with another franchisee) or to insist upon your strict compliance with any obligation or condition, and no custom or practice that differs from the terms of this Agreement (or any similar agreement with another franchisee), will constitute a waiver of Filta's right to exercise the contract provision or to demand Your strict compliance with the terms of this Agreement. Our waiver of a particular default or condition does not affect or impair our rights with respect to any subsequent default or condition. Our waiver of a default by another franchisee does not affect or impair our right to demand Your strict compliance with the terms of this Agreement. Our acceptance of any payments due from You does not waive any prior defaults unrelated to the payment.

29 SURVIVAL

The expiration or termination of this Agreement (for any reason) does not terminate any provision hereof which is expressly or by implication provided to come into or continue in force after such expiration or termination.

30 DISPUTES

30.1 Governing Law

This Agreement and the relationship between You and Filta are governed by and will be construed in accordance with the law of the State of Florida, without regard to the application of Florida conflict of law rules.

30.2 Venue

You and the Owners must file any suit against Filta, and we may file any suit against You and/or the Owners, in the federal or state court where Filta's principal office is located at the time the suit is filed. The parties waive all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

30.3 Time Limit on Filing

Any claim or action arising out of or relating to this Agreement or the relationship between Filta and You and the Owners must be commenced within one (1) year from the occurrence of the facts giving rise to the claim or action, or the claim or action is barred.

30.4 Class Action Waiver

TO THE EXTENT PERMITTED BY LAW, YOU AND THE OWNERS WAIVE THE RIGHT TO SEEK CERTIFICATION OF A CLASS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM AGAINST FILTA.

30.5 Waiver of Jury Trial

Filta, You, and the Owners irrevocably waive trial by jury in any action, proceeding, or counterclaim among them.

31 MODIFICATION OF AGREEMENT

No variation, modification or alteration of any of the terms of this Agreement is of any effect unless evidenced in writing signed by a duly authorized representative of You and Filta.

32 ENTIRE AGREEMENT

This Agreement and the documents referred to herein constitute the entire agreement between You and Filta and supersede all prior agreements, correspondence, negotiations, and representations in connection with the subject matter hereof, except that nothing in this Agreement is intended to disclaim any representations made in any Franchise Disclosure Document that You received from Filta in connection with this Agreement. No director, employee or agent of Filta is authorized to make any representation or warranty not contained in this Agreement and You acknowledge that You have not relied on any such oral or written representations or statements about the Franchise,

the prospects for success, financial performance, or any other matter unless such representations or statements are annexed to this Agreement and signed by the parties.

33 NOTICE

Any notice given to any party in connection with this Agreement must be in writing and must be sent by first class mail, by reputable overnight commercial delivery service, or by facsimile (if the sender receives machine confirmation of successful transmission) to the address set out at the top of this Agreement or to such changed address as must for that purpose be notified to the other party. Every such notice must be deemed to have been given at the time when in the course of ordinary transmission it should have been delivered at the address to which it was sent.

34 EXPENSES

You agree to reimburse us for all expenses we reasonably incur (including reasonable attorneys' fees): (a) to enforce the terms of this Agreement or any obligation owed to us by You and/or the Owners; and (b) in the defense of any claim You and/or the Owners assert against us on which we substantially prevail in court, arbitration, or other formal legal proceedings. Except as stated in the foregoing sentence or as expressly provided otherwise in this Agreement, the parties will each bear their own legal and accountancy costs and other expenses incurred in connection with this Agreement.

[Signature page follows.]

THIS FRANCHISE AGREEMENT IMPOSES IMPORTANT LEGAL OBLIGATIONS ON YOU. WE THEREFORE STRONGLY ADVISE YOU TO OBTAIN COMPETENT, INDEPENDENT LEGAL AND BUSINESS COUNSEL BEFORE ENTERING INTO THIS FRANCHISE AGREEMENT. We believe that fully understanding your obligations before entering into the agreement is the best way to avoid conflicts. We look forward to a mutual, beneficial relationship.

You represent that the person signing this Agreement on your behalf has full authority to do so.

PLEASE SIGN BELOW.

THE FILTA GROUP INC.

Print name of individual, limited liability company, or corporation:

By _____

Signature _____

Title _____

Title _____

THE SCHEDULE

The Territory:

Premises location:

Opening Package:

Equipment & Stock

Quantity	Item & Description
1	FiltaFry Mobile Filtration Unit
1	Stainless steel bucket
2	Pair Safety gloves Kevlar
1	Accessories holder
1	Burns first aid kit
1	Box - 5 Gallons FiltaChem Plus cleaning fluid
1	Electronic thermometer
2	Packs of screen cleaners
1	Light box
2	Boxes of 20 Industrial scouring pads
2	Pair Kevlar arm protectors
1	Safety glasses
2	Glass sampling jars
1	Scraper
1	Stainless steel ladle
1	Stainless steel poker/hook
1	"Wet Floor" warning sign
6	Rolls Shop towels
2	Hand spray
1	PVC Jacketed Electrical Extension Cord
1	Filter Extraction Tool
2	Aprons
1	Oily Rag - Fire Disposal Can
1	5lb ABC Fire Extinguisher
1	10 ft roll red repair tape
1	10 ft roll blue repair tape

Equipment & Stock

Quantity	Item & Description
1	Pair of Hand to Elbow Fryer Glove
1	Fryer Cleaning Tool
1	Heavy Duty Scrub Pad
2	8WS Industrial wet/dry vac
18ft	Vacuum Hose
1	Vacuum Switch
1	Vacuum Hose Cuff (Only)
1	Vacuum Hose Clamp (Only)
1	Short Attachment
1	Curved Attachment
1	Long Attachment
2	Boxes of 20 FiltaFry filters
3	Pre-Filter Sock Medium Duty (Pack of 20)
1	Pre-Filter Sock Ultra Fine (Pack of 20)
1	Outlet Hose (red only)
1	Pre-Filter Lid Knobs (pack of 3)
1	Contactor
1	Transformer
1	New Style Female Snap Coupling
1	New Style Male Snap Coupling
1	New Style Snap Coupling Seal (Pack of 5)
1	Auxillary Contactor
1	Front Motor Bearing
1	MFU Oil Tank Shield
1	Inlet Hose (blue only)
1	Dump Valve
1	Pump Seal Kit
1	Overload Relay (6-10 amp)
1	Cartridge Retainer Ring (Installs in Main Filter Pot)
2	Gen 3- Red Main Filter Lid Seal
1	3/4" Inlet Hose Swivel
5	Gen 3- Black Main Filter Lid Seal
6	FiltaCool Holders including screws
24	FiltaCool Filters
1	FiltaCool Degassing Unit
1	Oil Disposal Caddy
1	WVO Transfer Pump 1"
1	Oil Spill Kit
2	Pipe Nipple 1" male x 4" male (bio pump)
2	1 1/4" x 1" bushing (bio pump)

Equipment & Stock

Quantity	Item & Description
3	1 1/4 Male Kamlock x 1 1/4 Male NPT (bio & VST)
1	1 1/4 Elbow (VST)
1	1 1/4 Brass Valve (VST)
1	1 1/4 x 2 nipple (VST)
1	Filta Dolly
1	55 gallon drum filter
2	15ft tanker hose
1	FryerPower boil oit
1	Berm (Drop Ship)

Stationery:

QUANTITY	ITEM & DESCRIPTION
1	Start-up Pack Envvelopes (500 and Business Cards (500)

Marketing Materials:

QUANTITY	ITEM & DESCRIPTION
25	Fryer Management Kitchen Posters
100	Filta Services Brochures
50	Environmental Impact Brochures
5	Filta markers
20	Filta pens
25	Window Clings
25	Filta Folders
25	FiltaCool One Sheet
25	Recruitment Cards

Uniforms:

QUANTITY	ITEM & DESCRIPTION
2	Filta business dress or camp style shirts
2	Filta Polo Style Shirts
1	1 Filta jacket
1	1 Filta sweatshirt
5	Work Pants
5	Filta Tech -Shirts
1	Pair Non slip boots
2	Filta baseball caps

Equipment & Stock

Quantity	Item & Description
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Vehicle Preparation:

QUANTITY	ITEM & DESCRIPTION
1	Van Decal
1	Ramp and Locking System
1	Van Storage Tank
1	Geo-location Device (Installed) / Optional

PERSONAL GUARANTEE

As an inducement to THE FILTA GROUP INC. ("Filta") to execute a Franchise Agreement (the "Agreement") with _____ ("Franchisee"), a(n) **individual, LLC, corporation** organized under the laws of _____, the undersigned individuals (collectively, the "Guarantors"), jointly and severally, hereby unconditionally and personally guarantee to Filta, its affiliates, and their successors and assigns that all of Franchisee's obligations under the Agreement and under other agreements or arrangements between Franchisee and Filta, its affiliates, and their successors or assigns will be punctually paid and performed.

1. Guaranty

Upon demand by Filta, the Guarantors will immediately make each contribution or payment required of Franchisee under the Agreement, and under other agreements or arrangements between Franchisee and Filta, its affiliates, or their successors or assigns. Each Guarantor waives any right to require Filta to: (a) proceed against Franchisee or any other Guarantor for any contribution or payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee or any other Guarantor; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee or any other Guarantor. Without affecting the obligations of the Guarantors under this Guarantee, Filta may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The Guarantors waive notice of amendment of the Agreement and notice of demand for contribution or payment by Franchisee and agree to be bound by any and all such amendments and changes to the Agreement.

2. Indemnity

The Guarantors agree to hold harmless and indemnify Filta against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement or any other agreement between Franchisee and Filta or its affiliates.

3. Other Personal Obligations

The Guarantors acknowledge that they are bound personally by all covenants not to compete, confidentiality provisions, governing law and dispute resolution provisions, and restrictions on transfer of interest contained in the Agreement.

Except as expressly authorized by the Agreement, the Guarantors shall not make use of any of the intellectual property rights licensed under the Agreement or the goodwill of Filta and its affiliates, and shall not disclose to any third party or make use of any trade secrets, know-how, systems or methods of which Guarantors may acquire knowledge by virtue of the training they may have received from Filta, their involvement in the business, or their ownership interest in Franchisee.

4. Duration

This Guarantee will terminate upon the termination or expiration of the Agreement, except that (a) all obligations and liabilities of the Guarantors which arose from events which occurred on or before

the expiration or termination of the Agreement shall remain in full force and effect until satisfied or discharged by the Guarantors; and (b) all personal obligations under Section 3 which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms.

Upon the death of a Guarantor, the heirs and estate of the Guarantor will not be bound by this Guarantee or liable for any outstanding obligations of the Guarantor hereunder. However, the obligations of the surviving Guarantors will continue in full force and effect.

GUARANTOR:

Date: _____

GUARANTOR:

Date: _____

EXHIBIT 1
CONTINGENT ASSIGNMENT OF TELEPHONE NUMBERS

For value received, the undersigned ("**Assignor**") assigns, transfers and sets over to THE FILTA GROUP, INC. ("**Franchisor**") all of Assignor's right and title to and interest in and to those certain telephone numbers and regular, classified, or other telephone directory listings (collectively, the "**Telephone Numbers and Listings**") associated with the FILTA ENVIRONMENTAL KITCHEN SOLUTIONS® business operated by Assignor under its Franchise Agreement with Franchisor.

This assignment agreement (the "**Assignment**") is for collateral purposes only and, except as specified herein, Franchisor will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Franchisor notifies the telephone company and all listing agencies (collectively, "**Telephone Company**") to effectuate the Assignment.

Upon termination or expiration of the Franchise Agreement (without renewal or extension), Franchisor will have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings. In such event, Assignor will have no further right, title, or interest in the Telephone Numbers and Listings. Notwithstanding the foregoing, Assignor will remain liable to the Telephone Company for all current and past due fees owed to the Telephone Company on or before the effective date of the Assignment.

Assignor acknowledges and agrees that upon termination or expiration of the Franchise Agreement (without renewal or extension), Franchisor will have the sole right to and interest in the Telephone Numbers and Listings, and Assignor appoints Franchisor as Assignor's true and lawful attorney-in-fact to direct the Telephone Company to assign the Telephone Numbers and Listings to Franchisor, and to execute such documents and take such actions as may be necessary to effectuate the Assignment. Upon the termination or expiration of the Franchise Agreement, Assignor will immediately notify the Telephone Company to assign the Telephone Numbers and Listings to Franchisor. Assignor also agrees not to utilize a call forwarding message referring to another number. If Assignor fails to promptly direct the Telephone Company to assign the Telephone Numbers and Listings to Franchisor, Franchisor will direct the Telephone Company to effectuate the assignment contemplated hereunder to Franchisor.

The parties agree that the Telephone Company may accept this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Telephone Numbers and Listings upon the termination or expiration of the Franchise Agreement. If the Telephone Company requires that the parties execute the Telephone Company's assignment forms or other documentation at the time of termination or expiration, Franchisor's execution of such forms or documentation will effectuate Assignor's consent and agreement to the Assignment. The parties agree to perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the Assignment upon termination or expiration of the Franchise Agreement.

THE FILTA GROUP, INC.

FRANCHISEE

By: _____

By: _____

Date: _____

Date: _____

EXHIBIT 2
TERMINATION FEE SCHEDULE

If You elect to terminate the Franchise in the following year of Your then-current Term:	The Termination Fee will be:
Year 1	The Service Fee multiplied by 25% of the number of Months remaining in the Term
Year 2	The Service Fee multiplied by 30% of the number of Months remaining in the Term
Year 3	The Service Fee multiplied by 35% of the number of Months remaining in the Term
Year 4	The Service Fee multiplied by 40% of the number of Months remaining in the Term
Year 5	The Service Fee multiplied by 45% of the number of Months remaining in the Term
Year 6	The Service Fee multiplied by 50% of the number of Months remaining in the Term
Year 7	The Service Fee multiplied by 55% of the number of Months remaining in the Term
Year 8	The Service Fee multiplied by 60% of the number of Months remaining in the Term
Year 9	The Service Fee multiplied by 65% of the number of Months remaining in the Term
Year 10	Zero

EXHIBIT 3
FILTABIO ADDENDUM

**FILTABIO ADDENDUM TO THE
FILTA ENVIRONMENTAL KITCHEN SOLUTIONS FRANCHISE AGREEMENT**

This FiltaBio Addendum (the "Addendum") is entered into by THE FILTA GROUP, INC., a Delaware corporation ("Filta"), and _____ ("Franchisee" "You" or "Your"), on the date signed by Filta (the "Effective Date").

Background:

A. This Addendum amends and supplements the Filta Environmental Kitchen Solutions Franchise Agreement dated _____, between You and Filta (the "Franchise Agreement").

B. Capitalized terms used but not defined in this Addendum have the same meaning as in the Franchise Agreement.

Agreement:

1. Purpose of Addendum.

To facilitate development of the business of collecting, storing, and selling waste cooking oil ("WVO") as a service under the Franchise Agreement (the "FiltaBio Service"); and

To give You a sales outlet for the WVO and provide for the aggregation of WVO from You and other Filta franchisees in order to a) leverage pricing of the WVO, and b) improve opportunities for consistent sales of the WVO.

2. Term

This Addendum will expire automatically on the date of termination, expiration, or non-renewal of the Franchise Agreement.

3. Designated Collector

Filta may enter into an agreement with a third party that will collect all WVO in Your possession, pursuant to the terms of this Addendum (the "Designated Collector"). If Filta has entered into an agreement with a Designated Collector, the contact information for the Designated Collector is included on the attached Schedule "A." If Filta changes Designated Collectors, Filta will notify You in writing. The Procedure (section 4 of this Addendum) may be subject to change dependent upon a change in the Designated Collector.

4. Procedure

a. You agree to sell all WVO to Filta during the term of this Addendum, subject to the terms and conditions stated below except as otherwise agreed in writing with Filta.

b. You agree to collect, process and store all WVO from customers serviced by Your franchise and to telephone Filta at least once per week to report to Filta the volume, in gallons, of the WVO in Your possession. In reporting Your volume of WVO, You represent that You have the lawful right to all WVO that You have collected and that it has not been collected from bins outside the back of customer locations.

c. When Filta determines that the aggregate volume of all area franchisees' WVO reaches the capacity of an available truck, Filta will arrange to have the WVO collected. Your WVO may be combined with the WVO collected from other area franchisees to form a truckload. Filta or the Designated Collector will provide You with 48 hours' notice of the collection date.

d. In presenting the WVO for collection, You represent that the oil has less than 10% FFA and less than 3% MIU content (the "Quality Level"). You agree to send Filta samples of WVO from totes when requested prior to collection. In order to protect all parties and ensure quality, Filta or the Designated Collector may conduct tests before and after collection to determine whether the WVO meets the Quality Level. If WVO does not meet the Quality Level before collection, then Filta will advise You on methods to bring the WVO up to the Quality Level.

e. A collection receipt will be left onsite showing the date, time and volume of WVO collected at the time of collection. Within 48 hours of collection You will be notified by email of the rate to be paid for the WVO per the attached Schedule "B." If You have any objections to the rate or volume, You must send Filta an email within 24 hours of receipt of this notification describing the objection.

f. You acknowledge that if any truckload of WVO does not meet the Quality Level, the end purchaser may reduce the price it will pay for the WVO. In such a case, Filta or the Designated Collector will test all samples taken at collection from the franchisees who contributed WVO to the affected truckload. The franchisee(s) who provided the WVO not meeting the Quality Level will receive reduced payment for the WVO.

g. Subject to the paragraphs above, Filta will pay You for the WVO collected within fourteen days of the date purchased by the end buyer. Filta will pay You at the rate notified under Paragraph 4(e) above, unless reduced under Paragraph 4(f).

5. Treatment of Proceeds

Your receipts from the sale of WVO will constitute Gross Monthly Revenue under the Franchise Agreement and will be included in any calculation of Business Volume thereunder.

6. Authorization to Enter Franchisee's Property

If you elect to rent a storage unit, garage or warehouse facility to store waste oil and/or supplies, the facility must meet Filta's standards for accessibility to the facility by Filta or the Designated Collector. You agree to set up your WVO storage area in such a way that Filta or the Designated Collector has free access to it, including all necessary entry codes or keys. Franchisee grants Filta and the Designated Collector and all their employees, contractors and subcontractors the right and license to enter upon Franchisee's property to access the WVO storage area.

7. Franchisee's Rights in Case of Nonpayment

If Filta does not pay You for the WVO within 30 days of the date it is purchased by the end buyer, You must send written notice of nonpayment to Filta's Orlando office (Fax (407) 996-5551). Filta will have 10 business days from receipt of Your notice to deliver payment to You. If Filta does not deliver payment within this 10 business day period, You will have the right, on 30 days' written notice, to terminate Your obligation to sell WVO through the procedure in this Addendum. You may thereafter continue to collect, store, and sell waste oil under the FiltaBio name and mark, subject to the terms of the Franchise Agreement and the remaining terms of this Addendum.

8. Filta's Right to Suspend Program

If the market price of WVO should decline to the extent that Filta determines that performing under this Addendum is no longer economically or commercially feasible, Filta may suspend the parties' rights and obligations hereunder indefinitely by delivering written notice to Your place of business at least 10 business days before the suspension takes effect. During any period of suspension, You may continue to collect, store, and sell waste oil under the FiltaBio name and mark, subject to the terms of the Franchise Agreement and the remaining terms of this Addendum. If the market price of WVO recovers to the extent that Filta determines that resuming performance under this Addendum is economically or commercially feasible, Filta may reinstitute the parties' rights and obligations hereunder by delivering written notice to Your place of business at least 10 business days before the suspension ends.

9. Confidentiality

You agree not to disclose any information about the terms of this Addendum, including the Schedules, to any person or entity who is not a party to this Addendum. Such information will be subject to all confidentiality obligations of Franchisee and its Owners, officers and managers under the Franchise Agreement and all related agreements with Filta.

10. Entire Agreement; Modification.

This Addendum is the final agreement between the parties on this matter and all prior discussions or representations about the Addendum are superseded and replaced by this Addendum. This Addendum may not be modified except by a writing signed by all parties.

11. Effect of Addendum.

Except as expressly modified by this Addendum, the terms of the Franchise Agreement, as amended, remain in full force and effect and are ratified and confirmed.

[Signature page follows]

For your convenience, this document is set up for execution by e-signature through EchoSign. Acceptance is indicated by e-signature. Simply follow the instructions in the EchoSign e-mail to e-sign this document. A fully executed copy will then be e-mailed to you.

[YOUR COMPANY NAME]

The Filta Group, Inc

Print

Name: _____

Title: _____

Date: _____

By:

Title: _____

Date: _____

Schedule A

The **Designated Collector** under this Addendum is:

Schedule B

The Rate Paid per gallon to Franchisee is based upon the Monthly Volume of WVO collected and the Jacobsen Rate at the time of collection. The higher the Monthly Volume, the higher the percentage of Jacobsen paid

<i>Monthly Volume (gallons)</i>	<i>Rate Paid % Jacobsen</i>
0-1,000	45%
1,001-1,500	50%
1,501-2,000	55%
2,001-2,500	60%
Over 2,500	65%

Descriptions and Examples

Jacobsen Rate

This Jacobsen Rate is an industry standard for pricing WVO and is published weekly on FiltNet or can be found at www.thejacobsen.com

Jacobsen works on regions. You are in the region defined by Jacobsen as: **"To be decided"**

The Jacobsen rate is defined in cents per pound. This amount is multiplied by 7.5 to give the price per Gallon.

Monthly Volume

Note: As the project grows, there may be many collections per month from Franchisee, and each collection may be of relatively low volume (for example 400 gal per week). The fairest way to work the pricing is to determine how much WVO Franchisee collects in a 30 day period and pay the rate accordingly. This is the "Monthly Volume."

The calculation to determine the Monthly Volume is:

Volume collected divided by the number of days since last collection multiplied by 30.

Example 1: If 1,500 gallons is collected and it has been 35 days since the last collection:

$$\text{Monthly Volume} = 1500 / 35 \times 30 = 1,286$$

Example 2: If 750 gallons is collected and it has been 15 days since the last collection:

$$\text{Monthly Volume} = 750 / 15 \times 30 = 1,500$$

EXHIBIT 4
FILTABIO 6K ADDENDUM

**FILTABIO 6K ADDENDUM TO THE
FILTA ENVIRONMENTAL KITCHEN SOLUTIONS FRANCHISE AGREEMENT**

This FiltaBio 6K Addendum (the "Addendum") is entered into by THE FILTA GROUP, INC., a Delaware corporation ("Filta"), and _____ ("Franchisee" "You" or "Your"), on _____ (the "Effective Date").

Background:

A. This Addendum amends and supplements that certain Filta Environmental Kitchen Solutions Franchise Agreement between You and Filta, as amended (the "Franchise Agreement").

B. This Addendum supersedes and replaces any previous FiltaBio Addendum to the Franchise Agreement.

C. Capitalized terms used but not defined in this Addendum have the same meaning as in the Franchise Agreement.

Agreement:

1. Purpose of Addendum.

To facilitate development of the business of collecting, storing, and selling waste vegetable oil ("WVO") as a service under the Franchise Agreement (the "FiltaBio Service"); and

To give You a sales outlet for the WVO and provide for the aggregation of WVO from You to a) leverage pricing of the WVO, and b) improve opportunities for consistent sales of the WVO.

2. Term

This Addendum will expire automatically on the date of termination, expiration, or non-renewal of the Franchise Agreement.

3. Collector

Filta will enter into an agreement with a third party (the "Collector") to broker the sale of all WVO in Your possession, pursuant to the terms of this Addendum. Filta will use its best efforts and business judgment to negotiate with available third parties to obtain the best available price for Your WVO based on market conditions in place at the time of sale. Filta may change the Collector at its sole and reasonable discretion, and if it deems it prudent to do so, may enter into an agreement with available third parties to sell future loads of WVO at a designated price.

4. Equipment and Financing

a. You will purchase the following equipment from Filta (includes but not limited to):

- i. Poly tanks (quantity depends on capacity of tanks)
- ii. Oil pump
- iii. Motor for pump

- iv. Berm
- v. Hoses
- vi. Fittings
- vii. Couplings
- viii. PVC
- ix. Ball valves; and
- x. tank hose

- b. You will pay for all costs related to the freight, transportation, delivery, installation and maintenance of the equipment at Your facility. Filta will provide You with a separate invoice that details all equipment that You will acquire and all costs that You will pay, and You agree to pay Filta the price that will be set forth on the invoice.
- c. Immediately upon termination of this Addendum, You agree to completely dismantle all of the foregoing equipment so that it may not be used to store WVO, and to store the equipment in a safe place that is not accessible by members of the public.

5. Storage Facility

- a. You will acquire and maintain an enclosed storage facility, at Your cost, to store Your WVO. Your storage facility must have a minimum storage capacity for 6,000 gallons of WVO. You are solely responsible for selecting and maintaining Your storage facility and all equipment therein so that it complies with all local, state and federal law and regulations of any kind.
- b. You will obtain and pay for all licenses, permits, and other governmental approvals, whether local, state or federal, that are necessary or required to install the equipment and operate Your WVO storage facility as described herein.

6. Procedure

a. You agree to sell all WVO to Filta during the term of this Addendum, subject to the terms and conditions stated below, except as otherwise agreed in writing with Filta. It is a material breach of this Addendum and the Franchise Agreement for You to sell Your WVO to any person or entity other than Filta. If You sell Your WVO to any person or entity other than Filta, You will pay Filta liquidated damages calculated as: the number of pounds of WVO sold multiplied by the relevant Jacobsen rate in effect at the time of sale, plus ten cents per pound of WVO sold.

b. You agree to collect, process and store all WVO from customers serviced by Your franchise and to telephone Filta at least once per week to report to Filta the volume, in gallons, of the WVO in Your possession. In reporting Your volume of WVO, You represent that You have the lawful right to all WVO that You have collected and that it has not been collected from bins at customer locations.

c. When Filta determines that the aggregate volume of Your WVO reaches the approximate level of 6,000 gallons (a "truck load"), Filta will arrange to have the WVO collected.

Filta or the Collector will provide You with 48 hours' notice of the collection date. You or Your authorized representative must be personally present at the time of collection.

d. A collection receipt will be left onsite showing the date, time and volume of WVO collected at the time of collection. Within 5 business days of collection You will be notified by email of the rate to be paid for the WVO per the attached Schedule "A." If You have any objections to the rate or volume, You must send Filta an email within 24 hours of receipt of this notification describing the objection, or the objection is waived.

e. In presenting the WVO for collection, You represent that it has less than 10% FFA and less than 2% MIU content (the "Quality Level"). In order to protect all parties and ensure quality, Filta or the Collector may conduct tests before and after collection to determine whether the WVO meets the Quality Level. If the Collector or Filta find that Your WVO does not meet the Quality Level, then You will send samples of the WVO for testing by an independent laboratory, at Your cost. If any of Your WVO does not meet the Quality Level, You will pay all costs of such testing of the WVO, and Filta may decrease the rate it pays You for the WVO, at Filta's sole and reasonable discretion.

f. You acknowledge that if any truckload of WVO does not meet the Quality Level, the Collector may reduce the price it will pay Filta for the WVO, in which case, Filta will decrease the price it pays You for the WVO. In the event the Collector reduces the price it pays Filta for the WVO, Filta will reduce Your next payment under this Addendum by the amount the Collector reduced the price it paid to Filta.

g. Subject to the paragraphs above, Filta will pay You for the WVO collected within seven business days of the date Filta receives payment from the Collector, pursuant to the terms on the attached Exhibit "A."

7. Treatment of Proceeds

Your receipts from the sale of WVO will constitute Gross Monthly Revenue under the Franchise Agreement and will be included in any calculation of Business Volume thereunder.

8. Authorization to Enter Franchisee's Property

If you elect to rent a storage facility, garage or warehouse facility to store Your WVO and equipment, the facility must be accessible by the Collector. You agree to set up your WVO storage area in such a way that the Collector has free and direct access to it, including all necessary entry codes or methods to access the WVO. Franchisee grants Filta and the Collector and all their employees, contractors and subcontractors the right and license to enter upon Franchisee's property to access the WVO storage area.

9. Franchisee's Rights in Case of Nonpayment

If Filta does not pay Franchisee for the WVO within seven business days of the date it is purchased by the end buyer, Franchisee must send written notice of nonpayment to Filta's Orlando office (Fax (407) 996-5551). Filta shall have ten business days from receipt of Franchisee's notice to deliver payment to Franchisee. If Filta does not deliver payment to Franchisee within this ten day period, Franchisee will have the right, on 30 days' written notice, to terminate its obligation to sell

WVO through the procedure in this Addendum. Franchisee thereafter may continue to collect, store, and sell waste oil under the FiltaBio name and mark, subject to the terms of the Franchise Agreement and the remaining terms of this Addendum.

10. Filta's Right to Suspend Program

If the market price of WVO should decline to the extent that Filta determines that performing under this Addendum is no longer economically or commercially feasible, Filta may suspend the parties' rights and obligations hereunder indefinitely by delivering written notice to Franchisee's place of business, at least ten business days before the suspension takes effect. During any period of suspension, Franchisee may continue to collect, store, and sell waste oil under the FiltaBio name and mark, subject to the terms of the Franchise Agreement and the remaining terms of this Addendum. If the market price of WVO recovers to the extent that Filta determines that resuming performance under this Addendum is economically or commercially feasible, Filta may reinstitute the parties' rights and obligations hereunder by delivering written notice to Franchisee's place of business, at least ten business days before the suspension ends.

11. Confidentiality

Franchisee agrees that it will not disclose any information about the terms of this Addendum, including the Schedules, to any person or entity who is not a party to this Addendum. Such information will be subject to all confidentiality obligations of Franchisee and its Owners, officers and managers under the Franchise Agreement and all related agreements with Filta.

12. Entire Agreement; Modification.

This Addendum is the final agreement between the parties on this matter and all prior discussions or representations about the Addendum are superseded and replaced by this Addendum. This Addendum may not be modified except by a writing signed by all parties.

13. Effect of Addendum.

Except as expressly modified by this Addendum, the terms of the Franchise Agreement, as amended, remain in full force and effect and are ratified and confirmed.

COMPANY NAME

THE FILTA GROUP, INC.

Print Name:_____

By:_____

Title:_____

Title:_____

Date:_____

Date:_____

Schedule A

1. Filta will pay You 85% of the price that Filta obtains for the sale of Your WVO, less any reductions due to WVO that does not meet the Quality Level.
2. In the event that You fail to pay Filta any sum due to Filta under the Franchise Agreement within ten days of the date it is due, You agree that Filta may apply Your proceeds from the sale of WVO herein to pay said past due amounts.

EXHIBIT 5
FILTAGOLD ADDENDUM

FILTAGOLD ADDENDUM TO THE FILTA ENVIRONMENTAL KITCHEN SOLUTIONS FRANCHISE AGREEMENT

This FiltaGold Addendum (the "Addendum") is entered into by THE FILTA GROUP, INC., a Delaware corporation ("Filta"), and _____ ("Franchisee" "You" or "Your"), on _____ (the "Effective Date").

Background:

- A. This Addendum amends and supplements the Filta Franchise Agreement dated _____, between You and Filta, as amended (the "Franchise Agreement").
- B. Capitalized terms used but not defined in this Addendum have the same meaning as in the Franchise Agreement.

Agreement:

1. Purpose of Addendum.

To facilitate development of the business of the sale and delivery of new cooking oil (FiltaGold) as a service under the Franchise Agreement (the "FiltaGold Service").

2. Term

The term of this Addendum will expire automatically on the date of termination, expiration, or non-renewal of the Franchise Agreement.

3. Procedure

a. You will use Your best efforts to sell the FiltaGold Service to the customers of the Franchise. You may choose to sell cooking oil in either a boxed or bulk form or other forms as may be defined from time to time in the Manual.

b. As of the Effective Date, You may purchase new cooking oil from the vendor of your choice, but this is subject to change as provided in Paragraph 4.

4. Sole Source Supplier

You agree that Filta has the right to designate an approved vendor or vendors and to become the sole and exclusive supplier of cooking oil under this agreement as well as all products and equipment You use in the FiltaGold Service, except as Filta may otherwise agree in writing.

5. Compliance with Manual.

You will comply with all applicable sections of the Manual relating to the FiltaGold Service, including but not limited to equipment, accounting, reporting, compliance with laws and regulations, and the requirement that You have all equipment used in the metering or measuring of FiltaGold be legal for trade and be inspected and calibrated at least once per year (if so required), or such shorter period of time as may be required by applicable laws, statutes, codes, ordinances or regulations.

6. Treatment of Proceeds

Your receipts from the sale of FiltaGold will constitute Gross Monthly Revenue under the Franchise Agreement and will be included in any calculation of Business Volume thereunder.

7. Compliance with Food Regulations

You understand and acknowledge that Your customers will use cooking oil in the preparation of food provided to the public. Therefore, it is of the utmost importance that You comply with all applicable laws, codes, statutes, regulations and ordinances related to the transportation, storage, sale, and delivery of cooking oil, whether federal, state or local. You further understand and acknowledge that if You violate the terms of this section, Filta may immediately terminate Your Franchise Agreement, as amended, by providing written notice to You.

8. FiltaGold Service Fee

While Filta does not, as of the Effective Date, charge an ongoing Service Fee on the sale of new cooking oil, Filta may do so in the future, by providing thirty (30) days written notice. The FiltaGold service fee will not exceed .035 cents per pound. You must pay the FiltaGold service fee, if applicable, at the same time and by the same method as the Service Fee.

9. Confidentiality

Franchisee agrees that it will not disclose any information about the terms of this Addendum, including any exhibits, to any person or entity who is not a party to this Addendum. Such information will be subject to all confidentiality obligations of Franchisee and its Owners, officers and managers under the Franchise Agreement and all related agreements with Filta.

10. Entire Agreement; Modification.

This Addendum is the final agreement between the parties on this matter and all prior discussions or representations about the Addendum are superseded and replaced by this Addendum. This Addendum may not be modified except by a writing signed by all parties.

11. Effect of Addendum.

Except as expressly modified by this Addendum, the terms of the Franchise Agreement, as amended, remain in full force and effect and are ratified and confirmed.

Franchisee

The Filta Group, Inc

Print Name: _____

By: Jason Sayers

Title: _____

Title: President

EXHIBIT 6
FILTADRAIN ADDENDUM

**FILTADRAIN ADDENDUM TO THE
FILTA ENVIRONMENTAL KITCHEN SOLUTIONS FRANCHISE
AGREEMENT**

This FiltaDrain Addendum (the "Addendum") is entered into by THE FILTA GROUP, INC., a Delaware corporation ("Filta"), and _____, a _____ corporation ("Franchisee" or "You"), on _____ (the "Effective Date").

Background:

A. This Addendum amends and supplements the Filta Environmental Kitchen Solutions Franchise Agreement dated _____ between You and Filta (the "Franchise Agreement").

B. Capitalized terms used but not defined in this Addendum have the same meaning as in the Franchise Agreement.

Agreement:

1. Purpose of Addendum.

To permit Franchisee to use the FiltaDrain and DrainFoam trade names and to provide a drain preventative maintenance service as a new service under the Franchise Agreement (the "FiltaDrain Service"). The FiltaDrain Service is currently a single service in which You perform drain foaming applications at the customer's location for a fee.

Filta may expand the FiltaDrain Service into additional service offerings for drain and chemical management. If so, these additional service offerings will be added to the Manual as approved services, and You will then have the option to offer these additional services, upon Your written notification to Filta.

The FiltaDrain Service is added to the definition of "Environmental Kitchen Solutions Services" as defined in the Franchise Agreement and added as an authorized service under the Franchise Agreement. You may not perform any other drain service unless approved in writing by Filta.

2. Equipment & Consumables

- a. You must purchase all FiltaDrain equipment and products from Filta or a Filta approved vendor/supplier. Filta may be the sole source provider of FiltaDrain products. Filta's prices are subject to change.
- b. If You perform the FiltaDrain Service with products that were not purchased from Filta, You will be in default of the Franchise Agreement. Upon receipt of written notice of default for using unauthorized FiltaDrain products, You will have seven (7) calendar days to cure the default, or Your Franchise Agreement may be terminated.
- c. Filta will have the right to revoke Your territorial exclusivity under the Franchise Agreement for the FiltaDrain Service if You do not purchase a minimum of 25 boxes of FiltaDrain solution per year per MFU that You have in operation in your Environmental Kitchen Solutions business.

3. Pricing & Procedures

- a. You will determine the appropriate pricing for the FiltaDrain Service. You acknowledge that certain NCA, chain and other customers may impose limitations on pricing or other conditions related to the FiltaDrain Service that You will have to follow.
- b. You agree to follow all standards and operational procedures for the FiltaDrain Service as outlined in the Manual from time to time. You acknowledge that Filta may impose new standards and procedures to prevent disruption of delivery of other Environmental Kitchen Solutions Services, to preserve or enhance the efficiency of route management, and for other legitimate business reasons. Without limiting the foregoing, Filta has the right to restrict the FiltaDrain Service to kitchens and/or to require the FiltaDrain Service to be provided from a separate van or separate service route.
- c. Your receipts from the sale of the FiltaDrain Service will constitute Gross Monthly Revenue under the Franchise Agreement and will be included in any calculation of Business Volume thereunder.
- d. The FiltaDrain Service is not subject to any additional fees or specific royalty payments as of the Effective Date, but Filta reserves the right to charge a service fee in the future by giving written notice to franchisees.

4. General Release.

You, on behalf of Yourself and Your members, officers, directors, shareholders, employees, partners, contractors, heirs, successors and assigns, do hereby release, cancel, acquit, forgive and forever discharge Filta and each of its predecessors, parent corporations, holding companies, subsidiaries, affiliates, divisions, heirs, successors and assigns, and all of their officers, directors, shareholders and employees from any and all actions, claims, suits, agreements, demands, damages, obligations, liabilities, judgments, controversies, executions and proceedings both at law and in equity of any kind or nature whatsoever, from the beginning of the world through the date You sign this Agreement, whether known or unknown, fixed or contingent.

5. Confidentiality

You agree not to disclose any information about the terms of this Addendum, including the Schedules, to any person or entity who is not a party to this Addendum. Such information will be subject to all confidentiality obligations of Franchisee and its Owners, officers and managers under the Franchise Agreement and all related agreements with Filta.

6. Entire Agreement; Modification

This Addendum is the final agreement between the parties on this matter and all prior discussions or representations about the Addendum are superseded and replaced by this Addendum. This Addendum may not be modified except by a writing signed by all parties.

7. Effect of Addendum.

Except as expressly modified by this Addendum, the terms of the Franchise Agreement remain in full force and effect and are ratified and confirmed.

For your convenience, this document is set up for execution by e-signature through EchoSign. Acceptance is indicated by e-signature. Simply follow the instructions in the EchoSign e-mail to e-sign this document. A fully executed copy will then be e-mailed to you.

COMPANY

The Filta Group, Inc

BY: _____

BY: _____

Title: _____

Title: _____

EXHIBIT B

DEPOSIT LETTER AGREEMENT

DEPOSIT LETTER

Dear Mr. Clewes:

We request that The Filta Group, Inc. remove the following territory or territories from its list of available franchise territories and reserve it/them for us: _____ (the "Territory"). We understand that our request is subject to the following terms and conditions:

1. Deposit. Upon execution of this Letter Agreement, we are paying Filta a deposit (the "Deposit") under the applicable provision marked below. The Deposit compensates Filta for its risk of lost opportunity in removing the Territory from its list of available territories and for its costs associated with this Letter Agreement. Filta is not required to keep the Deposit separate from its other funds.

Check one:

_____ **Territory Commitment/Nonrefundable Deposit**

Filta has approved our application for a franchise. This Letter Agreement commits both us and Filta to enter into a Franchise Agreement for the Territory. The amount of the Deposit is \$15,000 and is to be applied toward payment of the territory fee required upon execution of the Franchise Agreement. Upon receipt of our Deposit, Filta will draw up the Franchise Agreement and will schedule us for the next available session of the initial training program starting after the anticipated signing date of the Franchise Agreement. The Deposit is nonrefundable.

_____ **First Right of Refusal/Refundable Deposit**

Our application for a franchise is under review by Filta. We request that Filta reserve the Territory for us pending completion of Filta's review and our efforts to secure financing to invest in the franchise. This Letter Agreement does not obligate Filta or us to sign a Franchise Agreement for the Territory. The amount of the Deposit is \$5,000 and is to be applied toward payment of the territory fee, if and when we sign a Franchise Agreement for the Territory. Filta will not offer us a Franchise Agreement for the Territory unless and until we satisfy all of Filta's normal qualification requirements. If Filta determines that all requirements have been satisfied, Filta will offer us a Franchise Agreement in the form then being offered to other new Filta franchisees.

If Filta offers us a Franchise Agreement for the Territory but we refuse or fail for any reason to execute and return the Franchise Agreement along with an additional \$10,000 deposit within 30 days from the date delivered to us, Filta will have the right to terminate this Letter Agreement and retain our \$5,000 Deposit.

The Deposit is partially or fully refundable only in the following circumstances:

- If we fail to satisfy any of Filta's normal franchise qualification requirements (or any special requirements or conditions that we may agree upon in connection with this letter), Filta will be free to terminate this Letter Agreement and put the Territory back on the list of available territories and enter in a Franchise Agreement with another person for the Territory. In that event, Filta will refund \$3,500 of our Deposit.

- If Filta determines that we have satisfied all of Filta's normal franchise qualification requirements (or any special requirements or conditions that we may agree upon in connection with this letter) but: (a) Filta decides not to establish a FiltaFry franchise in the Territory; or (b) Filta is not legally able within a reasonable time to enter into a Franchise Agreement with us (e.g., because Filta has been unable to obtain the necessary franchise registration); Filta will have the right to terminate this Letter Agreement by refunding 100% of our Deposit.

Filta will have no obligation to pay interest on any portion of the Deposit refunded to us.

2. Effect of Letter. This Letter Agreement does not create a franchise. We acknowledge that Filta has not granted us any right or license to use any of its trade names, trademarks, service marks, logos, software or systems, and that we will not have any such rights unless and until we enter into a Franchise Agreement with Filta for a Territory. We agree that we are solely responsible for any expenses that we incur relating to this Letter Agreement and/or the Territory before signing a Franchise Agreement with Filta. Filta will have no liability for such expenses.

3. No Survival of Rights. Except as provided in Section 1 above with respect to the Deposit, neither we nor Filta will have any rights, obligations or liabilities under this Letter Agreement after its termination. Termination of this Letter Agreement will not affect our or Filta's rights or obligations under any separate nondisclosure agreement.

Enclosed is our check for \$_____ for the Deposit. Two copies of this Letter Agreement are enclosed. Please acknowledge your acceptance of the terms and conditions set forth above by signing and returning one copy of this Letter Agreement to us. The other copy is for your files.

THE FILTA GROUP INC.

PROSPECTIVE FRANCHISEE

By _____

Signature _____

Title _____

Title _____

Date _____

Date _____

EXHIBIT C

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EXHIBIT D

**FILTA FRANCHISEES AS OF DECEMBER 31, 2016;
FRANCHISE TERRITORIES THAT LEFT THE SYSTEM DURING 2016**

FILTA FRANCHISEES IN THE U.S.A.
As of December 31, 2016

Franchisee	Contact Information	Status as of 12/31/2016
ALABAMA		
Novus Orsa Corp	128 Hidden Ridge Chelsea, AL 35043 Tel: 205-572-5704	Operating 6 Territories
PGC Alabama, LLC	3120 Boxwood Drive Montgomery, AL 36111 Tel: 334-315-5938	Operating 1 Territory
Huntsville Food & Management, Inc.	2317 Meridian St. Huntsville, AL 35811 Tel: 256-655-5748	Operating 1 Territory
ARIZONA		
Arizona Eco Services, LLC	3249 E Altadena Ave Phoenix, AZ 85028 Tel: 480-374-9638	Operating 2 Territories
Arthur Brandon Long	18424 N 59 th Ln Glendale, AZ 85308 801-554-8404	Operating 2 Territories
Enviro-Dynamics Group, Inc.	150 N 3700 West #168 Hurricane, UT 84737 Tel: 435-787-2224	A portion of a Utah base territory extends into AZ (Portion listed as 0 in Item 20)
ARKANSAS		
ECO Services of Arkansas, Inc.	13220 Pleasant Forest Dr Little Rock, AR 72212 Tel: 501-416-8282	Operating 1 Territory
Chancey Wilson	8333 Wilson Circle Mountainburg, AR 72946 Tel: 479-719-4089	Operating 1 Territory
CALIFORNIA		
Russell A. Searcy & Sonia I. Searcy	1206 Kings Abbot Way Bakersfield, CA 93311 Tel: 661-809-7576	Operating 1 Territory

Franchisee	Contact Information	Status as of 12/31/2016
Netland Enterprises, Inc.	11293 Mallorca St Upton, CA 91784 Tel: 909-486-5695	Operating 1 Territory
Adel Moradi	2152 Pheasant Drive Hercules, CA 94547 Tel: 510-867-8550	Operating 4 Territories
Lucid Enterprises, LLC	7974 Convoy Ct. San Diego, CA 92111 Tel: 619-743-6659	Operating 3 Territories
Oil Doctor, LLC	173 Belmont St Santa Cruz, CA 95060 Tel : 831-466-9441	Operating 1 Territory
RooBug Enterprises, LLC	9830 Halifax Street Ventura, CA 93004 Tel: 805-647-9846	Operating 1 Territory
SoCal Cooking Oil Management, Inc.	P.O. Box 293285 Phelan, CA 92329 Tel: 760-987-8051	Operating 1 Territory
Leila Kronenberger & Michael J. Colligan	16478 Beach Blvd #382 Westminster, CA 92683 Tel: 714-625-6370	Operating 1 Territory
Stephen Neal Brown	1626 Diamond St Ste A San Diego, CA 92109 Tel: 619-985-8662	Operating 1 Territory
Ernest R. Dascoli	33502 Nancy Jane Ct Dana Point, CA 92629 Tel: 949-228-7025	Operating 1 Territory
Thomas Poli	519 Raymond Ave, #6 Santa Monica, CA 90405 Tel: 602-882-2079	Agreement Signed but not yet operating (1Territory)

Franchisee	Contact Information	Status as of 12/31/2016
COLORADO		
Gregory Byers	13 Gray Wolfe Ct. Glen Carbon, IL 62034 Tel: 618-406-9278	Operating 4 Territories
CONNECTICUT		
C&T Group, LLC	66 Erna Ave. Milford, CT 06461 Tel: 203-414-6754	Operating 7 Territories
DELAWARE		
James Bishop & Lillian C. Bishop	4327 Foxglove Ct Belcamp, MD 21017 Tel: 443-562-4422	Operating 1 Territories
DISTRICT OF COLUMBIA		
EKS Management LLC	2291 Lewis Ave Rockville, MD 20851 Tel: 407-529-8794	Operating 2 Territories
FLORIDA		
Eugene W. Monteith, Jr.	66 Marie Circle Crawfordville, FL 32327 Tel: 850-933-6272	Operating 1 Territory
Liante Solutions, Inc.	1994 East Sunrise Blvd #268 Fort Lauderdale, FL 33304 Tel: 954-218-6868	Operating 3 Territories
TMEG Enterprises, LLC	PO Box 5151 Plant City, FL 33563 Tel: 813-731-3124	Operating 1 Territories
TROV Corp. of Central Florida, Inc.	471 Autumn Oak Place Lake Mary, FL 32746 Tel: 407-878-3675	Operating 2 Territories
Mike Travis Services, Inc.	4628 Luce Road Lakeland, FL 33813 Tel: 863-559-1342	Operating 1 Territory

Franchisee	Contact Information	Status as of 12/31/2016
TEE DEE Enterprises USA, Inc.	10840 SW 153 Court Miami, FL 33196 Tel: 786-402-6457	Operating 2 Territories
Treasure Coast Fryer Maintenance, LLC	7706 SW Citrus Blvd. Palm City, FL 34990 Tel: 772-288-1667	Operating 2 Territories
Fryer Renew, Inc.	31 White Haven Ln Palm Coast, FL 32164 Tel: 586-634-4284	Operating 1 Territory
Latin Tile, LLC	12004 San Chaliford Court Tampa, FL 33626 Tel: 813-476-5877	Operating 1 Territory
Samuel Judson Merrill, Jr.	4 Mystic Lake Way Ormond Beach, FL 32174 Tel: 386-316-1430	Operating 1 Territory
Thomas B. Sullivan	2394 Westminster Dr. Cocoa, FL 32926 Tel: 321-431-0025	Operating 1 Territory
James W. Lusher III	6400 S Dolphin Dr Floral City, FL 34436 Tel: 813-713-7622	Operating 1 Territory
Dwayne Mark Ely	511 Ridge Place Tavares, FL 32778 Tel: 352-978-1549	Operating 2 Territories
Dynamite Road Holdings, LLC	2817 Shoal Creek Village Dr Lakeland, FL 33803 Tel: 303-881-7339	Operating 5 Territories
GEORGIA		
Green Innovative Kitchen Solutions, Inc.	2250 Deer Oaks Trail Lawrenceville, GA 30044 Tel: 404-985-8592	Operating 6 Territories

Franchisee	Contact Information	Status as of 12/31/2016
Del Mar Too Enterprises, Inc.	4115 Columbia Rd, Suite 5-369 Martinez, GA 30907 Tel: 706-504-8699	Operating 1 Territory
Daniel J. Laburda	108 Englewood Ct Bonaire, GA 31005 Tel : 478-951-0571	Operating 2 Territories
Todd Barnum	152 Tyvola Dr Summerville, SC 29485 Tel: 843-252-8190	Operating 1 Territory
PGC Alabama, LLC	3120 Boxwood Drive Montgomery, AL 36111 Tel: 334-315-5938	A portion of the AL base territory extends into GA (Portion Listed as 0 in Item 20)
S&L Group Enterprises, Inc.	990 Fields Chapel Rd Canton, GA 30114 Tel: 540-660-2425	Operating 1 Territory
IDAHO		
Environmental & Ecological Enterprises, LLC	4583 Independence Ave Chubbuck, ID 83202 Tel: 208-604-2500	Operating 1 Territory
Treasure Valley Fryer Management, LLC	1165 E Saratoga Dr Boise, ID 83706 Tel: 208-244-2227	Operating 1 Territory
ILLINOIS		
Eco-Fry, Ltd.	21025 S Ron Lee Dr Shorewood, IL 60404 Tel: 815-970-1633	Operating 1 Territory
Fryfresh, Inc.	1701 Eagle Drive Lake Geneva, WI 53147 Tel: 262-203-2415	Operating 1 Territory
Green Kitchen Concepts, Inc.	2991 Valley Forge Road Lisle, IL 60532 Tel: 630-687-0140	Operating 15 Territories

Franchisee	Contact Information	Status as of 12/31/2016
Cindy L. Neal & Gregory S. Neal	930 N Main St East Peoria, IL 61611 Tel: 309-453-0058	Operating 1 Territory
INDIANA		
Change Up Filtration, LLC	11441 Scheel Lane Carmel, IN 46032 Tel: 317-571-1504	Operating 1 Territory
Danejeris Fryer & Cooler Management, Inc.	58144 Hooley Dr. Goshen, IN 46528 Tel: 574-226-1920	Operating 2 Territories
Vocars, LLC	1803 Commerce Road Louisville, KY 40208 Tel: 502-891-8882	Operating 1 Territory
PackFry, LLC	1187 Chad Court Plainfield, IN 46168 Tel: 317-496-1901	Operating 1 Territory
Nicholas Braun	2311 Arleth St Terre Haute, IN 47802 Tel: 812-870-0871	Operating 1 Territory
IOWA		
Frynor Enterprises, LLC	6199 SW Leland Ave Des Moines, IA 50320 Tel: 515-249-4266	Operating 1 Territory
KANSAS		
ANC Management, Inc.	5424 Payne Court Shawnee, KS 66226 Tel: 913-387-9134	Operating 2 Territories
Michael Kruger	509 Lakeland Drive Silver Lake, KS 66539 Tel: 785-633-1914	Operating 1 Territory
KENTUCKY		
Leaving a Legacy, Inc.	P.O. Box 991 Elizabethtown, KY 42702 Tel: 270-925-5723	Operating 1 Territory

Franchisee	Contact Information	Status as of 12/31/2016
Vocars, LLC	1803 Commerce Road Louisville, KY 40208 Tel: 502-891-8882	Operating 2 Territories
S&S Kitchen Management Services, Inc.	P.O. Box 164 Ross, OH 45061 Tel: 513-315-4907	A portion of the OH base territory extends into KY (Portion Listed as 0 in Item 20)
MTKnopp, LLC	329 Dug Hill Rd Irvine, KY 40336 Tel: 606-723-0212	Agreement Signed but not yet operating (1 Territory)
LOUISIANA		
Belote Enterprises, LLC	86 Cartlidge Road Rayville, LA 71269 Tel: 318-280-0637	Operating 1 Territory
Trent P. Carlos	1255 Marina Drive Slidell, LA 70458 Tel: 504-655-0313	Operating 2 Territories
SETX Fryer Management, LLC	2286 W Lucas Drive Beaumont, TX 77706 Tel: 409-651-1735	Operating 1 Territory
William A. Stegall & Justin Dale Davis	9000 Cook Rd Denham Springs, LA 70726 Tel: 225-372-8113	Operating 3 Territories
MARYLAND		
Manu Hudson & Tnisha Hudson	46132 Westbury Blvd W Lexington Park, MD 20653 Tel: 301-997-3304	Operating 1 Territory
EKS Management LLC	2291 Lewis Ave, Rockville, MD 20851 Tel: 407-782-7057	Operating 5 Territories
Stefcorp, LLC	30110 Southampton Bridge Rd. Salisbury, MD 21804 Tel: 401-251-4348	Operating 1 Territory

Franchisee	Contact Information	Status as of 12/31/2016
James Bishop & Lillian C. Bishop	4327 Foxglove Ct Belcamp, MD 21017 Tel: 443-562-4422	Operating 3 Territories
MASSACHUSETTS		
Clement Enterprises, LLC	93 Totman Rd Lowell, MA 01854 Tel: 978-361-5653	Operating 1 Territory
East Coast Fryer Services, LLC	63 Bournehurst Drive Plymouth, MA 02360 Tel: 508-941-8223	Operating 1 Territory
AP FryCool Services, LLC	71 Shallow Pond Lane Plymouth, MA 02360 Tel: 774-454-8778	Operating 2 Territories
Marisa Hurley	245 Vane Street Revere, MA 02151 Tel: 781-284-5680	Operating 1 Territory
William J. Antonelli	140 Shrewsbury St Boylston, MA 01545 Tel: 508-989-8607	Operating 2 Territories
Mark J. Bernasconi & Sharron E. Bernasconi	43 Fowler Rd N Stonington, CT 06359 Tel: 860-822-3737	Operating 1 Territory
MICHIGAN		
Paul Downes	11884 E Maple Rd Westphalia, MI 48894 Tel: 517-243-1934	Operating 2 Territories
SAC Enterprises, LLC	15870 Beech Daly Redford, MI 48239 Tel: 313-465-2003	Operating 4 Territories

Franchisee	Contact Information	Status as of 12/31/2016
Krystal Klear, LLC	3924 N. Rosebud Drive SE Grand Rapids, MI 49512 Tel: 231-675-2877	Agreement Signed but not yet operating (1 Territory)
MINNESOTA		
Frytech Services, LLC	425 154th Ave NE Ham Lake, MN 55304 Tel : 763-442-6222	Operating 2 Territories
David K. Lange	27797 E State Hwy 55 Paynesville, MN 56362 Tel : 320-248-0089	Operating 1 Territory
Adam Weisbeck	4890 Ashley Lane #133 Inver Grove Heights, MN 55077 Tel: 701-226-6269	Operating 2 Territories
Wiese Holdings, LLC	5450 26th St S Fargo, ND 58104 Tel : 701-200-3980	Operating 1 Territory
MISSISSIPPI		
Curtis Ray Freeman	14 Nobles Cutoff Sumrall, MS 39482 Tel: 601-543-4286	Operating 1 Territory
MISSOURI		
JC Management Services, LLC	2002 Hanover Blvd. Columbia, MO 65202 Tel: 573-673-9316	Operating 1 Territory
GSW Environmental, LLC	118 Kersting Farms Dr Ofallon, MO 63366 Tel: 314-723-4582	Operating 4 Territories
ANC Management, Inc.	5424 Payne Court Shawnee, KS 66226 Tel: 913-710-0795	Operating 2 Territories

Franchisee	Contact Information	Status as of 12/31/2016
NEBRASKA		
Kevin Charles Bailey	14442 Quentin St Waverly, NE 68462 Tel: 402-304-7866	Operating 1 Territory
NEVADA		
William T. Marsh	1834 Quarley Pl Henderson, NV 89014 Tel: 801-529-3522	Operating 1 Territory
Enviro-Dynamics Group, Inc.	150 N 3700 West #168 Hurricane, UT 84737 Tel: 435-787-2224	A portion of a Utah base territory extends into NV (Portion listed as 0 in Item 20)
NEW HAMPSHIRE		
D.M.A.M.A.R.K. Inc.	222 Hidden Oak Way Manchester, NH 03102 Tel: 334-782-4955	Operating 1 Territory
NEW JERSEY		
Daniel J. Marangi	155 Michigan Ave Paterson, NJ 07503 Tel: 201-574-3140	Operating 2 Territories
Austin T. Jennings, Jr.	81 Old Boonton Rd Denville, NJ 07834 Tel: 973-900-3108	Operating 1 Territory
Carlos Aneiros	649 Jackson Ave Elizabeth, NJ 07201 Tel: 908-896-9554	Operating 1 Territory
THRB, Inc.	611 Scotch Rd Pennington, NJ 08534 Tel: 609-865-8321	Agreement Signed but not yet operating (1 Territory)
NEW MEXICO		
Jeffrey Jinnett	35 Vista Alondra Santa Fe, NM 87508 Tel: 505-690-0997	Operating 1 Territory

Franchisee	Contact Information	Status as of 12/31/2016
NEW YORK		
Thomas F. Maier	P.O. Box 87 Memphis, NY 13112 Tel: 315-277-1369	Operating 4 Territories
Alan R. Haven	1350 River Rd Stratford, CT 06614 Tel: 203-650-3978	Operating 1 Territory
RG Diversified	424 Seneca Creek Road Buffalo, NY 14224 Tel: 716-864-7456	Operating 1 Territory
John Timothy Hartman	59 W Buffalo St Churchville, NY 14428 Tel: 585-781-4568	Operating 1 Territory
NORTH CAROLINA		
FILO, Inc.	4058 Kimesville Road Burlington, NC 27215 Tel: 336-226-4783	Operating 2 Territories
Brooks Fryer Services, LLC	1053 Elizabeth Drive Dallas, NC 28034 Tel: 704-922-4655	Operating 1 Territory
Fischbone Industries, LLC	6094 Clopton Drive Greensboro, NC 27455 Tel: 336-337-5541	Operating 2 Territories
Piedmont Kitchen Services, LLC	P.O. Box 356 Lowell, NC 28098 Tel: 704-898-5270	A portion of a SC base territory extends into NC (Portion listed as 0 in Item 20)
Burg Corp	1100 Dixie Park Ave Newton, NC 28658 Tel: 828-446-1216	Operating 1 Territory
Sutherland Fryer Services, Inc.	14 Strathaven Drive Pinehurst, NC 28374 Tel: 910-603-7959	Operating 2 Territories

Franchisee	Contact Information	Status as of 12/31/2016
James McCormick	3203 Cleveland Road Smithfield, NC 27577 Tel: 919-744-1400	Operating 1 Territory
Pine State Ventures, LLC	8825 Gotherstone Court Raleigh, NC 27615 Tel: 919-632-3806	Agreement Signed but not yet operating (1 Territory)
JRogers Enterprises, LLC	872 Orchestra Drive Winston Salem, NC 27127 Tel: 843-330-3542	Operating 1 Territory
NORTH DAKOTA		
Clarke, LLC	7108 Copper Ridge Lane Bismarck, ND 58504 Tel: 701-214-8596	Operating 1 Territory
Wiese Holdings, LLC	5450 26 th St South Fargo, ND 58104 Tel: 701-200-3980	Operating 1 Territory
OHIO		
Advanced Fryer Solutions, LLC	33681 Walker Rd Avon Lake, OH 44012 Tel: 440-783-3103	Operating 8 Territories
Lawrence James Hoffman	308 West Yates Avenue Findlay, OH 45840 Tel: 703-462-8987	Operating 1 Territory
LXU, LTD	6899 Tumbleweed Lane Canal Winchester, OH 43110 Tel: 614-454-1064	Operating 6 Territories
S&S Kitchen Management Services, Inc.	P.O. Box 164 Ross, OH 45061 Tel: 513-315-4907	Operating 1 Territory
Maximum Kitchen Solutions, Inc.	3987 Sterns Road Lambertville, MI 48144 Tel: 734-856-3801	Operating 1 Territory

Franchisee	Contact Information	Status as of 12/31/2016
Shawn Dyer	2256 Herrick Circle Hudson, OH 44236 Tel: 330-414-8297	Operating 3 Territories
OKLAHOMA		
Patrick Michael Garry	16117 Montague Dr Edmond, OK 73013 Tel: 405-568-8601	Operating 2 Territories
VC Industries, LLC	1519 Southwest Blvd Apt 18-G Tulsa, OK 74107 Tel: 918-934-9171	Operating 1 Territory
OREGON		
Voltaire Misa	3743 Wild Rose Loop West Linn, OR 97068 Tel: 757-348-2252	Operating 1 Territory
PENNSYLVANIA		
Mobile Fryer Filtration, Inc.	21 Sagewood Drive Malvern, PA 19355 Tel: 610-827-1832	Operating 4 Territories
Eventus Bonus, LLC	3945 Forbes Ave, #304 Pittsburgh, PA 15213 Tel: 412-538-8480	Operating 1 Territory
LFT Enterprises, LLC	230 Lebanon Manor Drive West Mifflin, PA 15122 Tel: 412-925-9822	Operating 1 Territories
J. Henry Services, LLC	165 Main St Dublin, PA 18917 Tel: 215-641-8293	Operating 2 Territories
Frank E. Witman Jr	649 N Sandy Hill Rd Coatesville, PA 19320 Tel: 610-721-9278	Operating 1 Territory

Franchisee	Contact Information	Status as of 12/31/2016
Laurie Hoover & David Hoover	929 Gobin Dr. Carlisle, PA 17013 Tel: 717-439-3875	Operating 1 Territory
RHODE ISLAND		
NSVG Management, Inc.	20 Lockwood Street Cranston, RI 02905 Tel: 401-954-6555	Operating 1 Territory
Mark J. Bernasconi & Sharron E. Bernasconi	43 Fowler Rd N Stonington, CT 06359 Tel: 860-822-3737	Operating 1 Territory
SOUTH CAROLINA		
Todd Barnum	153 Tyvola Dr Summerville, SC 29485 Tel: 843-252-8190	Operating 1 Territory
Piedmont Kitchen Services, LLC	P.O. Box 356 Lowell, NC 28098 Tel: 704-898-5270	Operating 1 Territory
Del Mar Too Enterprises, Inc.	4115 Columbia Rd, Suite 5-369 Martinez, GA 30907 Tel: 706-504-8699	Operating 4 Territories
Burg Corp	1100 Dixie Park Ave Newton, NC 28658 Tel: 828-446-1216	Operating 2 Territories
TENNESSEE		
David A. Davis	4656 Craddle Hill Dr Arlington, TN 38002 Tel: 901-530-3510	Operating 1 Territory
Derek Shane Phillips & Scott Phillips	2033 Copper Kettle Circle Pleasant View, TN 37146 Tel: 931-265-1151	Operating 2 Territories
B & H Ventures LLC	1201 Highland Drive Chattanooga, TN 37405 Tel: 423-883-5888	Operating 1 Territory

Franchisee	Contact Information	Status as of 12/31/2016
Cool Springs Kitchen Management, LLC (AKA Cool Springs KM, LLC)	1003 Rudder Drive Spring Hill, TN 37174 Tel: 615-294-7652	Agreement Signed but not yet operating (1 Territory)
TEXAS		
Thomas Allan Schwenke	24403 Brautigam Magnolia, TX 77355 Tel: 713-816-6450	Operating 1 Territory
SETX Fryer Management, LLC	2286 W Lucas Drive Beaumont, TX 77706 Tel: 409-651-1735	Operating 1 Territory
Henry F. O'Hara	436 Stonebluff Road El Paso, TX 79912 Tel: 915-497-5041	Operating 2 Territories
EnviroTex Solutions, LLC	3733-1 Westheimer #1002 Houston, TX 77027 Tel: 281-531-6284	Operating 7 Territories
Robert Mark Vinson & Tyler Neil Vinson	4414 82 nd St #212-145 Lubbock, TX 79424 Tel: 806-789-8549	Operating 1 Territory
Tracey Lynn Clakley	201 Shady Oaks Ct Temple, TX 76504 Tel: 281-615-0734	Operating 1 Territory
Tena Renee Moffett & Kenneth David Moffett	2948 Old Squall Drive Fort Worth, TX 76118 Tel: 817-437-8114	Operating 2 Territories
Green Innovative Kitchen Solutions, Inc	2250 Deer Oak Trails Lawrenceville, GA 30044 Tel: 404-985-8592	Operating 4 Territories
Lucas G. Ramos Davila	514 Ric Mar St Edinburg, TX 78541 Tel: 956-905-4097	Operating 2 Territories

Franchisee	Contact Information	Status as of 12/31/2016
Kevin Hicks	1417 Indian Wells Trail Midlothian, TX 76065 Tel: 817-228-0871	Operating 1 Territory
Pablo Gracia	6810 Detonhill Dr, Apt 111 Austin TX 78745 Tel: 737-247-1406	Operating 1 Territory
Gerald A. Ryan	223 Brackenridge Ave #8208 San Antonio TX 78209 Tel: 575 317-7278	Operating 4 Territories
Andrew Patrick Seenandan	5006 Longlane Dr. Houston, TX 77084 Tel: 407-803-3510	Agreement Signed but not yet operating (3 Territories)
UTAH		
Enviro-Dynamics Group, Inc.	150 N 3700 West #168 Hurricane, UT 84737 Tel: 435-787-2224	Operating 1 Territory
Legacy Solutions, Inc.	4402 Foothill Drive Bountiful, UT 84010 Tel: 801-652-4394	Operating 1 Territory
VIRGINIA		
Derek Riebel	237 Baron Blvd Suffolk, VA 23435 Tel: 757-718-4756	Operating 1 Territory
EKS Management, LLC	2291 Lewis Ave, Rockville, MD 20851 Tel: 407-690-9737	Operating 5 Territories
Olneyview, Inc.	2826 Campbell Farm Lane Charlottesville, VA 22902 Tel: 434-422-0191	Operating 4 Territories
Integrity Bound, LLC	205 Point Cedar Dr. Martinsburg, WV 25404 Tel: 304-261-9388	A portion of a West Virginia base territory extends into VA (portion listed as 0 in Item 20)

Franchisee	Contact Information	Status as of 12/31/2016
WASHINGTON		
Michael F. Abbott & Sharon J. Abbott	4315 Maple Ct Yakima WA 98901 Tel: 509-823-0024	Operating 1 Territory
Jan Vrana	6814 Crestview Ave SE Snoqualmie WA 98065 Tel: 425-281-1520	Operating 1 Territory
WEST VIRGINIA		
Integrity Bound, LLC	205 Point Cedar Dr. Martinsburg, WV 25404 Tel: 304-261-9388	Operating 1 Territory
WISCONSIN		
Fryfresh, Inc.	1701 Eagle Drive Lake Geneva, WI 53147 Tel: 262-203-2415	Operating 2 Territories Additionally a portion of the IL base territory extends into WI (Listed as 0 in Item 20)

FRANCHISEES WHO LEFT THE SYSTEM DURING 2016

FRANCHISEE	CONTACT INFORMATION	EXPLANATION
Restaurant Services Of Alabama, LLC	187 Chanel Drive Huntsville, AL 35811 Tel: 256-466-2721	Reacquired by Franchisor (1 Territory)
Jee Min Yun	17112 Linden Ln Yorba Linda, CA 92886 Tel: 714-745-8213	Ceased Operations – Other (1 Territory)
Timberline Environmental, Inc.	P.O. Box 161 Boulder, CO 80306 Tel: 303-803-2837	Terminated (2 Territories)
Suncoast Kitchen Services, Inc.	1932 Barcelona Drive Dunedin, FL 34698 Tel: 727-331-4263	Transfer (4 Territories)
Magnes, Inc.	35 York Street Kissimmee, FL 34758 Tel: 407-744-2410	Non-Renewal (1 Territory)
JMS Corp, LLC	8865 SW 176 Terrace Palmetto Bay, FL 33157 Tel: 786-293-8991	Non-Renewal (2 Territories)
Hanna Group Six, Inc.	3600 S Oceanshore Blvd Unit 418 Flagler Beach, FL 32136 Tel: 240-375-8743	Transfer (2 Territories)
S&S Enterprises Group, Inc.	8320 Village School Dr Cumming, GA 30041 Tel: 770-289-8917	Transfer (1 Territory)
Tree Series Unlimited, LLC	1122 Saint Agnes Lane Baltimore, MD 21207 Tel: 410-908-9855	Non-Renewal (1 Territory)
Lonnie Carl McClendon Jr.	581 Truelight Rd Walnut Grove, MS 39189 Tel: 769-274-9076	Terminated (1 Territory)

FRANCHISEE	CONTACT INFORMATION	EXPLANATION
SanVille Partners, LLC	313 Kraft Ct Oaklyn, NJ 08107 Tel: 856-655-1637	Ceased Operations – Other (1 Territory)
GPV Inc.	37 Reservoir Court Carmel NY 10512 Tel: 917-763-9725	Ceased Operations – Other (1 Territory)
The Plymouth Group, LLC	3399 E. 77th Street Tulsa OK 74136 Tel: 918-633-3358	Ceased Operations – Other (1 Territory)
Fryer Management Service of Oregon, Inc.	515 NW Saltzman Rd. PMB 914 Portland, OR 97229 Tel: 503-866-5025	Reacquired by Franchisor (2 Territories)
Bryan Whiffen	212 Oakmont Dr Andersonville, SC 29621 Tel: 864-617-4474	Transfer (2 Territories)
Patrick & Ryan Boyle	707 Regency Court Friendswood, TX 77546 Tel: 281-816-7676	Transfer (2 Territories)

EXHIBIT F

COMPLIANCE QUESTIONNAIRE

**QUESTIONNAIRE TO BE COMPLETED BEFORE
SIGNING DEPOSIT LETTER OR FILTA FRANCHISE AGREEMENT**

You are preparing to enter into a Deposit Letter or Franchise Agreement with The Filta Group Inc. ("Filta"). The purpose of this Questionnaire is to confirm that you understand the terms of the agreement and that no unauthorized statements or promises have been made to you. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. When and where did you have your first face-to-face meeting with a Filta representative?

Date of meeting: _____

Place of meeting: _____

2. Which Filta representative(s) have you been dealing with?

Name(s): _____

3. Have you personally reviewed Filta's Franchise Disclosure Document (FDD)?

Yes _____ No _____

4. Did you give Filta a signed receipt for the copy of the FDD that was furnished to you?

Yes _____ No _____ If yes, on what date? _____

5. Do you understand all of the information contained in the FDD?

Yes _____ No _____

If not, what parts of the FDD do you not understand? (Attach additional pages, if necessary.)

6. Have you personally read the Deposit Letter and Filta Franchise Agreement?

Yes _____ No _____

7. Do you understand all of the terms of the Deposit Letter and Filta Franchise Agreement?

Yes _____ No _____

If not, what parts do you not understand? (Attach additional pages, if necessary.)

8. Have you discussed the FDD, Deposit Letter, Franchise Agreement, and the benefits and risks of operating a Filta franchise with an attorney, accountant, or other professional advisor?

Yes _____ No _____ If yes, name of advisor: _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9. Other than the information, if any, presented in Item 19 of Filta's FDD, has any employee or other person speaking on behalf of Filta made any statement or representation (oral, written, or visual) regarding:

a. The amount of money that others have made or that you will make in operating a Filta franchise?

Yes _____ No _____

b. The revenue or profit that a Filta franchise will generate?

Yes _____ No _____

c. Any other information about the financial performance of a Filta franchise?

Yes _____ No _____

10. If your answer to any part of Question 9 is "yes," was the statement or representation contrary to the information contained in the FDD?

Yes _____ No _____

11. If your answer to any part of Question 9 is "yes," who made the statement or representation, when, and where? Please provide full details in the following space.

12. Have you contacted any of our existing Filta franchisees about their financial performance?

Yes _____ No _____

13. If your answer to Question 12 is "yes," please describe generally the type of information that they shared with you in the following space. (You do not need to identify the Franchisees with whom you spoke.)

14. Please think about the statements or promises made to you by our employees (or by any other person purporting to speak on behalf of Filta) concerning the advertising, marketing, training, support service or assistance that Filta will furnish to you. Were any statements or promises contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

15. If you answered "Yes" to Question 14, please provide full details in the following space. (Attach additional pages, if necessary.)

16. Have you entered into any agreement with Filta before today concerning the Filta franchise?

Yes _____ No _____ If Yes, please describe:

17. Have you paid any money to Filta before today in connection with the Filta franchise?

Yes _____ No _____ If Yes, please describe:

18. In entering into the Deposit Letter or Franchise Agreement, are you relying on any statement, promise, or assurances by Filta or anyone speaking on behalf of Filta other than the terms of the Deposit Letter or Franchise Agreement itself? If "Yes", please provide full details in the following space. (Attach additional pages, if necessary.)

19. Do you agree that the success or failure of your Filta franchise will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms, and other economic and business factors?

Yes _____ No _____

20. In what state do you reside? _____

21. In what state do you intend to operate the Filta franchise? _____

22. If your answers to questions 20 and 21 named a state for which additional disclosures are provided in the Exhibits to the FDD, have you personally reviewed those state-specific disclosures?

Yes _____ No _____

23. Do you understand all of the information contained in the state-specific disclosures for your state?

Yes _____ No _____

If not, what parts do you not understand? _____

24. Have you selected a specific service area in which you propose to operate a Filta franchise?

Yes _____ No _____

If yes, describe the service area: _____

25. Do you have personal knowledge of the service area?

Yes _____ No _____

26. Did you obtain advice from anyone other than Filta in selecting your service area?

Yes _____ No _____ If yes, name of advisor: _____

If not, do you wish to have more time to do so?

Yes _____ No _____

27. Have all of your questions to Filta concerning your proposed investment in a Filta franchise been answered to your satisfaction?

Yes _____ No _____

28. If you intend to form a partnership, corporation, or limited liability company to operate the Filta franchise, please complete the appropriate ownership information form attached to this Questionnaire.

* * *

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

FILTA FRANCHISE APPLICANT

Date: _____

CORPORATION/LLC INFORMATION FORM

By completing this form, you are notifying Filta that you intend to form a corporation or limited liability company to enter into the Filta Franchise Agreement. You may be asked to provide Filta with copies of documents relating to your corporation/LLC (e.g., articles of incorporation, bylaws, operating agreement, good standing certificate) from time to time. The transfer of any interest in your corporation/LLC will be subject to the terms of the Filta Franchise Agreement.

Please provide the following information:

Type of entity: _____ Corporation _____ LLC

State in which incorporated/organized: _____

Date of incorporation/organization: _____

Number of shares or membership units the corporation/LLC is authorized to issue:

Officers and directors (if a corporation):

Name

Position

If an LLC, description of management structure (managing member, management board, etc.) and names of persons who will be appointed to management positions:

(continued)

The following list identifies all stockholders or members ("Owners") of your corporation or LLC. If the entity is a corporation, the list identifies the class of stock and the number of shares of each class held by each Owner; if it is an LLC, the list identifies the number of ownership units held by the Owner. For each Owner, the list specifies the Owner's percentage interest.

<u>Owner</u>	<u>Class of Stock</u>	<u>Number of Shares or Membership Units</u>	<u>Percentage Ownership</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

PARTNERSHIP INFORMATION FORM

By completing this form, you are notifying Filta that you intend to form a partnership with one or more other individuals to operate the Filta franchise. You may be asked to provide Filta with copies of your partnership agreement and related documents from time to time. Any transfer of an interest in the partnership by any partner will be subject to the terms of the Filta Franchise Agreement.

Please provide the following information:

Name of partnership:

State in which the partnership is organized:

Date of partnership agreement:

Managing Partner:

EXHIBIT G

STATE FRANCHISE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

We intend to register our franchise offering in some or all of the following states, if required by the applicable state laws. 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 these states:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 876-7500 / Toll Free: (866) 275-2677	NEW YORK Office of the New York State Attorney General Investor Protection Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271-0332 (212) 416-8236 Phone / (212) 416-6042 Fax
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Department 600 East Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Department of Business Regulation Securities Division Bldg. 69, First Floor, John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Department of Labor and Regulation Division of Securities 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General's Office Consumer Protection Div., Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 373-7117	WASHINGTON Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Department of Commerce 85 7 th Place East, Suite 500 St. Paul, Minnesota 55101 (651) 539-1500	WISCONSIN Office of the Commissioner of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703 (608) 261-9555

EXHIBIT H

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

We intend to register our franchise offering in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677	NEW YORK New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 / (518) 473-2492
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Commissioner 600 East Boulevard Avenue, State Capitol Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division Bldg. 69, First Floor, John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Department of Labor and Regulation Director of the Division of Securities 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General's Office Consumer Protection Div., Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 373-7117	WASHINGTON Director of Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce 85 7 th Place East, Suite 500 St. Paul, Minnesota 55101 (651) 539-1500	WISCONSIN Commissioner of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703 (608) 261-9555

EXHIBIT I

**ADDITIONAL STATE-REQUIRED INFORMATION
AND
STATE CONTRACT ADDENDA**

As a condition of registering our franchise offering in certain states, we are required to provide you with additional information and, in some states, to amend our Franchise Agreement and Deposit Letter Agreement. The required disclosures and amendments are set out in the following pages, in alphabetical order by state.

CALIFORNIA - The following is added to the disclosure document for California residents:

INFORMATION REQUIRED
BY THE STATE OF CALIFORNIA

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.

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

Item 3, Additional Disclosure.

Neither we nor any person in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such parties from membership in such association or exchange.

Item 10 , Additional Disclosures.

Franchisor, its subsidiaries, affiliates, and parent will comply with all applicable laws governing any direct financing offered by us to you including, if applicable, the California Finance Lenders Law.

Item 12, Additional Disclosures.

In California, the minimum territory size is approximately 32.75 square miles (this is the size of the smallest territory that we have defined in California using our mapping software).

Item 17, Additional Disclosures.

California Business and Professions Code Sections 20000 through 20043 provide rights to California franchisees concerning termination, transfer or non-renewal of the franchise agreement. 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. § 101 *et seq.*).

The Franchise Agreement contains a choice of forum provision. This provision may not be enforceable under California law.

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

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

You must sign a general release if you transfer the franchise. This provision may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professional Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

Item 19, Additional Disclosures.

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

HAWAII - The following is added to the disclosure document for Hawaii residents:

**INFORMATION REQUIRED
BY THE STATE OF HAWAII**

Cover Page, Additional Disclosures.

THE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONTITUTE APPROVAL, RECOMMENTATION 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 THE 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.

The name and address of Filta's agent in this state authorized to receive service of process is Commissioner of Securities, Department of Commerce and Consumer Affairs, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

ILLINOIS - The following is added to the disclosure document for Illinois residents:

**INFORMATION REQUIRED
BY THE STATE OF ILLINOIS**

Cover Page, Additional Disclosures.

THE GOVERNING LAW, VENUE AND JURISDICTION REQUIREMENTS IN THE DISCLOSURE DOCUMENT AND IN THE FRANCHISE AGREEMENT ARE SUBJECT TO THE PROVISIONS OF THE ILLINOIS FRANCHISE DISCLOSURE ACT, AND NOTHING IN THESE DOCUMENTS SHALL BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON YOU BY THE ILLINOIS FRANCHISE DISCLOSURE ACT.

Item 11, Additional Disclosures.

Because the business is a mobile, van-based franchise, site selection assistance is unnecessary, and we do not provide it.

Item 17, Additional Disclosures.

The conditions under which the Franchise Agreement can be terminated and your rights upon non-renewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Pursuant to Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement that designates jurisdiction or venue for litigation in a forum outside of Illinois is void. In addition, Illinois law will govern any claim arising under the Illinois Franchise Disclosure Act.

ILLINOIS ADDENDUM TO THE FRANCHISE AGREEMENT

This Addendum relates to franchises sold in Illinois and is intended to comply with Illinois statutes and regulations. The parties agree to modify the Franchise Agreement ("Franchise Agreement") as follows:

1. Renewal. Section 3 of the Franchise Agreement is amended by adding the following:

If anything in this Section concerning non-renewal is inconsistent with Section 20 of the Illinois Franchise Disclosure Act of 1987 (the "Act"), then the Act shall apply.

2. Termination. Section 21 of the Franchise Agreement is amended by adding the following:

If anything in this Section concerning termination is inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987 (the "Act"), then the Act shall apply.

3. Governing Law. Section 30.1 of the Franchise Agreement is deleted. The Illinois Franchise Regulations, Section 200.608, requires that Illinois law govern Franchise Agreements entered into in Illinois.

4. Venue. Section 30.2 of the Franchise Agreement is amended by adding the following:

Section 4 of the Act states that any provision in the Franchise Agreement that designates jurisdiction or venue for litigation in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois.

5. Limitation of Claims. Section 30.3 of the Franchise Agreement is amended by adding the following:

Any claims arising under the Act shall be commenced within the period of limitation established in Section 27 of the Act.

6. Section 41 of the Act states that any condition, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of the Act or any other law of Illinois is void. Section 41 will control over any inconsistent provisions in the Franchise Agreement.

8. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Filta and You satisfy all of the jurisdictional requirements of the Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

THE FILTA GROUP INC.

**FRANCHISEE (Print name of
individual, limited liability company, or
corporation:**

By _____

Signature _____

Title _____

Title _____

INDIANA – The following amendment is for use with the Franchise Agreement in Indiana:

**INDIANA ADDENDUM TO THE
FRANCHISE AGREEMENT**

This Addendum relates to franchises sold in Indiana and is intended to comply with Indiana statutes and regulations. The parties agree to supplement the Franchise Agreement ("Franchise Agreement") as follows:

1. Pursuant to Section 23.2-2.7-1 of the Indiana Code, it is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:

(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 service 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 this chapter 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 subdivision 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 subdivision.

(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 subdivision 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 (3) 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.

2. If the Franchise Agreement contains a provision that is inconsistent with the Indiana Code, the provisions of the Indiana Code will supersede the Franchise Agreement.

3. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Filta and You satisfy all of the jurisdictional requirements of the Indiana Code, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

THE FILTA GROUP INC.

FRANCHISEE (Print name of individual, limited liability company, or corporation:

By _____

Signature _____

Title _____

Title _____

MARYLAND - The following is added to the disclosure document for Maryland residents:

INFORMATION REQUIRED
BY THE STATE OF MARYLAND

Item 5 , Additional Disclosures.

In Maryland, there is no deposit and the initial fee and payments will be deferred until such time as we complete our initial obligations.

Item 17, Additional Disclosures.

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

The Franchise Agreement requires the franchisee to sign a general release as a condition of renewal or transfer of the franchise. This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

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

Exhibit G (Compliance Questionnaire), Additional Disclosure.

Your responses to the Compliance Questionnaire do not act as a release, estoppel, or waiver of any liability of the Franchisor under the Maryland Franchise Registration and Disclosure Law.

MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT

In recognition of the Maryland Franchise Registration and Disclosure Law, Maryland Stat. §§ 14-201 to 14-233, and the Rules and Regulations promulgated thereunder, the parties agree to modify the Filta Franchise Agreement ("Franchise Agreement") as follows:

1. Initial Fees. Section 4.1 is amended by adding the following:

In Maryland, there is no deposit and initial fees and payments shall be deferred until such time as we complete our initial obligations to you.

2. Releases. The following sentence is added to the end of Section 3.8, Section 20.2.4 and Section 21.5:

This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Acknowledgments. Section 25 is amended by adding the following sentence:

The foregoing acknowledgements and representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Governing Law. Section 30.1 is amended by adding the following sentence:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

5. Venue. Section 30.2 is amended by adding the following sentence:

Any choice of forum for litigation is subject to Your right to bring an action under the Maryland Franchise Registration and Disclosure Law in Maryland.

6. Time Limit on Filing. Section 30.3 is amended by adding the following sentence:

The foregoing limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

7. Entire Agreement. Section 32 is amended by adding the following sentence:

Notwithstanding anything to the contrary in this Agreement, You are not required to waive any of Your rights under the Maryland Franchise Registration and Disclosure Law with regard to Filta's prior representations.

8. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Filta and You satisfy all of the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

THE FILTA GROUP INC.

FRANCHISEE (Print name of individual, limited liability company, or corporation:

By _____

Signature _____

Title _____

Title _____

MICHIGAN - The following is added to the disclosure document for Michigan residents:

INFORMATION REQUIRED
BY THE STATE OF MICHIGAN

Cover Page, Additional Disclosures.

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

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

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Law. 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 franchises 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. **[Note: Filta reserves the right to challenge the restriction on the location of arbitration under the Federal Arbitration Act.]**

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

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

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

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

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

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

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

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

Any questions regarding this Notice shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913 (517) 373-7117.

MINNESOTA - The following is added to the disclosure document for Minnesota residents:

**INFORMATION REQUIRED
BY THE STATE OF MINNESOTA**

Item 13, Additional Disclosure.

Filta will indemnify you against liability to a third party resulting from claims that your use of the Marks infringes trademark rights of the third party, provided that your use of the Marks is in accordance with the requirements of the Franchise Agreement and the System.

Item 17, Additional Disclosures.

Filta will comply with Minnesota Statutes Section 80C.14, subdivisions 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

Minnesota Statutes § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring you to waive your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes §§ 80C.01 - 80C.22.

Minnesota Rule 2860.4400J prohibits us from requiring you to waive your rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes. This rule does not bar a voluntary arbitration of any matter if the proceeding is conducted by an independent tribunal under the rules of the American Arbitration Association.

MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT

In recognition of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01-80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, the parties agree to modify the Filta Franchise Agreement ("Franchise Agreement") as follows:

1. Releases. The following sentence is added to Section 3.8, Section 20.2.4 and Section 21.5:

Notwithstanding the foregoing, You will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

2. Renewal and Termination. Section 3 and Section 21 are amended by adding the following:

Notwithstanding anything to the contrary in Sections 3, 21.1, 21.2, or 21.3, Filta will comply with Minnesota Statutes Clause 80C.14, Subdivision 3, 4, and 5 which require, except in certain cases, that Minnesota franchisees be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

3. Trademarks. Section 15 is amended by adding the following as Section 15.5:

Filta will indemnify You against liability to a third party resulting from claims that Your use of the Proprietary Marks infringes trademark rights of the third party, provided that Your use is in accordance with the requirements of the Franchise Agreement and the System.

4. Acknowledgments. Section 25 is amended by adding the following:

Pursuant to Minn. Stat. § 80C.21 and Minn. Rule Part 2860.4400J, nothing in the Agreement shall in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.

5. Venue. Section 30.2 is amended to add the following:

Under Minnesota Statutes Section 80C.21, this section will not in any way abrogate or reduce any rights of the Franchisee as provided for in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts in Minnesota. Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit Filta from requiring litigation to be conducted outside Minnesota.

6. Limitation of Claims. Section 30.3 is amended to add the following:

Notwithstanding anything to the contrary in this Section, any claim or action arising out of or relating to the Minnesota Franchises Law must be commenced within three (3) years from the occurrence of the facts giving rise to the claim or action, or the claim or action is barred.

7. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Filta and You satisfy all of the jurisdictional requirements of Minnesota Statutes §§ 80C.01 - 80C.22. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

THE FILTA GROUP INC.

FRANCHISEE (Print name of individual, limited liability company, or corporation:

By _____

Signature _____

Title _____

Title _____

NEW YORK - The following is added to the disclosure document for New York residents:

INFORMATION REQUIRED
BY THE STATE OF NEW YORK

Cover page, Additional Disclosures.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IMMEDIATELY BELOW 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 DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

FILTA MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, FILTA CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON YOU TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.

FILTA REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT.

Item 3, Additional Disclosures.

Neither Filta nor any person listed in Item 2:

1. Has any administrative, criminal or material 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. There are no pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of Filta franchises and the size, nature or financial condition of the System or its business operations.

2. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the date of this disclosure document, 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.

3. Is subject to a currently effective injunctive or restrictive order or decree relating to the Filta franchise or under any 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.

Item 4, Additional Disclosure.

Neither Filta, its affiliates, its predecessors, officers, nor general partners, during the ten-year period immediately before the date of the disclosure document: (a) filed as a 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 general partner of 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 one year after the officer or general partner of Filta held this position in the company or partnership.

Item 5, Additional Disclosure.

We use the territory fee to defray our costs of offering Filta franchises and assisting franchisees to start business. A portion of the territory fee may be profit to us.

Item 17, Revised Disclosures.

1. *In the Item 17 Table, the following sentence is added to item "d":*

You may also terminate the Franchise Agreement on any grounds available by law.

2. *In the Item 17 Table, the following sentence is added to item "j":*

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

3. *In the Item 17 Table, the following sentence is added to item "w":*

The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33.

Item 17, Additional Disclosures.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Franchise Agreement inconsistent with that law.

You must sign a general release if you transfer the franchise. This provision may not be enforceable under New York law.

NEW YORK ADDENDUM TO THE FRANCHISE AGREEMENT

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties agree to modify the Filta Franchise Agreement ("Franchise Agreement") as follows:

1. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695 may not be enforceable.
2. Releases. The following sentence is added to the end of Section 3.8, Section 20.2.4 and Section 21.5:

The foregoing release of claims against Filta does not release any claim You may have under New York General Business Law, Article 33, Sections 680-695.

3. Assignment by Filta. Section 19 is amended by adding the following sentence:

Filta will not assign its rights under the Franchise Agreement except to an assignee who in Filta's good faith judgment is willing and able to assume Filta's obligations under the Franchise Agreement.

4. Governing Law. Section 30.1 is amended by adding the following sentence:

Notwithstanding the foregoing, the New York General Business Law shall govern any claim arising under that law.

5. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Filta and You satisfy all of the jurisdictional requirements of New York General Business Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

THE FILTA GROUP INC.

**FRANCHISEE (Print name of
individual, limited liability company, or
corporation:**

By _____

Signature _____

Title _____

Title _____

NORTH DAKOTA - The following is added to the disclosure document for North Dakota residents:

**INFORMATION REQUIRED
BY THE STATE OF NORTH DAKOTA**

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):
 - A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
 - B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
 - C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
 - D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
 - E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
 - F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
 - G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
 - H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
 - I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
 - J. Enforcement of Agreement: Requiring that North Dakota franchisees 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.

NORTH DAKOTA ADDENDUM TO THE FRANCHISE AGREEMENT

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Agreement shall be amended as follows:

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):
 - A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
 - B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
 - C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
 - D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
 - E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
 - F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
 - G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
 - H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
 - I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
 - J. Enforcement of Agreement: Requiring that North Dakota franchisees 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.

2. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Filta and You satisfy all of the jurisdictional requirements of the North Dakota Franchise Investment Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

THE FILTA GROUP INC.

FRANCHISEE (Print name of individual, limited liability company, or corporation:

By _____

Signature _____

Title _____

Title _____

RHODE ISLAND – The following amendment is for use with the Franchise Agreement in Rhode Island:

**RHODE ISLAND ADDENDUM TO THE
FRANCHISE AGREEMENT**

In recognition of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties agree to modify the Filta Franchise Agreement ("Franchise Agreement") as follows:

1. Governing Law. Section 30.1 is amended by adding the following:

Notwithstanding the foregoing, Rhode Island law governs any claim arising under the Rhode Island Franchise Investment Act.

2. Venue. Section 30.2 is amended by adding the following:

Notwithstanding the foregoing, You have the right to file any litigation under the Rhode Island Franchise Investment Act in Rhode Island.

3. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Filta and You satisfy all of the jurisdictional requirements of the Rhode Island Franchise Investment Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

THE FILTA GROUP INC.

**FRANCHISEE (Print name of
individual, limited liability company, or
corporation:**

By _____

Signature _____

Title _____

Title _____

VIRGINIA - The following is added to the disclosure document for Virginia residents:

INFORMATION REQUIRED
BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia is amended to add the following:

According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

WASHINGTON - The following is added to the disclosure document for Washington residents:

INFORMATION REQUIRED
BY THE STATE OF WASHINGTON

Item 17, Additional Disclosures.

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with us, 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 us, including the areas of termination and renewal of your franchise.

In the event of a conflict of laws between the Washington Franchise Investment Protection Act and the law chosen in the Franchise Agreement, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

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

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

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties agree to modify the Filta Franchise Agreement ("Franchise Agreement") as follows:

1. Renewal and Termination. The following is added to Section 3 and Section 21:

The Washington Franchise Investment Protection Act, RCW 19.100.180 ("Act") may supersede this Agreement in Your relationship with Filta, including in the areas of termination and renewal of Your franchise. There also may be court decisions in Washington which may supersede this Agreement in Your relationship with Filta, including in the areas of termination and renewal of Your franchise.

2. Transfer Fees. The following is added to Section 20.2.3, 20.3, and 20.4:

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

3. Releases. Section 3.8, Section 20.2.4, and Section 21.5 are amended by adding the following:

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

4. Governing Law. Section 30.1 is amended by adding the following:

In the event of a conflict between the Act and the law chosen in the Franchise Agreement, the provisions of the Act shall prevail.

5. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Filta and You satisfy all of the jurisdictional requirements of the Washington Franchise Investment Protection Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

THE FILTA GROUP INC.

**FRANCHISEE (Print name of
individual, limited liability company, or
corporation:**

By _____

Signature _____

Title _____

Title _____

EXHIBIT J

**SAMPLE OF RELEASE TO BE SIGNED WHEN YOU RENEW OR
TRANSFER THE FRANCHISE**

**SAMPLE OF RELEASE TO BE SIGNED WHEN YOU RENEW OR
TRANSFER THE FRANCHISE**

Note: Where required by applicable state law, this Release will be modified to exclude liability under the applicable state law. See Exhibit J to the disclosure document.

THIS MUTUAL RELEASE is made and entered into on _____, 201__ by and between THE FILTA GROUP INC. ("Filta") and _____ ("Franchisee") in connection with the transfer or renewal of a Filta franchise.

In consideration of their respective obligations set out below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Release by Franchisee. Franchisee, for himself and his heirs, personal representatives, and all other persons acting on his behalf or claiming under him (collectively, the "**Franchisee Releasors**"), hereby releases and forever discharges Filta and its past and present officers, directors, shareholders, affiliates, agents, employees, attorneys, insurers, representatives, predecessors, successors, and assigns, and each of them, from any and all claims, debts, liabilities, demands, obligations, costs, expenses, suits, actions, and causes of action, known or unknown, suspected or unsuspected, vested or contingent (collectively, "**Claims**") that the Franchisee Releasors ever had, now have, or may in the future have, arising out of or relating to any act, omission or event occurring on or before the date of this Mutual Release.

2. Release by Filta. Filta, for itself and its officers, directors, shareholders, affiliates, agents, representatives, predecessors, successors, and assigns and all other

persons acting on their behalf or claiming under them (collectively, the “**Filta Releasors**”), hereby release and forever discharge Franchisee and his or her heirs and personal representatives from any and all Claims that the Filta Releasors ever had, now have, or may in the future have, arising out of or relating to any act, omission or event occurring on or before the date of this Mutual Release, except that this Section 2 does not apply to any applicable state sales tax or use tax that Franchisee may have incurred.

3. Risk of changed facts. The parties understand that the facts in respect of which the releases in Sections 1 and 2 above are given may turn out to be different from the facts now known or believed by the parties to be true. Each party hereby accepts and assumes the risk of the facts turning out to be different and agrees that its release shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

4. No prior assignment. Franchisee represents and warrants that he or she is the sole owner of all Claims and rights released by Franchisee hereunder and that Franchisee has not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1 above. Filta represents and warrants that it is the sole owner of all Claims and rights released by Filta hereunder and that Filta has not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 2 above.

5. Covenant not to sue. Franchisee (on behalf of the Franchisee Releasors) and Filta (on behalf of the Filta Releasors) each covenant 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 person or entity released under Sections 1 or 2 above with respect to any Claim released under Sections 1 or 2 above.

6. Complete defense. The parties: (i) acknowledge that this Mutual Release shall be a complete defense to any Claim released under Sections 1 or 2 above; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

7. Notices. All notices under this Agreement must be in writing and will be deemed to have been properly given if sent to the party at the address of the party set forth below (or at such other address the party subsequently may have designated by written notice to the other party) by any means described in the following sentence. Except as otherwise provided in this Agreement, notice is effective (a) when personally delivered; or (b) on the first business day after being sent via facsimile; or (c) on the second business day after being sent by Federal Express or other overnight courier service providing delivery confirmation; or (d) on the fifth business day after being sent certified mail, postage prepaid, return receipt requested.

Franchisee: [insert address]

Filta: 7075 Kingspointe Parkway, Suite 1,
Orlando, Florida 32819

8. Counterparts. This Mutual Release may be executed in counterpart copies, each of which will serve as an original, but all copies of which together constitute a single agreement.

9. Authorization. Each person who executes this Mutual Release on behalf of any party represents and warrants that the party has authorized that person to enter into this Mutual Release on behalf of the party. Each party represents and warrants that it has the authority to enter into this Mutual Release not only on its own behalf, but also on behalf of the other persons and entities to be bound by its signature.

10. Successors and assigns. This Mutual Release will inure to the benefit of and bind the successors, assigns, heirs and personal representatives of each party to this Mutual Release.

IN WITNESS WHEREOF, the parties have executed this Mutual Release as of the date first above written.

FRANCHISEE

By: _____

THE FILTA GROUP INC.

By: _____

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Filta offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **New York** requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. **Iowa** requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. **Michigan** requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Filta does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit G.

The franchisor is The Filta Group, Inc., 7075 Kingspointe Parkway, Suite 1, Orlando, Florida 32819, tel. (407) 996-5550.

Issuance Date: April 20, 2017 (see the State Effective Dates page for the effective dates of this disclosure document in states with franchise registration laws).

The franchise seller(s) for this offering are The Entrepreneur's Source, 900 Main Street South, Building #2, Southbury, CT 06488 (tel. 203-264-2006); International Franchise Professionals Group, Inc., 499 Emston Road, Suite B9, Parlin, NJ 08859 (tel. 888-977-IFPG); and persons on the staff of the franchisor (please mark below all individuals you have been dealing with):

☐ Adam Blake	☐ Barbara McManama	☐ Victor Clewes	☐ Scott Humphreys
☐ Tom Dunn	☐ Jason Sayers	☐ Brian Hogan	☐ Other (write in) _____

Filta authorizes the state agencies in Exhibit H to receive service of process for Filta in the particular state.

I received a Franchise Disclosure Document dated April 20, 2017 that included the following Exhibits:

- | | |
|---|---|
| A. Franchise Agreement, FiltaBio Addendum, 6K Addendum, FiltaGold Addendum, FiltaDrain Addendum | E. Financial Statements |
| B. Deposit Letter | F. Compliance Questionnaire |
| C. Operating Manual Table of Contents | G. State Franchise Administrators |
| D. Filta Franchisees as of 12/31/2016 and Franchise Territories That Left the System in 2016 | H. Agents for Service of Process |
| | I. Additional State-Required Information and State Contract Addenda |
| | J. Sample Release |

Date Received: _____

Date Received: _____

Print Name

Print Name

Signature

Signature

Address

Address

City State Zip Code

City State Zip Code

Area Code Phone Number

Area Code Phone Number

TO BE RETAINED BY YOU

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Filta offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **New York** requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. **Iowa** requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. **Michigan** requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Filta does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit G.

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| | I. Additional State-Required Information and State Contract Addenda |
| | J. Sample Release |

Date Received: _____

Date Received: _____

Print Name

Print Name

Signature

Signature

Address

Address

City State Zip Code

City State Zip Code

Area Code Phone Number

Area Code Phone Number

TO BE RETURNED TO THE FILTA GROUP INC.