FRANCHISE DISCLOSURE DOCUMENT

FLSC Recycling, LLC
(A Florida Limited Liability Company)
3911 SW 47th Avenue, Suite 903
Davie, Florida 33314
844.FLL.BINS
ClothesBinFranchise.com
FillTheBins.com

FLSC Recycling, LLC ("Franchisor") offers Clothes Bin franchises for the operation, management, monitoring and placement of recycling collection bins for clothes, shoes and textile items, as well as for the collection, management, transportation, distribution and resale of the collected clothes, shoes and textiles. FLSC Recycling, LLC has offered franchises since January 2015.

The total investment necessary to begin operation of a Clothes Bin franchise is $140,340 - $193,880. This includes $118,690 - $132,680 that must be paid to Franchisor and/or its affiliate for the first Clothes Bin franchise, and $104,190 - $118,180 for the second, and $89,190 - $103,180 for the third and additional Clothes Bin franchises, if you purchase multiple Clothes Bin franchises at the same time.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact Marc Douglas at: 3911 SW 47th Avenue, Suite 903, Davie, Florida 33314 and 844.FLL.BINS (844.355.2467).

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 on franchising.

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

Issuance Date: April 8, 2024.

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

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

THE 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 asset to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

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

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

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

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

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

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

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

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

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

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchisee 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 franchisee 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 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, G. Mennen Williams Building, 1st Floor, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

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ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES.

To simplify the language in this Franchise Disclosure Document, "we" or "us" means the franchisor, FLSC Recycling, LLC. "You" means the person or entity that purchases the franchise. If the franchisee is a corporation, partnership or other entity, "you" also includes its owners or partners.

The Franchisor

FLSC Recycling, LLC is a Florida limited liability company that was formed in December 2014. Our principal business address is 3911 SW 47th Avenue, Suite 903, Davie, Florida 33314, and our telephone number is 844.FLL.BINS. Our agent for service of process in the states whose franchise laws require us to name a state agency as agent for service is disclosed in Exhibit A to this disclosure document.

We offer and sell franchises for Clothes Bin businesses. We grant you the right to operate a Clothes Bin business (the "Franchised Business") under the terms of the Franchise Agreement ("Franchise Agreement") attached to this disclosure document as Exhibit B. We have not offered franchises in any other line of business. Nor are we engaged in other business activities. We started offering franchises in January 2015.

We do not presently own or operate Clothes Bin businesses, but we may choose to do so in the future. However, our affiliate, FLSC, LLC, owns and operates a clothes bin collection business similar to the franchise offered in this disclosure document in Florida. FLSC, LLC is a Florida limited liability company with the same principal business address as us, and has been in operation since October 2007. FLSC, LLC has never offered franchises in this or any other line of business.

Parents or Predecessors

Our parent, Recycling Brands, LLC ("Recycling Brands"), is a Delaware limited liability company, with its principal business address at 3911 SW 47th Avenue, Suite 903, Davie, Florida 33314. Recycling Brands was formed on May 4, 2021. On July 1, 2021, as a result of a reorganization and equity purchase transaction, Recycling Brands became our parent.

We do not have any predecessors.

Affiliates

We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

The Franchised Business

You will be required to operate your Franchised Business using the methods and processes of the Clothes Bin system for the operation, management, monitoring and placement of recycling collection bins for clothes, shoes and textiles, as well as for the collection, management, transportation, distribution and resale of the collected clothes, shoes and textiles ("System") under our designated "Clothes Bin" trade name and trademark, and other commercial symbols, insignias, trademarks, service marks, logos, and designs we may designate in the future ("Proprietary Marks"). The System is characterized by distinctive design and color scheme, our

specified Bins, signage, advertising techniques, trade practices, operating methods and procedures, various business forms, training materials, manuals, including the Clothes Bin Confidential Operating Manual (the "Manual"), sales and business techniques, management control systems, our proprietary software, and other proprietary operational processes, all of which may change from time to time at our sole discretion, as set forth in our Manual or otherwise.

Your Franchised Business will consist of placing our specified collection bins ("Bins") throughout your designated territory ("Territory") at locations ("Bin Locations"), such as gas stations, convenience stores, shopping centers, housing developments, condominiums, apartment complexes, churches, synagogues and schools, that are leased by you from the owners of such locations. While we will provide you with a list of locations and contact information for potential Bin Locations within your Territory and we may assist in selecting the locations for your Bins, you are solely responsible for locating, negotiating and leasing, or making other written arrangements for, all the locations for your Bins prior to placing such Bins. We do not approve the locations selected and leased by you for your Bins.

You must purchase an initial package of 20 Bins from us within 30 days from the date of the Franchise Agreement. As part of your initial training, you must use us, for which we charge a fee, to unload your first shipment (and any second shipment) of Bins upon their delivery to your Territory, and we will assist you with the placement of such Bins at the Bin Locations that have been selected and procured by you prior to the time of delivery. You will also be required to use our proprietary Bin Location Information Program (BLIP) system for mapping, tracking, and monitoring the Bins.

Your Franchised Business will also consist of collecting, managing, transporting, distributing and reselling the recycled clothes, shoes and textiles, and soliciting and negotiating with businesses or buyers to purchase the collected clothes, shoes and textiles. Sorting, altering or removing items of, or adding items to, the collected clothes, shoes and textiles prior to their resale, or selling any wet or water damaged items, are generally prohibited in the bulk recycled clothes sales industry and are expressly prohibited under the Franchise Agreement. Your Franchised Business also involves "Bin Optimization," which is constantly monitoring your Bins' performance and moving under-performing Bins to different locations on the same property and/or moving Bins to new locations, depending on the performance of the Bins at each location.

Market Conditions and Competition

Clothes Bin businesses offer recycling collection bins for clothes, shoes and textiles to the general public. There is no cost to the public to use these bins. The Franchised Business's sales are derived from the resale of the collected clothes, shoes and textiles to businesses in the textile recycling industry, thrift and other retail industries, both for profit and non-profit companies, and may be seasonal depending on weather, market conditions and/or the geographic area where the Bins are located. Prices for the resale of collected clothes, shoes and textiles fluctuate greatly depending upon a variety of factors, including, but not limited to, market conditions (in the United States and abroad), market issues and currency devaluations abroad, weather related issues, borders opening or closing, tariffs, freight related issues, acts of God, pandemics, epidemics, volume buyers cutting back or increasing purchases due to supply and demand, the type of buyers (retail or wholesale, us or third parties), and the area of the country and the demographics of the area from which the clothes, shoes and textiles were collected, among other factors. Prices are typically higher when the clothes, shoes and textiles are collected in higher median income areas. In addition, the volume of clothes, shoes and textiles collected per Bin may vary greatly as the volume depends on the general public's contributions. Your competitors include other for-profit and non-profit businesses

offering similar collection bins and services, and other for-profit and non-profit businesses in the textile recycling sector that sell secondhand clothes, shoes and textiles at wholesale and retail. The market for businesses that collect and sell secondhand clothes, shoes and textiles at wholesale and retail is developed and may be competitive.

Regulation of Industry

There may be state and/or local laws, rules, ordinances that prohibit, restrict or regulate the placement of the Bins. You may be required to obtain certain licenses, registrations and permits for the Bins from public authorities, which is your sole responsibility. You must also investigate local zoning rules because they may limit where you can locate Bins. Local laws may be enacted in the future that affect the licensing, registration and permitting requirements for your Franchised Business, currently placed Bins, and the placement of Bins. You are responsible for knowing such laws and any new laws that may be enacted in your Territory. Consult your local lawyer about all of these laws, rules and regulations. In addition, your Franchised Business will be subject to laws and regulations that apply to businesses, generally. It is your sole obligation to comply with all immigration and naturalization laws, discrimination laws, labor laws, including requirements pursuant to the Fair Labor and Standards Act, as well as federal and state tax laws, including those promulgated by the United States Internal Revenue Service.

ITEM 2: BUSINESS EXPERIENCE.

Marc Douglas, Chairman

Mr. Douglas has served as our Chairman since December 2014. From July 2021 to the present, Mr. Douglas as served as Chairman of our parent, Recycling Brands, LLC in Davie, Florida. From 2007 to the present, Mr. Douglas has been a Managing Member of LLT, LLC in Ft. Lauderdale, Florida. From October 2007 to the present, Mr. Douglas has been a Managing Member of FLSC, LLC in Ft. Lauderdale, Florida, and from November 2007 to the present, he has been our Managing Member. From 1999 to the present, Mr. Douglas has served as the President of Internet Management Associates Inc. in Ft. Lauderdale, Florida. From 1997 to the present, Mr. Douglas has served as the President of Thrift Shops of North Lauderdale, Inc. in Lauderdale Lakes, Florida.

Nick Boariu, Chief Operating Officer

Mr. Boariu has been our Chief Operating Officer since December 2014. From July 2021 to the present, Mr. Boariu has served as Chief Operating Officer of our parent, Recycling Brands, LLC in Davie, Florida. From March 2012 to the present, Mr. Boariu has served as the President of BOA Holdings, Inc. in Davie, Florida.

Chad Boariu, Director of Marketing & Training

Mr. Boariu has been our Director of Marketing & Training since February 2016.

Eric Alvarez, VP of Operations

Mr. Alvarez has served as our VP of Operations since February 2023. From May 2017 to February 2023, he was our Operations Manager. From July 2016 through present, Mr. Alvarez has served in Operations of FLSC, LLC, in Ft Lauderdale, Florida.

Christina Napoles, Franchisee Liaison

Ms. Napoles has been our Franchisee Liaison since April 2019.

Christopher Brown, VP of Franchise Development

Mr. Brown has served as our VP of Franchise Development since March 2024 to the present. From February 2023 to March 2024, he served as our Director of Franchise Development. From June 2017 to February 2024, Mr. Brown has been the VP of Franchise for Pinnacle Franchise Development in Louisville, Kentucky. From January 2011 to the present, Mr. Brown has also served as President of CMB Franchise Development in Myrtle Beach, South Carolina.

Mason Myers, Manager of Recycling Brands LLC

Mr. Myers has been a Manager of Recycling Brands, LLC, a position he has held since July 2021. Mr. Myers is the principal and general partner of Greybull Stewardship, L.P. ("Greybull") since January 2010, which is based in Jackson, Wyoming. Greybull is a private equity investor with interests in a variety of companies in its investment portfolio. Mr. Myers also serves or has served in the following positions with the following Greybull portfolio companies:

- National Holistic Institute, Inc., Emeryville, California, Director, April 2003 to the present.
- Professional License Education Company, LLC, Niles, Illinois, Director, February 2013 to the present.
- Summit Professional Education LLC, Franklin, Tennessee, Director, August 2014 to the present.
- Onsource LLC, Braintree, Massachusetts, Director, April 2015 to the present.
- MB Brokerage Group, LLC, Clearwater, Florida, Director, May 2016 to the present.
- California Pool Route Sales, Inc. d/b/a National Pool Route Sales, Emeryville, California, Director, July 2016 to the present.
- D-tools Inc., Concord, California, Director, December 2016 to the present.
- ProHome Holdings, Inc., Wichita, Kansas, Director, August 2018 to the present.
- Grand Welcome Holdings, Inc., Torrance, California, Director, June 2019 to the present.
- Ada Sand & Gravel, Inc., Boise, Idaho, Director, October 2019 to the present.
- Clean Franchise Brands, LLC, Tampa, Florida, Representative, April 2021 to the present.
- Next Step Franchising, LLC, Hanover, Massachusetts, Manager, March 2018 to April 2021.
- StormSource LLC d/b/a AppointmentPlus, Director, Scottsdale, Arizona, January 2010 to December 2020.
- MS Bakery Holdings, Inc. d/b/a Main Street Gourmet, Cuyahoga Falls, Ohio, Director, April 2011 to November 2019.

ITEM 3: LITIGATION.

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY.

No bankruptcies are required to be disclosed in this Item.

ITEM 5: INITIAL FEES.

Initial Franchise Fee

We charge an Initial Franchise Fee of $49,500 for each Franchised Business. You must pay the Initial Franchise Fee in full when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable once paid.

If you are an active or retired police officer, fire fighter or first responder, or are in the military or a military veteran, we will charge you a discounted Initial Franchise Fee of $44,500 for your first Franchised Business, which is not refundable once paid.

If you purchase multiple Franchised Businesses at the same time, we will charge you a discounted Initial Franchise Fee of $35,000 for the second Franchised Business, and $20,000 for the third and each additional Franchised Business, which is not refundable once paid. This discounted Initial Franchise Fee is only available if you purchase more than one Franchised Business at the same time and may only be applied to the additional Franchised Businesses you purchase.

The Initial Franchise Fee is typically uniform. We did not charge a different Initial Franchise Fee last year.

Purchase of Bins and Freight Fee

Before you commence operation of your Franchised Business, you will be required to purchase the Bins from us. You must purchase the initial package of 20 Bins from us within 30 days from the date of the Franchise Agreement. The cost for you to purchase the initial package of 20 Bins is $54,900 - $59,900, depending on our then-current pricing, which includes hardware, BLIP sensors, paint, and signage.

We will also charge you a flat fee of $7,995 for freight and shipping costs for 20 Bins. If we ship less than 20 Bins to you, we will charge you a flat fee ranging from $3,995 to $7,995, depending on how many Bins we ship to you and the then-current freight and shipping costs. These costs are not refundable and are payable in a lump sum before your Franchised Business commences operation. The initial package of 20 Bins are shipped to you in one shipment.

At your option, you may purchase an additional 10 or 20 Bins as part of your initial package, which will cost, for a 30-day period from the date you sign the Franchise Agreement, an additional $27,450 - $29,950 for 10 Bins or an additional $54,900 - $59,900 for 20 Bins, plus the $3,995 to $7,995 freight fee, and will be shipped to you in a separate shipment. The price quoted to you for the purchase of the initial package of Bins is good for a 30-day period from the date you sign the Franchise Agreement. Any Bins purchased after this 30-day period will be at our then current rates. Due to anticipated fluctuations to steel costs, as well as increases in inflation, labor costs and other unpredictable events that effect the cost of the Bins, we cannot agree to sell you the Bins at the initial price quoted after 30 days from the date you sign the Franchise Agreement.

Bin Unload and Placement Service

You must use us to unload your initial shipment of Bins upon their delivery to your Territory and we will assist you with the placement of such Bins at the Bin Locations that have been selected and procured by you prior to the time of delivery. You must pay us, at the time you sign the Franchise Agreement, a non-refundable fee of $5,995 for this bin unload and placement service we provide for your first shipment of Bins. This fee includes our labor, lodging, meals and travel costs to travel to your Territory to unload and place your shipment of Bins. It is not refundable under any circumstances and if we are required to change our travel plans due to circumstances caused by you or at your request, then you must reimburse us for the cost we incur for such changes. When you purchase your initial package of Bins, we will coordinate the timing of delivery with you. You must have your initial shipment of 20 Bins placed within 120 days from the date of the Franchise Agreement. You will not be required to use us to unload your initial package of 20 Bins that you purchase for your second and any subsequent franchise you may purchase.

We will unload the shipment of Bins upon delivery, but you will be responsible for purchasing or renting, at your cost, the truck and equipment, such as a pallet jack and/or forklift, to place and unload the Bins. If you have procured Bin Locations prior to delivery, we will also assist you in placing the Bins at such Bin Locations. We will not require you to attend the Initial Training Program for your second and any subsequent franchise you may purchase, and you will not be required to use us to unload additional shipments of Bins after your initial package of 20 Bins or for your initial package of Bins that you purchase for your second and any subsequent franchise you may purchase.

At your option, you may also request our services to unload and place any additional shipment of Bins that you purchase. You must request such service in writing to us at the time you order an additional shipment of Bins, and we will determine and notify you of the dates of such service, which will depend on our availability and schedule. If you request our Bin unload and placement services for these additional Bins, we will charge you a fee of $5,995 per additional shipment of 20 Bins and $4,995 per additional shipment of 10 Bins that you purchase. This fee must be paid to us at the time you request such service in writing to us and is not refundable under any circumstances.

Bin Location Services (Optional)

You may request that we find locations for your initial package of Bins as well as for any of your subsequent shipment(s) of Bins. Such services include soliciting owners of potential locations for your Bins by using our program of targeted marketing aimed at acquiring potential Bin Locations by virtual/electronic means and negotiating with owners of potential locations to secure the locations for you (“Bin Location Services”). Upon signing up for the Bin Location Services, you must pay us a non-refundable setup fee of $2,495 ("Bin Location Services Setup Fee”). The Bin Location Services Setup Fee includes our purchase of potential Bin Location site data for the Territory, scrubbing the data for errors, and launching the Bin Location Services program for you. However, we may not be able to find locations for any or all of the Bins. In consideration of these Bin Location Services, you must pay us, upon invoice, the sum of $175 for each Bin that we find a location for, plus any of our travel, transportation, meals and lodging expenses. If you elect this service, we will provide you with Bin Location leases signed by the owners, which you may or may not agree to. However, we will charge you this $175 per Bin fee for the leases we present to you. You may, at your option and for an additional fee, permit us to use follow-up phone call services in

connection with the Bin Location Services. We estimate this additional fee to be approximately $495 to $1,495, depending on the number of contacts and/or locations that will be called and the frequency of any such follow-up calls. We will not be obligated to travel to your Territory to perform the Bin Location Services, but if you request in-Territory assistance in connection with the Bin Location Services, and if we agree, you will be required to pay for our travel, transportation, meals and lodging expenses. While we will attempt to find locations for you if you elect this service, it will remain your ultimate responsibility to select and choose the Bin Locations.

We estimate that your cost for this service will range from $0 (if you do not use our Bin Location Service) to $7,490, which includes the Bin Location Services Setup Fee, the $175 per Bin fee for your initial 20 Bins, and the high-end estimate for the additional fee to conduct optional follow-up phone call services.

Business Cards, Uniforms and Other Items

We require you to purchase business cards, nametags, and uniforms from us, and, at your option, you may also purchase additional branded clothing, such as hats, visors and hoodies/jackets, and advertising mailers from us. We estimate that your cost to purchase such items from us will range from $300 to $800. These costs are not refundable and are payable in a lump sum before your Franchised Business commences operation.

Additional Signage for Only Bins Placed in Connection with School Programs or other Programs with Organizations

If you place Bins at schools or other institutions or organizations in connection with a school (or other organization) endorsed program, you will be required to purchase additional signage for the front of the Bins from us. We may, in our discretion, require you to purchase such additional Bin signage from an approved or designated vendor. The cost for the additional Bin signage for the front of the Bins is currently $20 - $70 per Bin, plus shipping, and will depend on the type of signage you select, how many Bins you place at a school or other organization in connection with a school (or other organization) endorsed program and shipping costs. The cost of the additional Bin signage is subject to change. We estimate the cost of additional front Bin signage for 0 to 20 Bins (assuming that you would not select the most expensive additional signage type to place on 20 Bins) to be approximately $0 to $1,000. These costs are not refundable and are payable in a lump sum before your Franchised Business commences operation.

You are not required to pay us or our affiliates any other fees or payments for goods or services before your Franchised Business commences operation.

ITEM 6: OTHER FEES.

OTHER FEES

Type of Fee (note 1)	**Amount**	**Due Date**	**Remarks**
Continuing Royalty Fee	A weekly fee equal to: (i) commencing on the earlier of (a) the week after Franchisee's receipt of its initial shipment of 20 Bins or (b) 120 days from the date of the Franchise Agreement, $120 per week; (ii) if Franchisee purchases additional Bins at the *same time* Franchisee purchases its initial package of 20 Bins, then commencing on the earlier of (a) of the week after Franchisee's receipt of its second shipment of Bins or (b) 180 days from the date of the Franchise Agreement, $180 per week if Franchisee purchased an additional 10 Bins, or $240 per week if Franchisee purchased an additional 20 Bins; and (iii) if Franchisee purchases additional Bins at any time *after* Franchisee purchases its initial package of 20 Bins, then commencing on the earlier of (a)	Weekly. Paid by automated clearing house (ACH) every Wednesday for the preceding week.	The Continuing Royalty Fee shall be paid weekly on a day prescribed by us in the Manual or elsewhere. For illustrative purposes only, if you purchase 40 Bins, then on the day of your receipt of the shipment of the 20 additional Bins (Bins 21-40), we will commence charging you a weekly Continuing Royalty Fee of $240 (40 multiplied by $6), even if not all of the 40 Bins ordered and received by you have been placed at Bin Locations. (notes 2, 3)

Type of Fee (note 1)	**Amount**	**Due Date**	**Remarks**
	the week after Franchisee's receipt of any additional shipment of Bins, or (b) 90 days after Franchisee purchased such Bins, the *greater of* (y) $6 per Bin that Franchisee has purchased and received, whether or not any or all of the Bins are placed at Bin Locations within 90 days after Franchisee purchased such Bins, or (z) $120 per week.		
National Marketing Fund Fee	A weekly fee not greater than One Dollar and Fifty Cents ($1.50) per Bin that Franchisee has purchased and received, whether or not any or all of the Bins are placed at Bin Locations.	Weekly. Paid by ACH.	We presently do not collect this fee, but reserve the right to in the future. (notes 2, 3)

Type of Fee (note 1)	**Amount**	**Due Date**	**Remarks**
Local Marketing Expenditure	A monthly amount not greater than Six Dollars ($6.00) per Bin that Franchisee has purchased and received as of the first day of each such month.	Monthly. Paid to third parties.	We presently do not require you to spend this minimum monthly amount on local marketing, but reserve the right to in the future. Commencing 30 days from your receipt of the shipment of the initial package of 20 Bins, we may require you to expend each month on local marketing an amount not greater than Six Dollars ($6.00) per Bin that Franchisee has purchased and received as of the first day of each such month.
Regional/Local Advertising Cooperative	A weekly fee not greater than One Dollar and Fifty Cents ($1.50) per Bin that Franchisee has purchased and received, whether or not any or all of the Bins are placed at Bin Locations.	Weekly. Paid by ACH.	We presently do not collect this fee, but reserve the right to in the future. If we require you to participate in a regional or local advertising cooperative, the amount will be credited against your local marketing requirements. If a member of a cooperative, Franchisor-owned outlets will have the same voting power as any other member regarding the fees imposed by the cooperative. Based on the decision of a majority of the votes represented by all of the members of the cooperative, each member can be required to contribute up to, but not greater than, $1.50 per Bin per week. Membership will be defined as one group and one vote per franchisee. (notes 2, 3, 5)
Bin Location Information Program (BLIP) Monitoring Fee	A weekly fee equal to: (i) commencing on the earlier of (a) the week after Franchisee's receipt of its initial shipment of 20 Bins, or (b)	Weekly. Paid by ACH, every Wednesday for the preceding week.	The BLIP Monitoring Fee is for use of our proprietary Bin Location Information Program (BLIP) system, or other similar monitoring, mapping and tracking system required by Franchisor, and related software.

Type of Fee (note 1)	**Amount**	**Due Date**	**Remarks**
	120 days from the date of the Franchise Agreement, $100 per week; (ii) if Franchisee purchases additional Bins at the *same time* Franchisee purchases its initial package of 20 Bins, then commencing on the earlier of (a) the week after Franchisee's receipt of its second shipment of Bins, or (b) 180 days from the date of the Franchise Agreement, $150 per week if Franchisee purchased an additional 10 Bins, or $200 per week if Franchisee purchased an additional 20 Bins; and (iii) if Franchisee purchases additional Bins at any time *after* Franchisee purchases its initial package of 20 Bins, then commencing on the earlier of (a) the week after Franchisee's receipt of any additional shipment of Bins or (b) 90 days after Franchisee purchased such Bins, the *greater of* (y) $5 per Bin that Franchisee has purchased and		The BLIP Monitoring Fee shall be paid weekly on a day prescribed in the Manual or elsewhere. The BLIP Monitoring Fee shall continue to be due as provided in this Section notwithstanding any interruptions, errors, worms, viruses, or program limitations that may occur with the BLIP System, for which Franchisor is not responsible. Franchisee is not entitled to any credits or refunds in any such event. (notes 2, 3)

Type of Fee (note 1)	**Amount**	**Due Date**	**Remarks**
	received, whether or not any or all of the Bins are placed at Bin Locations within 90 days after Franchisee purchased such Bins, or (z) $100 per week. We may adjust the BLIP Monitoring Fee, but will not increase it by more than 10% per annum.		
Franchise Renewal Fee	20% of the then-current Initial Franchise Fee being charged to new franchisees.	Upon the first and second renewal of the then-current form of the Franchise Agreement being offered to prospective franchisees.	You will have the right to renew the Franchise Agreement before the expiration of the Initial Term for two (2) additional consecutive terms of five (5) years each, provided all the conditions set forth in Section 1.5 of the Franchise Agreement have been fulfilled upon both renewal terms.
Re-Training Fee	Currently, $500 per person, per day, plus our travel, transportation, lodging, meals and other living expenses. We may increase this fee to up to $750 per person, per day.	Before re-training	If we reasonably conclude that you (or, if Franchisee is an entity, your Operating Partner) or your designated Manager (if applicable) failed to attend or successfully complete the Initial Training Program and must re-enroll, we will charge a fee of no more than $750 per person, per day, as stated in the Manual.
Additional On-Site Assistance (if we agree to provide) and Fees for Franchisor's Labor to Pick Up and Remove Bins	Currently, $500 per day, plus our travel, transportation, lodging, meals and other living expenses. We may increase this fee to up to $750 per day.	Upon invoice	We will not be obligated to provide you any additional on-site training or assistance beyond the Initial Training Program, but if we elect to do so, we will impose a fee for each day of additional on-site training or assistance we agree to provide. In addition, you must also pay all expenses incurred by us in connection with the additional on-site training,

Type of Fee (note 1)	**Amount**	**Due Date**	**Remarks**
			including, but not limited to, travel, transportation, meals, lodging and other living expenses. We will also charge you this fee, in addition to the Administrative Fee, if we pick up and remove your Bins because you abandoned the Bins and/or we received complaints from lessors (or sublessors) regarding your defaults under the Bin Location Leases and they request removal of the Bins. This fee is subject to change at any time, but will not exceed $750 per day.
Additional Training and/or Refresher Courses	Currently, $500 per person, per day, plus trainees' salaries, travel, transportation, meals and other living expenses. We may increase this fee to up to $750 per person, per day.	Prior to additional training or refresher courses.	We may require you (or, if Franchisee is an entity, the Operating Partner) or, if applicable, your designated Manager to attend mandatory refresher or additional training programs at our corporate headquarters (or other location designated by us) on an annual basis, and may, from time to time, require you (or, if Franchisee is an entity, the Operating Partner) or, if applicable, your designated Manager to attend webinars or other online, web-based training or courses. We will charge you our then-current fees for this training (unless a webinar or online training or course). This fee is subject to change at any time, but will not exceed $750 per person, per day.
Interest on Late Payments	The highest interest rate permitted by law.	As incurred.	(note 6)

Type of Fee (note 1)	**Amount**	**Due Date**	**Remarks**
Charge for returned ACH payment or nonpayment due to "Insufficient Funds" or otherwise.	$50.00	As incurred.	Paid only if bank payment is refused for any electronic transfer, ACH payment or pre-authorized draft.
Damages, Costs and Attorneys' Fees	Actual amount of damages, attorneys' fees, costs and expenses incurred by us.	As incurred.	You must pay for our damages, expenses, costs and attorneys' fees if we are successful in enforcing any term of the Franchise Agreement, or any other rights that we may have as a matter of law arising out of the franchise relationship.
Indemnification Fees	Actual amount of damages we suffer, including attorney's fees, costs and expenses.	As incurred.	You must indemnify us against any and all losses, costs, expenses (including attorneys' and experts' fees), court costs, claims, demands, damages, liabilities, however caused, arising from the ownership or operation of your Franchised Business, including our placement of your Bins at Bin Locations, if you request this service.
Transfer Fee	$15,000	Before transfer.	Payable if you transfer or assign your Franchised Business.
Audit Costs	Actual amount of audit.	As incurred.	Paid only if an audit of your Franchised Business reveals that you understated Gross Revenues by 5% or more for any quarter, or by 10% or more for any calendar year, plus actual amount of fees due as a result of underreporting. Audit costs could range from $6,000 to $15,000, or higher. (note 4)
Management Fee	Up to $1,000 per week, plus Franchisor's expenses.	Weekly.	Payable only if we elect to manage your Franchised Business after death or disability of Franchisee or owner with a controlling interest in the franchise.

Type of Fee (note 1)	**Amount**	**Due Date**	**Remarks**
Bin Unload and Placement Service Fee (for second shipment, if any, and any optional service requested)	$5,995 per additional shipment of 20 Bins that you purchase or $4,995 per additional shipment of 10 Bins that you purchase.	As incurred.	
E-Mail Address Fee	Currently, $1.66 per week, per each fillthebins.com email address assigned to you.	Weekly. Paid by ACH.	This fee is subject to change by the e-mail address domain provider we use. We collect this fee to pay the fees imposed by our e-mail address domain provider for each e-mail address assigned to you. These e-mail addresses shall only be assigned to you and used by you and your designated manager. (note 3)
Google Voice Number	Currently, $4.62 per week.	Weekly. Paid by ACH.	This fee is subject to change by the provider we use. We collect this fee to pay the fees imposed by the provider of this service.
ACH Transaction Fees	Currently, 50 cents per transaction, which is approximately $26 per year.	Weekly. Paid by ACH.	See Note 3. We do not collect this fee, but it is automatically debited from your designated bank account at the time we ACH your fees due to us.
Fee for Trailer Loads Under the Required Minimum Weight	Up to 20 cents per pound that your trailer weight load is below the then-current minimum established by us, which is currently 38,000 pounds. The amount we charge, up to 20 cents per pound, will depend on the circumstances and will be in our sole discretion.	As incurred.	If you sell through the National Buyer Program , we require that each trailer load sold weigh, currently, a minimum of 38,000 pounds. We may change this required minimum weight. If the weight of your trailer load is below the then-current required minimum weight, then we will charge you, and deduct from your final sales payment, up to 20 cents per pound that your trailer weight load was below the required minimum weight. You will be required to provide weight slips at the time of pickup to verify the weight of your load.

Type of Fee (note 1)	**Amount**	**Due Date**	**Remarks**
Hourly Fee for Transfer/Load Time Over 4 hours	Depending on the buyer we sell to and the freight company used when selling through the National Buyer Program, after the first 2 or 4 hours, our then-current hourly fee. Currently, $50 - $75 per hour. We may change this fee, but will not exceed $100 per hour.	As incurred.	If you sell through the National Buyer Program, then you will have up to 2 or 4 hours to transfer your load from your storage trailer to the shipment trailer for pickup and delivery to us (or our buyers). You are solely responsible for transferring loads from your storage trailer to the shipment trailers, including all labor and any labor costs. If it takes you more than 2 or 4 hours to complete the transfer of your load, depending on the buyer we sell to and the freight company used, then we will charge you this fee for each hour beyond the first 2 or 4 hours that it takes you to complete the transfer. If you do not sell through the National Buyer Program, most buyers and freight companies will charge similar fees. This fee is not applicable if you use road-worthy trailers, in which case you do not have to transfer loads to another trailer for shipment. We may also deduct from the purchase price or pay a reduced price for poundage that we deem as trash, mildewed, water damaged or wet or if there are hard goods (known as “bric-a-brac”) in your loads. You will be required to follow our and/or our buyers’ policies and procedures, which will include a maximum transfer time. We will deduct from the purchase price if your transfer time takes longer than the maximum time.
Bin Location Services Fee	$175 for each Bin that we find a location for, plus our	Upon invoice.	At your option, you may request that we find locations for your Bins. If you request such

Type of Fee (note 1)	**Amount**	**Due Date**	**Remarks**
	travel, transportation, meal and lodging expenses.		services, (i) we will travel to your Territory on dates determined by us based on our availability and schedule, (ii) we will perform the services in the Territory for a period of up to 14 calendar days, as determined by us in our sole discretion, and (iii) we will attempt to find as many locations as we can for your Bins during this period. However, we may not be able to find locations for any or all of the Bins.
Bin Location Services Setup Fee	Currently, $2,495, but subject to change for any subsequent purchase of additional Bins.	Upon invoice	This fee is optional and subject to change. If you use our Bin Location Services for Bins that you purchase after the initial package of 20 Bins, you will be required to pay this fee, even if you already paid it for Bin Location Services for your initial package of 20 Bins. This fee is in addition to Bin Location Services $175 per Bin fee.
Follow-Up Phone Call Services in Connection with Bin Location Services	Currently, approximately $495 to $1,495.	Upon invoice.	You may, at your option and for an additional fee, permit us to use follow-up phone call services in connection with the Bin Location Services.
Reimbursement of Costs to Clean Up Bin Debris	$500 administrative fee, plus the actual cost charged by the service provider engaged by us to clean up Bin debris.	Upon invoice.	We require you to maintain the cleanliness of the area surrounding your Bins and diligently monitor the Bins to prevent overflows. If a Bin Location landlord notifies you of debris at or around your Bins, you must clean up and clear the debris within 48 hours of the landlord's notice, or sooner if required by the landlords or your leases. If you are not responsive to the landlord's notice and/or do not clean up the debris within 48 hours of the landlord's notice, we may, at our option and in addition to all other remedies available to us under the Franchise Agreement, engage the services

Type of Fee (note 1)	**Amount**	**Due Date**	**Remarks**
			of a company to clean up the debris. If we do, you must pay us this fee and reimburse us for the cost charged by the company.
Administrative Fee and Reimbursement of Costs to Pick Up and Remove Bins	$500 per Bin administrative fee, plus our then-current fees for our labor and the actual costs incurred by us to remove such Bins and to keep such Bins in storage.		If you abandon the Bins and/or if we receive complaints from lessors (or sublessors) regarding your defaults under the Bin Location Leases and they request removal of your Bins, we will have the right, at our option and in addition to all other remedies available under the Franchise Agreement, to pick up and remove the Bins from such Bin Locations, as well as store the Bins, without prior notice and without any liability to you. If we do, you must pay us this fee, in addition to our then-current fees for our labor, and reimburse us for the costs to remove and store your Bins.
Reimbursement of Costs to Pick Up, Remove Bins, Store and Ship Bins upon Termination or Expiration of the Franchise Agreement	Franchisor's costs to collect any of the Bins from the Bin Locations, store the Bins, truck rental and labor costs, and the freight costs to ship the Bins.	Upon demand.	Upon termination or expiration of the Franchise Agreement, we will have the option to purchase your Bins for the lesser of (i) 10% of the amount you paid for each Bin; or (ii) the costs that we must expend to travel, collect the Bins from the Bin Locations, store the Bins, truck renal and labor costs, and to ship the Bins. If we purchase the Bins under subsection (i), you are responsible for the costs under subsection (ii). In addition, if you abandon the Franchised Business or any Bins and leave the Bins at Bin Locations or if you fail to pay rent for a Bin Location for more than 30 days, we have the option to purchase your Bins for, and in consideration of, only the costs that we must expend to

Type of Fee (note 1)	**Amount**	**Due Date**	**Remarks**
			travel, collect the Bins from the Bin Locations, store the Bins, truck rental and labor costs, and to ship the Bins.
Freight Fees for shipment of Bins	Currently, $7,995 for 20 Bins, and if less than 20 Bins, $3,995 to $7,995 per each shipment of Bins.	Upon invoice.	We will charge you this fee for each shipment of Bins. This fee is subject to change.
BLIP Sensor Shipping Costs for Replacement Sensors, Cost of Replacement Batteries and Related Shipping Costs	Actual cost of shipping and our then-current price for replacement batteries.	Upon invoice.	We may replace your BLIP sensors. If we do, you will be responsible for the cost of shipping the replacement sensors and shipping back the old sensors. We will also charge you for replacement batteries for your sensors, if you choose to purchase them through us. You will be responsible for the cost of shipping the replacement batteries.
Replacement Signage and/or Bins	Signage: Our then-current prices. Currently, approximately $250 per Bin. Bins: Our then-current prices. Currently, $49,900 - $57,900 for 20 Bins, or $24,950 - $28,950 for 10 Bins, but this is subject to change.	Upon invoice.	We have the right, upon demand, to require you to periodically refurbish the Bins, purchase new Bins, order new signage and/or re-paint the Bins to ensure that the Bins are in substantial conformity with our then-current specifications and/or in the highest degree of cleanliness, maintenance, condition and repair. These prices are subject to change. If you do not install the signs, you will need to engage a professional to install them. You can purchase additional Bins only in shipments of 10 or 20.
Accounting Fee	The vendor's then-current fee, not to exceed $500 per month (for each Territory with 20 Bins). Currently, the	Monthly	We may collect this fee on behalf of our designated third-party accounting vendor. You will be required to use our designated vendor for

Type of Fee (note 1)	**Amount**	**Due Date**	**Remarks**
	fee is $200 per month (for each Territory with 20 Bins). If you request additional services, have more than one Territory, and/or have more than 20 Bins within your Territory, our designated third-party vendor's fees may exceed $500 per month.		accounting/bookkeeping services for your first 12 months of operations. Thereafter, you may, but will not be required to, continue to use this vendor.
Annual Franchise Conference Fee	Then-current fee. Currently, $500 - $1,000 per person, but will depend on actual cost of the convention, plus attendees' travel expenses, including airfare, transportation, lodging and meals.	Prior to the conference	We will require you to attend an annual franchise conference. We will charge you this fee.
Alternative Supplier Test Costs	Actual costs of testing alternative supplier, product or services at your request.	Upon invoice.	You must notify us in writing if you want to offer for sale through the Franchised Business any brand of product or any services, or to use in the operation of the Franchised Business any brand of material, item or supply that is not then approved by us, or to purchase any product from a supplier that is not then designated by us as an approved supplier, for our review and written approval. If requested by us, you must submit samples and any other information as we may require for testing or to otherwise determine whether the product, material or supplies, or the proposed supplier meets our specifications and quality standards. You will

Type of Fee (note 1)	**Amount**	**Due Date**	**Remarks**
			be responsible for all costs associated with such testing.

Note 1: Unless this disclosure document specifically provides otherwise, all fees and costs payable to us are uniformly imposed among all franchisees and are non-refundable. Under Section 7.9 of the Franchise Agreement, all Continuing Royalty Fees, BLIP Monitoring Fees any Marketing Fund Fees, and other fees and costs required to be paid to us must be paid by ACH. You must use our required electronic, online invoicing and payment program and must comply with our payment instructions, including, but not limited to, selecting the automatic payment option and other selections and options as Franchisor requires. You must also sign any and all documents and forms necessary to effectuate the automatic bank drafts. See Exhibit C to the Franchise Agreement.

Note 2: In no event will your obligations to timely pay Continuing Royalty Fees, BLIP Monitoring Fees, Marketing Fund Fees or any other fees due under the Franchise Agreement be delayed, waived or affected, in any way, by our Bin unload and placement services or our availability to schedule the Bin unload and placement service dates.

Note 3: You must use our required electronic, online invoicing and payment program to pay us, by ACH, all of your fees due under the Franchise Agreement. You are responsible for and must pay to the third party vendor all transaction fees or other administrative fees charged by the third party vendor for use of this program. Currently, our third party vendor charges 50 cents per transaction, which is approximately $26 per year in transaction fees. This transaction fee is subject to change at any time by our third party vendor and is electronically transferred from your designated bank account directly to the third party vendor at the time we ACH your fees due to us. We use this program to collect your Continuing Royalty Fees, BLIP Monitoring Fees, any Marketing Fund Fees, and all other fees and costs required to be paid under the Franchise Agreement, by ACH.

Note 4: "Gross Revenues" means all revenues and income from whatever source derived or received by you from, through, by or on account of the operation of the Franchised Business, whether received in cash, in services, in kind, on credit (whether or not payment is received), bartering, or otherwise. There will be deducted from Gross Revenues, to the extent they have been included: (i) all sales tax receipts or similar tax receipts which, by law, are chargeable to buyers, if you separately states the taxes when the buyer is charged and if you pay the taxes to the appropriate taxing authority; and (ii) any documented refunds, chargebacks, credits and allowances given in good faith to buyers by you (such deductions will not include any credit card user fees, returned checks or reserves for bad credit or doubtful accounts). The use of any coupons or other discounts, waivers, or any bartering or exchange transactions, or the sale of any unapproved products or services bearing the Proprietary Marks without our prior written approval is prohibited and the amount of the discount, unapproved exchange or unauthorized sale offered by you in such case shall also be included in the definition of Gross Revenues.

Note 5: We do not currently require you to do any local marketing. However, we reserve the right in the future to require you to expend each month on Local Marketing an amount

not greater than $6.00 per Bin that you have purchased and received as of the first day of each such month.

Note 6: The highest interest rate allowed by law in California for late payments is 10% annually.

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**
Initial Franchise Fee (note 1)	$49,500*****	Lump sum	Upon execution of Franchise Agreement	Us
Real Property (note 2)	$1,700 - $8,000	Lump sum	Upon execution of leases for the Bin Locations	Third Parties (gas station owners, etc.)
Computer and Software (note 3)	$300 - $800	Lump sum or financed	As incurred prior to opening	Third Parties
GPS Bin Technology (note 4)	$400 - $800	Lump sum	Prior to opening	Approved Third Party Vendors
Initial Purchase of Bins (note 5)	$54,900 - $59,900	Lump sum or financed	Within 30 days of execution of Franchise Agreement	Us
Freight Fees (note 5)	$7,995	Lump Sum	Within 30 days of execution of Franchise Agreement, at the time the Bins are purchased	Us
Trailer and Parking Space Rental (note 6)	$800 - $2,800	Vendor terms	Vendor terms; as incurred	Third Parties
Mandatory Bin Placement (for first 20 Bins) (note 7)	$5,995	Lump sum	Upon execution of Franchise Agreement	Us
Bin Location Services (note 8)	$0 - $7,490	Lump sum	Upon invoice	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Truck Rental for Placement and Collections (note 9)	$1,600 - $2,400	Vendor terms	Vendor terms; as incurred	Third Parties
Pallet Jack, Locks & Supplies (note 10)	$400 - $1,200	Vendor terms	Vendor terms	Third Parties
Business Licenses, Permits or Registrations (note 11)	$400 - $1,100	Lump sum	As incurred prior to opening	Governmental Organizations
Insurance (note 12)	$300 - $600	Insurance company terms	Per insurance carrier	Insurance company
Initial Training (note 13)	$0 - $500	As incurred	As incurred prior to opening	Your Employees' salaries
Legal and Accounting (note 14)	$750 - $3,000	As incurred	As incurred	Licensed Professionals
Additional Bin Signage (note 15)	$0 - $1,000	As incurred	As incurred	Us
Business Cards, Uniforms, and other items (note 16)	$300 - $800	Lump sum	As incurred prior to opening	Us
Additional Funds for First 3 Months of Operations (note 17)	$15,000 - $40,000	As incurred	As incurred	Us, Third Parties and Employees
TOTAL ESTIMATED INITIAL INVESTMENT	$140,340 - $193,880	N/A	N/A	N/A

Notes: Amounts paid to suppliers or third parties (other than us) may or may not be refundable, depending on the arrangement you make with the supplier.

1. The Initial Franchise Fee is non-refundable. We do not currently, nor do we have any future plans to, finance any part of the Initial Franchise Fee. If you purchase multiple Franchised Businesses at the same time, we will charge you a discounted Initial Franchise Fee of

$35,000 for the second Franchised Business, and $20,000 for the third and each additional Franchised Business. *****If you are an active or retired police officer, fire fighter or first responder, or are in the military or a military veteran, we will charge you a discounted Initial Franchise Fee of $44,500 for your first Franchised Business.

2. Real Estate costs refer to the rent you will pay property owners for the right to place your Bins on their property. These costs will vary considerably according to location and size. The Bins may be placed at sites such as gas stations, convenience stores and shopping centers, as well as other locations, including, but not limited to, housing developments, condominiums, apartment complexes, churches, synagogues and schools. This estimated range for Real Estate estimates the first 3 month's rent for the initial package of 20 Bins. The low-end range contemplates that you will place more than 1 Bin at some locations. If you use us for the optional Bin Location Services, we typically offer, on your behalf, to pay property owners of schools and religious organizations a minimum of 5 cents to 10 cents per pound collected, a minimum flat fee of $500 per year for gas station/convenience store locations and a minimum of $1,000 per year for shopping center locations. However, you may pay more for such locations or negotiate less. We strongly suggest that you seek the advice of a real estate professional familiar with the market in which you will be located and the relevant laws.

3. This estimate includes estimated costs associated with computer equipment and software (QuickBooks Online and Microsoft Office).

4. This estimate includes the cost of GPS technology that you will be required to purchase for and install in your Bins and is an estimate for the initial package of 20 Bins. The technology costs approximately $20-$40 per Bin, which you must buy for each Bin you purchase.

5. This estimate includes the freight fee we charge for the required purchase and delivery of the initial package of 20 Bins, if you purchase the Bins within 30 days after you sign the Franchise Agreement, which includes hardware, paint, and signage. If we ship less than 20 Bins to you, we will charge you $3,995 to $7,995 in freight and shipping fees per each shipment of Bins, depending on the number of Bins we ship to you and the then-current freight and shipping costs. At your option, you may purchase an additional 10 or 20 Bins as part of your initial package, which will cost, if you purchase these additional Bins within 30 days after you sign the Franchise Agreement, an additional $27,450 - $29,950 for 10 Bins or an additional $54,900 - $59,900 for 20 Bins, plus the $3,995 to $7,995 freight fee, and will be shipped to you in a separate shipment. These additional costs for Bins beyond the initial package of 20 plus the freight fee is not included in this estimate. Any Bins purchased after the 30-day period will be at our then current rates. Due to anticipated fluctuations to steel costs, as well as increases in inflation, labor costs and other unpredictable events that effect the cost of the Bins, we cannot agree to sell you the Bins at this price after 30 days from the date you sign the Franchise Agreement. Any costs for Bins paid to us are not refundable and are payable in lump sum before your Franchised Business commences operation. You may be able to secure third party financing for some or all of this cost. We currently only offer financing to our current franchisees for the purchase of additional Bins. See Item 10 for the terms of such financing. We may, in the future, also offer financing for your first 20 Bins on the same terms. Should any Bins be damaged, destroyed or stolen after you place your initial package of Bins at Bin Locations, you may replace or repair them; provided, however, that you are required to have at all times during the term of the Franchise Agreement at least 18 fully operations Bins at Bin

Locations. After the purchase of your initial package of Bins, you must purchase any additional Bins at our then-current price, which is subject to change.

6. This estimate is for the estimated cost of renting a 53-foot trailer and a parking space or lot or other storage area to store the Bins prior to placement. You will also need to rent a trailer and a parking space or lot or other storage area on an ongoing basis to operate the Franchised Business (i.e. to store Bins, unload Bins and to store collected clothes, shoes and textiles). This estimate includes, rent for the first month, last month and a security deposit to rent a trailer and parking space, lot or other storage area. This cost will depend on the local rental rates in your area and will increase if you choose to purchase additional Bins. You must use us to unload your first two shipment of Bins upon their delivery to your Territory.

7. You are required to use us to unload your first two shipments (if you have a second shipment) of Bins upon their delivery to your Territory and we will assist you with the placement of such Bins at the Bin Locations that have been selected and procured by you prior to the time of delivery. This fee we charge you is per shipment and includes our labor, lodging, meals and travel costs to travel to your Territory to unload and place your shipment of Bins. It is not refundable under any circumstances and if we are required to change our travel plans due to circumstances caused by you or at your request, then you must reimburse us for the cost we incur for such changes. We will unload the shipment of Bins upon delivery, but you will be responsible for purchasing or renting, at your cost, the truck and equipment, such as a pallet jack and/or forklift, to place and unload the Bins.

8. You may request, at your option, that we find as many locations as we can for your Bins. We will charge you $175 for each Bin that we find a location for. If you elect this service, you must also pay us a non-refundable Bin Location Services Setup Fee of $2,495. You may, at your option and for an additional fee, permit us to use follow-up phone call services in connection with the Bin Location Services. We estimate this additional fee to be approximately $495 to $1,495, depending on the number of contacts and/or locations that will be called and the frequency of any such follow-up calls. The high-end estimate includes the Bin Location Services Setup Fee, the $175 per Bin fee for your initial 20 Bins, and the high-end estimate for the additional fee to conduct optional follow-up phone call services.

9. This estimate includes the estimated cost of renting a truck to place your initial package of 20 Bins in locations within your Territory and to collect the clothes, shoes and textiles from the Bins for the first 3 months of operation. This cost will depend on the local rental rates in your area and the type of truck you rent. This estimate does not include the estimated cost of purchasing or leasing a truck. Our franchisees typically rent a truck in the beginning of operations and may decide to later purchase a used truck or lease a truck. However, you may, at your option, purchase a truck for your Franchised Business in the beginning of operations. The estimated range for purchasing a used truck for your Franchised Business is approximately $19,000 - $40,000.

10. This estimate includes the estimated cost of purchasing a pallet jack, locks and other supplies you will need to operate the Franchised Business.

11. Incorporation and related fees include complying with fictitious, assumed, or trade name statutes of the state in which the Franchised Business is located. Costs such as additional

licenses, permits, or registrations for the placement of the Bins are also included in this estimate, but will vary depending on the state and local laws of your Territory.

12. This cost estimates your premiums for the first 3 months of operation. You are obligated under the Franchise Agreement to obtain and maintain comprehensive general liability insurance, automobile liability coverage, all risk property insurance including fire and extended coverage insurance, workers' compensation, employer's liability insurance (in statutory amounts), unemployment insurance and state disability insurance (as required by governing law), any other insurance required under federal, state or local law applicable to your Franchised Business, and, at your option, business interruption insurance. In addition, if you do not have a commercial policy to endorse the rental truck company (if renting) or if you purchase or lease a truck, then you must have insurance for liability, limited damage waiver, and supplemental liability (if necessary) to cover your State's minimum gap up to the $1,000,000 we require under the Franchise Agreement for automobile liability coverage. Rates vary depending on location, driving record and other factors. The estimated cost for this commercial policy is included in the estimate for the cost of renting a truck as you should be able to obtain this insurance coverage when you rent the truck. We suggest you consult with a licensed insurance agent in your area.

13. You are responsible for all costs and expenses incurred by you and/or your designated Manager associated with our mandatory initial training program. This estimated cost includes compensation of an employee who you may have attend (along with you) the initial training. You must also maintain worker's compensation insurance coverage for trainees in your employment.

14. You may need to employ an attorney, an accountant and other consultants to assist you in establishing your Franchised Business. These fees may vary from location to location depending upon the prevailing rate of attorneys', accountants' and consultants' fees and the scope of services requested.

15. If you place Bins at schools or other institutions or organizations in connection with a school (or other organization) endorsed program, you must purchase additional signage for the front of the Bins from us. We may, in our discretion, require you to purchase such additional Bin signage from an approved or designated vendor. The cost for the additional Bin signage for the front of the Bin is currently $20 - $70 per Bin, plus shipping, and will depend on the type of signage you select, how many Bins you place at a school or other organization in connection with a school (or other organization) endorsed program and the shipping costs, which will vary depending how many shipments we will have to make, where we will have to ship the signage to, and the weight of each shipment. You may also, at your option, purchase additional signage for the back of these Bins, which costs are currently $55 or $75 per Bin, depending on the size of the back signage. The costs of the additional Bin signage are subject to change. This estimate includes the cost of signage for the front of the Bins and estimated shipping costs for up to 20 Bins and assumes that you would not select the most expensive signage type to place such additional signage on 20 Bins.

16. This estimate includes the cost of business cards, nametags and uniforms (t-shirts and collared shirts) that you must purchase from us before you commence operation of the Franchised Business, as well as other optional items, such as branded hats, visors, hoodies/jackets and advertising mailers, and estimated shipping charges.

17. This is an estimate of the minimum funds needed only for opening expenses and working capital to operate the Franchised Business for a period of 3 months after opening, including rent for the initial package of 20 Bins for the second and third months of operation. In formulating the estimated amount of additional funds for the first 3 months of operation, we relied on our affiliate FLSC, LLC's experience in operating a clothes bin collection business, similar to the franchise offered in this disclosure document, in Florida since October 2007 and our current Clothes Bin franchisees' businesses. The estimate of additional funds also includes salaries and benefits for at least one employee, but does not include any allowance for an owner's draw. The amount will vary substantially depending on your situation and must be determined by you. The actual amount of additional funds you will need depends on a variety of factors, including: how closely you follow methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for recycling clothes, shoes and textiles, and for the sale of secondhand clothes, shoes and textiles at wholesale and retail; prevailing wage rate; and the sales levels achieved during the initial period. You may have to put additional cash into the business. In addition, we recommend that you have sufficient additional funds available to cover your personal living expenses for a period of no less than six (6) months. These figures should be reviewed with an accountant and a business advisor before making a decision to purchase a franchise. This minimum will be higher if you decide to purchase additional Bins beyond the initial 20.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.

To help assure a uniform image and uniform quality of products and services in all Clothes Bin businesses, you must maintain and strictly comply with our quality standards. We require you to purchase Bins, signage, business cards, uniforms, and other products and services from us, our affiliates, designated vendors, and/or third party vendors we approve. We also require you to use our Bin Location Information Program (BLIP). We require you to purchase other products, supplies, equipment and services by brand name or specification, from vendors of your choice. These products, vendors and specifications are identified periodically in the Operating Manual, or in notices from us, but may be changed or modified from time to time as we deem necessary.

We will furnish you with a list of approved manufacturers, suppliers and distributors and a list of approved inventory products, signs, stationary, supplies and other items or services necessary to operate the Franchised Business. Although we do not directly provide material benefits to our franchisees based on their use of designated or approved sources, franchisees may receive discounts on products and/or services from those approved sources if offered by the suppliers. We do not guarantee any such discounts and such discounts may be terminated by the approved or designated source at any time.

We may offer to sell you these or other products and services (directly or through a designee). If we do, and if you decide to purchase these products or services from us or if we require you to purchase them from us, you must pay the prices we (or our designee) charge at that time (which will include a profit to us or our designee). Your costs for these products are usually non-refundable, though we (or our designee) may negotiate partial refunds for some items in special circumstances.

Currently, we require you to purchase the Bins from us and you must use our proprietary BLIP monitoring program. We may replace your BLIP sensors. If we do, you will be responsible for the cost of shipping the replacement sensors and shipping back the old sensors. We will also charge you for replacement batteries for your sensors, which are a specific type of battery, if you

choose to purchase them through us. You will be responsible for the cost of shipping the replacement batteries. We also currently require you to purchase business cards, nametags, and uniforms (t-shirts and collared shirts) from us before you commence operation of the Franchised Business. You may also purchase from us, at your option other items, such as branded hats, visors, hoodies/jackets and advertising mailers.

You will be required to engage and use our designated vendor for accounting/bookkeeping services for your first 12 months of operations. Thereafter, you may, but will not be required to, continue to use this vendor for such services.

If you place Bins at schools or other institutions or organizations in connection with a school (or other organization) endorsed program, you must purchase additional signage for the Bins from us. Currently, you must purchase such additional Bin signage and any replacement Bin signage only from us. However, we may, in our discretion, require you to purchase such additional Bin signage from an approved or designated vendor.

We also require you to use our required electronic, online invoicing and payment program to pay us, by automated clearing house (ACH), all of your fees due under the Franchise Agreement. You are responsible for and must pay to the third party vendor all transaction fees or other administrative fees charged by the third party vendor for use of this program. We use this program to collect your Continuing Royalty Fees, BLIP Monitoring Fees, any Marketing Fund Fees, and all other fees and costs required to be paid under the Franchise Agreement, by ACH.

Our officers, directors and members do not own an interest in any of our approved or required suppliers.

We also require you to purchase and maintain for your Franchised Business comprehensive general liability insurance of at least $1 Million per occurrence, $2 Million general aggregate and $2 Million product liability aggregate; automobile liability coverage in the greater of (i) the amount required by applicable law, or (ii) a combined single limit of $1,000,000 for bodily injury and property damage; all risk property insurance, including fire and extended coverage insurance; workers' compensation; employer's liability insurance (in statutory amounts), unemployment insurance and state disability insurance (as required by governing law); any other insurance required under federal, state, or local law applicable to the Franchised Business; and, at your option, business interruption insurance. In addition, if you do not have a commercial policy to endorse the rental truck company (if renting) or if you purchase or lease a truck, then you must have insurance for liability, limited damage waiver, and supplemental liability (if necessary) to cover your State's minimum gap up to the $1,000,000 we require under the Franchise Agreement for automobile liability coverage. You must name us as an additional insured, have a waiver of subrogation in our favor, provide that the coverage shall be primary and non-contributory with, and not excess coverage to, any insurance carried by us, and provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured. If you use road worthy trailers for a power only sale, as opposed to trailer transfers, there is potential liability to you in the event the truck driver who is moving your road worthy trailer gets into an accident causing injury or death. To avoid this potential liability, we recommend you rent road worthy trailers from a supplier who is an additional insured on the truck drivers' auto policies or do trailer transfers instead.

We require you to purchase Microsoft Office (with Excel and Outlook), QuickBooks Online and other software we may require, a computer with the hardware and operating system we require, and other hardware we may require, from vendors of your choice.

You must notify us in writing if you want to offer for sale through the Franchised Business any brand of product or any services, or to use in the operation of the Franchised Business any brand of material, item or supply that is not then approved by us, or to purchase any product from a supplier that is not then designated by us as an approved supplier, for our review and written approval. If requested by us, you must submit samples and any other information as we may require for testing or to otherwise determine whether the product, material or supplies, or the proposed supplier meets our specifications and quality standards. You will be responsible for all costs associated with such testing. If we do not communicate to you our written approval of the proposed supplier or product within sixty (60) days following our receipt of all the information and samples we request, the proposed supplier or product will be deemed unapproved. The supplier may be required to sign a supplier agreement. We may revoke approval of a previously approved item, service or supplier at any time and in our sole discretion, upon written notice.

We may, at our sole discretion, apply the following general criteria in approving a proposed supplier: (1) ability to provide quality products and services in conformity with our specifications; (2) price; (3) terms; (4) production and delivery capability; (5) reputation; (6) years in business; and (7) financial strength as well as other factors.

While we may, at our discretion, attempt to negotiate purchase arrangements with manufacturers and suppliers for the benefit of our franchisees and to secure lower pricing based on volume discounts, we have no obligation to do so, and any discounts or other purchasing arrangements are not guaranteed by us and may be terminated by the manufacturer/supplier at any time. Currently, while not required vendors, we have a national account with Penske Trucks, Enterprise and Ryder for your truck rentals. We do not guarantee any discounts offered through these accounts, which may be changed at any time by these vendors.

We will derive revenue from required purchases or leases by franchisees. During fiscal year 2023, we received $738,986 in revenue from the sale of all required purchases of products and services to our franchisees and from the National Buyer Program, or approximately 39.41% of our total revenue of $1,875,043.

As of the date of this disclosure document, we have not received any payments or other benefits from any suppliers based on purchases made by our franchisees. However, we may receive financial incentives, rebates, or other forms of remuneration, including fees and payments from our manufacturers, suppliers, and other third parties in the future, based on the amount of purchases made by our franchisees. We will retain for ourselves and for our benefit alone, any and all fees and payments received.

We estimate that your cost to purchase and lease products and services from us, our affiliates and/or vendors we designate or approve, or pursuant to our specifications, will account for approximately 63% - 87% of your total cost to establish your Franchised Business, and approximately 8% - 28% of your total cost to operate your Franchised Business on an ongoing basis.

There are no purchasing or distribution cooperatives in the Clothes Bin system at this time that offer you products and equipment used in your Franchised Business.

ITEM 9: FRANCHISEE'S OBLIGATIONS.

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 1.2, 3.2 and 3.4	Items 7, 11 and 12
b. Pre-opening purchases/leases	Sections 3.1 and 4.5 – 4.6; Paragraph 2 of Additional Franchise Addendum	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections 3.3, 3.5 – 3.8, 4.3 and 4.7; Paragraph 5 of Additional Franchise Addendum	Items 7 and 11
d. Initial and ongoing training	Sections 3.8, 6.1 – 6.3 and 6.6; Paragraph 6 of Additional Franchise Addendum	Items 6 and 11
e. Opening	Section 3.7	Items 5 and 11
f. Fees	Sections 1.5, 2.1, 3.8, 7.1 – 7.9, 8.7, 9.4 and 13.4; Paragraphs 1 and 3 of Additional Franchise Addendum	Items 5, 6 and 7
g. Compliance with standards and policies/ Operating Manual	Recitals; Sections 4.1 – 4.2, 4.10 – 4.12 and 5.3	Items 8, 11 and 16
h. Trademarks and proprietary information	Sections 11.1 and 14.1 – 14.7	Items 13 and 14
i. Restrictions on products/services offered	Section 4.4	Items 8, 11 and 16
j. Warranty and customer service requirements	Not applicable.	
k. Territorial development and sales quotas	Not applicable.	
l. Ongoing product/service purchases	Section 4.5	Items 8 and 11

Obligation	Section in Agreement	Disclosure Document Item
m. Maintenance, appearance and remodeling requirements	Sections 1.5, 4.8 and 13.4	Items 11 and 17
n. Insurance	Sections 10.1 – 10.4	Items 7 and 8
o. Advertising	Sections 7.3 and 8.1 – 8.7	Items 6, 7 and 11
p. Indemnification	Sections 14.5 and 15.2	Item 6
q. Owner's participation/ management / staffing	Sections 6.4 – 6.5	Item 15
r. Records and reports	Sections 9.1 – 9.6	Item 6 and 17
s. Inspections and audits	Sections 4.9 and 9.4	Item 6 and 17
t. Transfer	Sections 13.1 – 13.7	Items 6 and 17
u. Renewal	Section 1.5	Items 6 and 17
v. Post-termination	Section 17.1	Item 17
w. Non-competition covenants	Sections 11.1, 12.1 – 12.3	Item 17
x. Dispute resolution	Sections 23.1 – 23.8	Item 17
y. Other: Guarantee of franchisee obligations	Sections 9.5 and 13.3	Items 15 and 22
z. Other: Security Agreement	Section 7.10	Item 22

ITEM 10: FINANCING.

We offer, to our current franchisees only, and who are in good standing under their Franchise Agreements, financing for up to 75% of the costs to purchase additional Bins, and related freight costs, closing costs and, if they chose, Bin Placement Service fees. We may, in the future, also offer financing for a franchisee's first 20 Bins and related costs on the same terms. The period of repayment will be for the remaining term of the Franchise Agreement, not to exceed 36 months. The first payment commences in 60 days. You will be required to make weekly payments of principal and interest at an interest rate of 9% per annum. The financing may only be used for existing franchisee's purchase of additional Bins, related freight costs, closing costs and, if you chose, Bin Placement Service fees. We require a minimum down payment of 25% of

such costs. There is no pre-payment penalty. You must pay us the weekly payments by Electronic Funds Transfer from your designated bank account. The form of the Promissory Note for the loan is attached to this disclosure document as Exhibit I.

The principal owner(s) of the franchisee, if an entity, will be required to personally guarantee the payment and performance of the Promissory Note. To secure the payment and performance of Franchisee's obligations under the Franchise Agreement and the Promissory Note, you will be required to sign the Security Agreement attached to the Franchise Agreement as Exhibit F, which grants us a security interest in your Bins. To perfect this security interest, we will file a standard UCC-1 financing statement. It is not our practice or intent to sell, assign, or discount to a third party all or part of the financing arrangement.

If you fail to make any payments of principal or interest on the Promissory Note when due and payable as provided in the Promissory Note, such failure will constitute a default under the Promissory Note and the Franchise Agreement. In addition, if you materially breach the Franchise Agreement or if the Franchise Agreement is terminated for any reason, such event will constitute a default under the Promissory Note. The filing of bankruptcy or the assignment of your assets for the benefit of creditors also constitute events of default under the Promissory Note. Upon the occurrence of a default under the Promissory Note, we may, in our sole discretion, declare the entire unpaid principal balance of the Promissory Note, together with accrued interest thereon, immediately due and payable. We may also seek recovery of all costs incurred by it in enforcing the Promissory Note and in collecting the amounts due under the Promissory Note, including, but not limited to, our attorney's fees and costs. In addition, we may terminate the Franchise Agreement upon notice without opportunity to cure if you default under the Promissory Note and we accelerate the indebtedness due under the Promissory Note.

The Promissory Note is governed by and construed in accordance with the laws of the State of Florida. We must enforce our rights under the Promissory Note in arbitration in Miami, Florida.

The Promissory Note requires you to waive present, protest, notice of protest, notice of dishonor and any and all other notices or demands in connection with the Promissory Note. In addition, you will waive your right to a trial by jury in any action or proceeding relating to the Promissory Note.

Except for the above, we do not offer direct or indirect financing. We do not guarantee your notes, leases or any of your obligations.

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

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

Pre-Opening Assistance

Before you open your Franchised Business, we will:

(1) Provide you with a list of locations and contact information for potential Bin Locations within your Territory. You must lease or make other written arrangements for the locations of your Bins, which must be placed within your Territory, prior to placing the Bins at any location. We may assist in finding and selecting the locations for your Bins, but you are solely

responsible for locating, negotiating and leasing all of the locations for the Bins. We do not approve the locations selected and leased by you for your Bins. (Franchise Agreement, Section 3.2)

(2) Approve or disapprove all signage in writing before installation or display. (Franchise Agreement, Section 4.3)

(3) Lend you a copy of the Confidential Operating Manual (the "Manual") during the Initial Training Program (described below). You must strictly comply with the Manual in operating your Franchised Business. We can change the Manual from time to time, at our sole discretion, and you must comply with these changes when communicated to you in writing. (Franchise Agreement, Section 4.2) The Table of Contents of the Manual as of the date of this disclosure document is attached to this document as Exhibit "G." The total number of pages in the Manual is 206 pages.

(4) Designate the opening inventory of products, supplies, equipment, materials and services you must buy before the opening of the Franchised Business. (Franchise Agreement, Section 4.6)

(5) Furnish you with a list of approved or designated manufacturers, suppliers and distributors and approved products, equipment, signs, stationary, supplies and other items or services necessary to operate the Franchised Business. (Franchise Agreement, Section 4.5)

(6) Sell and have delivered to you the initial purchase of Bins and its required components such as hardware and signage as required by us. (Franchise Agreement, Sections 3.1)

(7) Approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose within fifteen (15) days of receipt. If we do not respond in fifteen (15) days, the material is not approved. (Franchise Agreement, Section 8.2)

(8) Provide the Initial Training Program described below for you (or, if you are an entity, the Operating Partner) and your designated General Manager if you hire one to manage the day-to-day business affairs of the Franchised Business. (Franchise Agreement, Section 6.1)

We do not approve the locations selected and leased by you for your Bins. The Bins may be placed at sites such as gas stations, convenience stores and shopping centers, as well as other locations, including, but not limited to, housing developments, condominiums, apartment complexes, churches, synagogues and schools. We may assist you in locating sites for the placement of your Bins within your Territory, but you are solely responsible for negotiating and leasing all of the locations for the Bins. We recommend that all of your Bin leases provide you the right to terminate the lease upon 30 days prior notice to the lessor or sublessor. You must complete placement of Bins at the locations selected and leased by you within your Territory ("Bin Locations") within a week after your receipt of such shipment of Bins, whether or not they are placed at Bin Locations.

We will begin charging you Continuing Royalty Fees, BLIP Monitoring Fees and any Marketing Fund Fees if you fail to commence operation of your Franchised Business by purchasing and placing the Bins within 120 days from the date of the Franchise Agreement.

You may want to place multiple Bins at one Bin Location (with the lessor's consent) due to volume. Therefore, you may not necessarily need to secure a separate Bin Location for each of your Bins.

Our Bin Unload and Placement Services will not affect the time limits set forth above. In addition, you will still be solely responsible for procuring Bin Locations.

(9) Unload and place your first shipment of the initial package of Bins, and, at your option, any additional shipment of Bins at the Bin Locations selected and procured by you. You must have your initial shipment of 20 Bins placed within 120 days from the date of the Franchise Agreement. We will charge you a non-refundable fee of $5,995 for this service for your initial shipment of Bins and, if you elect to use us to unload and place any additional shipment of Bins, $5,995 for each shipment of 20 Bins or $4,995 for each shipment of 10 Bins. You must secure the Bin Locations prior to the Bin unload and placement service dates. (Franchise Agreement, Section 3.8)

(10) At your option, you may request that we find locations for your Bins using our program of targeted marketing aimed at acquiring potential Bin Locations by virtual/electronic means ("Bin Location Services"). You must pay us the non-refundable Bin Location Services Setup Fee of $2,495, which is subject to change if you use this service for any subsequent purchase of additional Bins, in addition to a fee of $175 for each Bin that we find a location for. You may, at your option and for an additional fee, which we estimate will be approximately $495 to $1,495, permit us to use follow-up phone call services in connection with the Bin Location Services. (Franchise Agreement, Section 3.9)

Ongoing Assistance:

During the operation of your Franchised Business, we will:

(1) If established, maintain the Marketing Fund. (Franchise Agreement, Section 8.6)

(2) Provide updates to our list of approved supplies, approved or designated suppliers and/or our specifications as necessary. (Franchise Agreement, Section 4.5)

(3) Approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose within fifteen (15) days of receipt. If we do not respond in fifteen (15) days, the material is not approved. (Franchise Agreement, Section 8.2)

(4) Furnish you with such assistance in connection with the operation of the Franchised Business as we may, from time to time, deem appropriate in our sole discretion. We may, but are not required to, provide these services in person, by telephone, e-mail, the internet, or through any other means as we deem appropriate. Timing will depend on the availability of our personnel. (Franchise Agreement, Section 6.3)

(5) You will have the option to sell the collected clothes, shoes and textiles to us or our affiliate through our National Buyer Program at our (or our affiliate's) rates, which may change frequently depending on market conditions and other factors, and in accordance with our and our buyers' policies and procedures, including, but not limited to, policies and procedures for the collection, weight verification, drop-off, trailer transfer, pick-up and/or delivery of Franchisee's collected clothes, shoes and textiles, as set forth in the Manual or otherwise or established by the buyers. However, we reserve the right to terminate, at any

time and in our sole discretion, your participation in our National Buyer Program in the event (i) we (or our affiliate or buyers) find, or otherwise have good reason to suspect, that you have sorted, altered or removed any items of, or have added any items not originally collected from the Bins to, the collected clothes, shoes and textiles in any batch sold, or if any such batch contains wet, mildewed or water damaged clothes, shoes and textiles, or any wet bags or trash; (ii) the weight of your trailer load sold is below the then-current required minimum weight on 2 or more occasions; (iii) you are in default of the Franchise Agreement or violate the terms of the National Buyer Program Addendum attached to the Franchise Agreement as Exhibit D, (iv) our buyers complain about you or your collected clothes, shoes and textiles on 2 or more occasions; or (v) our buyers refuse to purchase your collected clothes, shoes and textiles due to your conduct. We also reserve the right to cancel the National Buyer Program at any time for any reason whatsoever. (Franchise Agreement, Section 5.2) Other than providing you the option to sell through us or our affiliate through our National Buyer Program, we do not assist you in establishing prices at which you may sell your collected clothes, shoes and textiles.

(6) At your option, you may request Bin Location Services. (Franchise Agreement, Section 3.9)

Training

You must, at your expense, comply with all of the training requirements we prescribe for the Franchised Business. We will make an Initial Training Program available to you and your Manager, if applicable. You (or, if Franchisee is an entity, the Operating Partner) must attend, and, if you have a designated Manager who will manage the day-to-day business affairs of the Franchised Business, then the designated Manager must also attend and successfully complete the Initial Training Program to our satisfaction. You shall be solely responsible for all expenses and costs incurred, including, without limitation, wages, travel, lodging, and subsistence expenses of those persons attending the training. If Franchisee is an entity, you must have an Operating Partner who has the authority to, and does, in fact, actively direct your business affairs in regard to the Franchised Business. The Operating Partner must have a minimum 5% equity interest in the franchise.

The Initial Training Program consists of at-home online study and training via Zoom or other virtual means, which typically consists of an introductory call and at least four 2-hour virtual training sessions. The Initial Training Program must be successfully completed within 60 days from the date of the Franchise Agreement. We may determine the length or portion of the Initial Training Program that you, your Operating Partner and/or your designated Manager are required to attend based on such individual's experience and role in the day-to-day operation of the Franchised Business. We will determine and notify you of the date of commencement of the Initial Training Program. We will not require you to attend the Initial Training Program for your second and any subsequent franchise you may purchase.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
General Overview of Franchise Operations; our Bin Location Information Program (BLIP) Software System; Securing Bin Locations, Securing Trailer and Trailer Parking Spot, School Programs and Retail Programs	8 hours	0 hours	Online, and/or virtually

The instructional materials used in the initial training include, but is not limited to, the Manual, on-line training and our BLIP software. Training will be provided by the following training instructors and may also be provided by one or more members of Franchisor:

Nick Boariu has been our Chief Operating Officer since December 2014. From July 2021 to the present, Mr. Boariu has served as Chief Operating Officer of our parent, Recycling Brands, LLC in Davie, Florida. From June 2010 to September 2013, Mr. Boariu served as the Vice President of franchisor YoBlendz International, LLC in Weston, Florida. From May 2004 to September 2013, Mr. Boariu served as the Vice President of franchisor JuiceBlendz International, Inc. in Weston, Florida.

Chad Boariu has been our Director of Marketing and Training since February 2016. From June 2010 to February 2016, Mr. Boariu served as the Brand Manager of franchisors, YoBlendz International, LLC and JuiceBlendz International, Inc.

Eric Alvarez has been our VP of Operations since February 2023. From May 2017 to February 2023, Mr. Alvarez was our Operations Manager. From July 2016 through present, Mr. Alvarez has served in Operations of FLSC, LLC. From June 2015 to June 2016, Mr. Alvarez was the Regional Operations Manager of the Vitality Bowls franchise system, from June 2010 to December 2013, Mr. Alvarez served as Vice President of Operations of franchisor YoBlendz International, LLC, and from February 2006 to December 2013, Mr. Alvarez served as Vice President of Operations of franchisor JuiceBlendz International, Inc.

You must pay for the salaries, travel, accommodation and related costs for all persons associated with you who attend the Initial Training Program.

We do not charge a fee for our Initial Training Program. However, if we reasonably conclude that you, your Operating Partner and/or Manager failed to successfully complete the Initial Training Program and must re-enroll, we will charge a fee of no more than $750 per person, per day, as stated in the Manual. You are responsible for training all replacement Operating Partners, Managers and all other employees.

We may require you to attend mandatory refresher or additional training programs at our corporate headquarters in Davie, Florida (or other location designated by us) on an annual basis, and may, from time to time, require Franchisee (or, if Franchisee is an entity, the Operating Partner) or, if applicable, the designated Manager to attend webinars or other online, web-based training or courses. Franchisor will charge Franchisee its then-current fees for this training (unless a webinar

or online training or course), which will not exceed $750 per person, per day. You will also be responsible for and must pay all costs and expenses for you and your employees, including, but not limited to, the salaries, travel, accommodation and related costs for all persons associated with you who attend these programs. We will determine the duration, curriculum and location of these.

We will not be obligated to provide you with any on-site training or assistance beyond our Bin Unload and Placement Service, but if we elect to do so, we will charge you our then-current fees for each day of additional on-site training or assistance we agree to provide. Currently, we charge a fee of $500 per day, but we may increase this fee at any time; provided, however, that such fee will not exceed $750 per day. In addition to the fees imposed by us, you must also pay all expenses incurred by us in connection with any such on-site training, including, but not limited to, transportation costs, meals, lodging and other living expenses. If you request our Bin unload and placement services for additional Bins purchased beyond your initial shipment of 20 Bins, we will charge you a fee of $5,995 per additional shipment of 20 Bins or $4,995 per additional shipment of 10 Bins that you purchase. If you request that we find locations for your Bins, we will charge you $175 for each Bin that we find a location for, in addition to the $2,495 Bin Location Services Setup Fee and the additional fees charged if you use the follow-up phone call services in connection with the Bin Location Services.

Advertising and Promotion

You may only use advertising, marketing, identification and promotional materials and programs which we have either furnished to you or approved in writing in advance. In the event that we do not furnish you with advertising, identification and promotional materials and programs for the Clothes Bin business, you must obtain our prior written approval of all proposed advertising, marketing, identification and promotional materials or programs before any such materials are used or disseminated, following the required procedures set forth by us in the Manual or otherwise. Our approval of any materials may be withheld for any or no reason. If we do not respond within fifteen (15) days following its documented receipt of your proposed advertising material, then the material is deemed unapproved.

You may not maintain a World Wide Web page or otherwise maintain a presence or advertise the Clothes Bin business on the Internet or any other public computer network or social media site except as required, sponsored, placed or approved in writing by us.

We may in the future, upon written notice to you, require you to expend each month on Local Marketing an amount not greater than Six Dollars ($6.00) per Bin that you have purchased and received as of the first day of each such month. "Local Marketing" means the local or regional advertising and promotional activities that we specify in our Manual or otherwise, or approve in advance.

We have the right to establish and administer a National Marketing Fund for the marketing (including advertising, promotion, public relations and other marketing tools) of Clothes Bin businesses. If we establish a National Marketing Fund, we may collect from you a weekly fee of not more than One Dollar and Fifty Cents ($1.50) per Bin that you have purchased and received, and we, or our designee, will administer the National Marketing Fund as we deem appropriate, as follows:

(i) We will at our sole discretion direct all advertising programs and control the creative concepts, materials and media used, media placement and allocation. We need not make expenditures for advertising or promotions for you which are equivalent or

proportionate to your pro rata contributions. We need not attempt to or are required to ensure that you benefit directly or proportionately from the Fund. The Fund is not a trust and we are not a fiduciary in any capacity.

(ii) The Fund may, but is not required to, be used to meet all costs of administering, directing, preparing, placing and paying for regional or local advertising. This may include the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns and other public relations activities; the cost of employing advertising agencies; paying interest on monies borrowed by the Fund from third parties unaffiliated with us; providing customer service comment cards to you and other franchisees; and, sponsoring sporting, charitable or other special promotional events, if we choose to do so at our sole discretion. We need not maintain the money paid by you to the Fund and income earned by the Fund in a separate account. But we may not use this money for any purposes other than those provided for in the Franchise Agreement. We can spend up to 15% of the Fund's contributions for its reasonable administrative costs and overhead for activities reasonably related to the administration of the Fund and advertising programs for you and other franchisees. This 15% charge does not include any advertising agency fees which the Fund must expend to secure the services of an advertising agency or to have print or broadcast advertising placed by an agency or service.

(iii) The Fund will not be used to solicit the sale of franchises. We will have no obligation to prepare or distribute audited or unaudited statements detailing Fund income and expenses to you. If you send us a written request, we will provide you with an accounting of the income and expenditures of the Fund during our last fiscal year within a reasonable time after we receive your request, but never earlier than forty-five (45) days from when such information is made available.

(iv) We will spend most contributions to the Fund for advertising purposes during the fiscal year in which the contributions are made. If we spend more than the amount the Fund collects in any fiscal year (not including any money we had to spend because we did not spend all the money in the Fund during the year before), then we can reimburse ourselves from the Fund during the next fiscal year for all excess expenditures during the preceding fiscal year. If we spend less than the total in the Fund during any fiscal year, we can either spend the unused money during the next fiscal year, or roll it over to be used at the appropriate time as determined by us.

(v) We have no obligation in administering the Fund to make expenditures for you which are equivalent or proportionate to your contributions, or to ensure that you benefit directly or proportionately from the placement of advertising, or to ensure that such advertising impacts or penetrates your Territory at any level. If we receive any promotional allowances with respect to your purchases of goods or services from vendors other than us, then we will be under no obligation to contribute the promotional allowances to the Fund.

(vi) Although we intend the Fund to be perpetual, we have the right to terminate the Fund at any time upon thirty (30) days' notice from us. We will not terminate the Fund until we have spent all money in the Fund for advertising and promotional purposes.

If established, the Clothes Bin businesses owned by us and/or our affiliates may, but are not required to, contribute to the National Marketing Fund on the same basis as our franchisees.

The National Marketing Fund has not been established as of the issuance date of this disclosure document.

You are not presently required to participate in any local or regional advertising cooperative, but we may require you to do so in the future at our sole discretion. If we do, Clothes Bin franchisees will be required to contribute an amount not more than One Dollar and Fifty Cents ($1.50) per Bin per week, based on the decision of a majority vote among its members. Such amount will be in addition to the amount franchisees must contribute to the National Marketing Fund, but shall be credited against any Local Marketing requirements. Membership in the cooperative will be defined as one group and one vote per franchisee. The cooperative will be administered pursuant to By-Laws and by us. We will have the power to form, change, dissolve or merge cooperatives, if established.

We have no obligation to conduct any advertising, but we may do so at our option and in our sole discretion.

At this time, there is no advertising council composed of Clothes Bin franchisees but we may create one in the future.

Computer System

Before your Franchised Business commences operation, you must purchase or have access to a computer, must activate our required computerized Bin Location Information Program (BLIP) system, and purchase required dedicated telephone and/or mobile phone and power lines, internet access, printer(s), scanner(s), and other related accessories and peripherals. (Franchise Agreement, Section 4.7)

These systems grant us access and permit us to instantly receive information concerning your Bins, and provide you with monitoring, mapping and tracking information for your Bins and other operational information. You are to assist us in accessing this information.

You shall be required to establish Internet access through a reputable Internet service provider, utilizing a fixed internet protocol and internet router and any other required specifications designated by us in the Manual or otherwise. The currently required computer hardware and software systems include the BLIP monitoring program, Microsoft Office (with Excel and Outlook), QuickBooks Online and other software we may require, a computer with the hardware and operating system we require, and other hardware we may require (the “Computer System”). You are also required to obtain and use a Google Voice number and an assigned e-mail address for your Franchised Business. We are not contractually obligated to provide any maintenance, repairs, upgrades or updates to your Computer System. The vendors for the Computer System may do so from time to time, but you will need to contact them to determine what services (e.g. maintenance services) they provide and the cost of those services. You are contractually required at your expense to upgrade and update the Computer System to remain in compliance with our current and on-going standards and specifications. There are no contractual limitations on the frequency and cost of this requirement. The estimated annual cost of any optional or required maintenance, upgrades or support is approximately $500, although this cost may vary and increase at any time. We will have independent access to the information that will be generated or stored in your BLIP system, such as the level of clothes, shoes and textiles in your Bins, the locations of your Bins, and the contact information for the landlords of your Bin locations. We will have the right at any time to poll your system to retrieve and compile such information concerning your Bins. There are no contractual limitations on our right to access this information and data. We may require you to

purchase and install other and/or additional computer systems and software meeting our standards and specifications, which would be used, among other purposes, to assist you in the operation of your Franchised Business. You would be responsible for all costs associated with such other or additional computer systems and software. We would have the right to access the information generated by these computer systems, without limitation.

The current cost of purchasing or leasing the Computer System we presently require is approximately $300 - $800.

Typical Length of Time Before Operation

You must purchase the initial package of 20 Bins from us or our affiliate within 30 days from the date of the Franchise Agreement. If you fail to, we may terminate the Franchise Agreement upon notice without providing you with any opportunity to cure. If you purchase multiple Franchised Businesses at one time, you will have 90 days to purchase the initial package of 20 Bins for your second Territory, and 180 days to purchase the initial package of 20 Bins for your third Territory (these times will increase by increments of 90 days for each additional franchise you purchase at one time). If you fail to purchase the initial package of 20 Bins within these time frames, we may terminate the Franchise Agreement upon notice without providing you with any opportunity to cure.

You must commence operation of your Franchised Business within 120 days from the date of the Franchise Agreement by placing the 20 Bins at Bin Locations and activating the BLIP sensors for those Bins. We will commence collecting the Continuing Royalty Fee, BLIP Monitoring Fee and (if we create a Marketing Fund, the Marketing Fund Fee) due under the Franchise Agreement for your initial package of 20 Bins the earlier of (i) the week after your receipt of the initial shipment of 20 Bins, or (ii) 120 days from the date of the Franchise Agreement, whether or not any or all of the Bins are placed at Bin Locations. If you purchase multiple Franchised Businesses at one time, you will have 180 days to place the initial package of 20 Bins for your second Territory, and 270 days to place the initial package of 20 Bins for your third Territory (these times will increase by increments of 90 days for each additional franchise you purchase at one time). If you fail to place the initial package of Bins within these time frames, we will still commence collecting the Continuing Royalty Fee, BLIP Monitoring Fee and (if we create a Marketing Fund, the Marketing Fund Fee) due under the Franchise Agreement.

We estimate that the typical length of time between the signing of the Franchise Agreement and the commencement of your Franchised Business is between 60 to 120 days. Factors affecting time include the timing of your purchase and payment of the initial package of Bins, financing, lead times for the manufacturing and production of the Bins, the delivery schedule for the Bins, the delivery schedule for equipment and supplies, the time it takes for you to secure locations for the Bins, acquiring permits and zoning requirements, compliance with local laws, regulations and ordinances, attendance at and satisfactory completion of the Initial Training Program and hiring staff, if applicable.

ITEM 12: TERRITORY.

The Franchise Agreement permits you to establish and operate a Clothes Bin business in a designated territory (the "Territory"), which we will identify, by map, zip codes or written description, on Exhibit A to the Franchise Agreement. Your Territory will be a defined geographic area that contains approximately 150 to 350 gas station and convenience store sites (potential Bin locations) within its boundaries. There will be no minimum geographic size to your Territory, and the size and population of your Territory may differ from other Clothes Bin franchisees.

You will receive an exclusive territory. During the term of the Franchise Agreement, provided that you are in compliance with the Franchise Agreement and any other agreements with us and subject to Franchisor's reservation of rights set forth in the Franchise Agreement and below, neither we nor our affiliates will operate, nor will we grant anyone else the right to operate, a Clothes Bin business or a business offering the same or similar goods or services under the same or similar Proprietary Marks within your Territory.

You may move your Bins to different locations within your Territory, but you cannot change your Territory. We recommend you move your underperforming Bins as needed within your Territory.

The continuation of territorial exclusivity is not dependent upon achievement of a certain sales volume, market penetration or other contingency. The size of your Territory is not negotiable, and you will not have the right to amend or modify your Territory. We may not modify your Territory without your written consent. However, if you are in breach of your Franchise Agreement, we may terminate the Franchise Agreement pursuant to its terms. The territorial exclusivity will terminate upon expiration or termination of the Franchise Agreement.

You will not have the right of first refusal or any similar rights in the contiguous territories or areas surrounding or near your Territory should we decide to sell a Clothes Bin business outside of your Territory, wherever located.

You may not solicit business, market or advertise, or place Bins outside of your Territory without our advance written consent, which we may give or withhold in our discretion. If we consent to any such activities outside of your Territory, we may, at any time thereafter, revoke our consent and you must immediately cease all such activities outside of your Territory. Any Bins located outside your Territory at the time of any such revocation, must be removed by you within fifteen (15) days from our notice of revocation. In no event may you solicit business, market or advertise, or place Bins within another franchisee's designated territory. You may not maintain a World Wide Web page or otherwise maintain a presence or advertise the Franchised Business on the Internet or any other public computer network or social media site except as required, sponsored, placed or approved in writing by us.

Except for any or our buyers we (or our Affiliate) sell to, or any buyers you may sell to through the National Buyer Program, you may sell your collected clothes, shoes and textiles to businesses or buyers located anywhere, through any channel of distribution available, including the Internet, for the resale of bulk recycled clothes, shoes and textiles.

We (on behalf of ourselves and our Affiliates) retain all rights with respect to the System, the Proprietary Marks, the sale of collected clothes, shoes and textiles or any other products and services, anywhere in the world, including, without limitation, the right to: (a) own, operate, situate and/or license others to operate Clothes Bin businesses anywhere outside your Territory, including within close proximity to your Territory's boundaries; (b) offer and sell products and services that are not part of the System through any distribution method within or outside your Territory; and (c) sell, at wholesale or retail through any channel of distribution available, including the Internet, and under the Proprietary Marks, and/or other names and marks, recycled clothes, shoes and textiles to any person or entity, from and/or to any location whatsoever, including both within and outside your Territory. We and our Affiliates may engage in such wholesale or retail sales activities from, at, to, or through any wholesale or retail entities or facilities whatsoever. You understand and acknowledge that the Franchise Agreement does not grant you any rights with

respect to such sales whether conducted now or in the future, and you are not entitled to any compensation with respect to any such sales, even if such sales are made from or to a buyer located within your Territory.

Our affiliate, FLSC, LLC currently operates in Florida a clothes bin collection business similar to the franchise offered in this disclosure document. FLSC, LLC has recycling collection bins for clothes, shoes and textiles and the business resells the items collected. The collection bins for this business are owned and operated by FLSC, LLC. This business does not and will not be offering franchises for sale. This business will not place its collection bins within your Territory, but may sell the collected clothes, shoes and textiles to any buyers located anywhere, including within your Territory, through any distribution channel. FLSC, LLC has the same principal business address as us and maintains the same offices as us. FLSC, LLC will not have any training facilities or offer any training since it will not be offering franchises. FLSC, LLC does business as Florida Textile Recycling Programs and operates under the following trademark:

ITEM 13: TRADEMARKS.

Under the Franchise Agreement, we grant you the right and non-exclusive license to use the Proprietary Marks solely in connection with the operation of your Franchised Business. You may only use those Proprietary Marks as are designated by us in writing for your use and you may use them only in the manner permitted by us. Our principal Proprietary Marks are the "Clothes Bin" word mark and the "Clothes Bin" design marks shown below.

We have registered the following Proprietary Marks with the U.S. Patent and Trademark Office (USPTO) on the Principal Register:

Mark	Application/ Registration Number	Filing/ Registration Date	Status
CLOTHES BIN	6061977	Registered May 26, 2020	Registered on the Principal Register of the USPTO

	6061973	Registered May 26, 2020	Registered on the Principal Register of the USPTO
BLIP	4749730	Registered June 2, 2015	Registered on the Principal Register of the USPTO

We have filed all required affidavits for our Proprietary Marks registered with the U.S. Patent and Trademark Office.

We have registered the following Proprietary Marks with the U.S. Patent and Trademark Office (USPTO) on the Supplemental Register:

Mark	Application/ Registration Number	Filing/ Registration Date	Status
	4872159	Registered Dec. 15, 2015	Registered on the Supplemental Register of the USPTO
	4910216	Registered March 1, 2016	Registered on the Supplemental Register of the USPTO

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, any state trademark administrator, or any court regarding our Proprietary Marks other than what is disclosed herein. There are no pending infringement, opposition or cancellation proceedings, or any material litigation involving our Proprietary Marks.

There are no agreements currently in effect that significantly limit our right to use or license the use of our Proprietary Marks in any manner material to the franchise. There are no infringing uses actually known to us that would materially affect your use of the Proprietary Marks in the state in which your Franchised Business is to be located.

In the event you receive notice, or are informed of any claim, suit, or demand against your use of any Proprietary Mark, you are obligated to promptly notify us. We will promptly take any action we may consider necessary to protect and defend you against the claim and indemnify you against any actual damages and reasonable costs or expenses incurred in connection with the claim, so long as the claim is based solely on any alleged infringement, unfair competition, or similar matter relating to your proper use of the Proprietary Marks.

We have the right to control or settle any legal actions or proceedings. We may, in our sole discretion, prosecute or defend any other actions or proceeding, which we deem necessary or desirable for the protection of the Proprietary Marks. You agree not to, directly or indirectly, contest our right, title, or interest in the Proprietary Marks.

You must promptly notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to the Proprietary Marks. We have the sole discretion to take any action, including taking no action, if we deem appropriate.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue the use of any names or Proprietary Marks, you must use one or more additional or substitute Proprietary Marks as directed by us. You will be required to bear all costs and expenses associated with any such changes.

You cannot use the "Clothes Bin" name, Proprietary Marks, or variants of either as part of a business organization name. You must obtain fictitious or assumed name registrations as required by local law. You may not use the **"**Clothes Bin" name, or any Proprietary Marks, for the sale of unauthorized products or services, or in a manner not specifically authorized in writing by us.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.

There are no patents that are material to the franchise. We claim copyright protection in the Manual and related materials, and advertisement and promotional materials, although these materials have not been registered with the United States Registrar of Copyrights. These materials are considered proprietary and confidential, are considered our property, and may be used by you only as provided in the Franchise Agreement.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect, which significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights.

You must treat the Manual, any other manuals created for or accepted for use in the operation of the Franchised Business, and the information contained in them, as confidential, and you must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, or otherwise make them available to any unauthorized person. The Manual, which is loaned to you for use, will remain our sole property and must, if provided in hard-copied format, be kept in a secure place.

We may revise the contents of the Manual at any time and as we deem necessary or appropriate, and you must comply with each new or changed standard immediately upon notification. You must ensure that the Manual is kept current at all times. In the event of any disputes

as to the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

We will disclose to you certain confidential or proprietary information and trade secrets. Except as is necessary for the operation of the Franchised Business and as we approve, you may not, during the term or at any time after the expiration or termination of the Franchise Agreement, regardless of the cause of termination, directly or indirectly, use for your own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any trade secrets, confidential information, knowledge or know-how concerning the services, advertising, marketing, designs, plans, or methods of operation of the Franchised Business or the System. You may disclose to your employees only that confidential, proprietary or trade secret information as is necessary to operate the business and then only while the Franchise Agreement is in effect. Any and all information, or knowledge, including, materials, equipment, marketing, and other data, which we designate as secret or confidential, will be deemed secret and confidential for purposes of the Franchise Agreement.

You must require your Manager, if applicable, and any personnel having access to any of our confidential information, to execute the confidentiality and non-disclosure agreement attached to the Franchise Agreement as Exhibit C, which provides that they will maintain the confidentiality of information they receive in connection with their employment by you for the Franchised Business. You are obligated to take all necessary precautions to ensure that all your employees retain our confidential and proprietary information in confidence.

We also consider our trade dress (i.e., elements of the Clothes Bin method and style of doing business) inherently and uniquely distinctive and protectable under applicable Federal and State law.

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

If you are a corporation, limited liability company, partnership, limited partnership or any other type of legal entity, then all owners of the franchisee entity must sign an agreement (Exhibit E to Franchise Agreement) under which all owners agree to be jointly and severally liable for all the obligations to Franchisor under the Franchise Agreement, and to be bound by all the terms, conditions and covenants of the Franchise Agreement. In addition, if Franchisee is an entity, we require you to have an operating partner with at least a 5% equity stake in the franchisee company, who will have the authority to, and does, in fact, actively direct your business affairs in regard to the Franchised Business ("Operating Partner"). We must approve the Operating Partner, which approval we may withhold for any reason whatsoever. You shall inform us in writing as to the identity of the Operating Partner and any successor operating partners on the Ownership and Management Addendum attached to the Franchise Agreement.

If neither you nor your Operating Partner (if applicable) will be overseeing the day-to-day business affairs of the Franchised Business, then you must have a competent Manager to manage the Franchised Business at all times. We do not require that your Manager have any equity interest in the franchisee company. You shall inform us in writing as to the identity of any Manager and any successor managers on the Ownership and Management Addendum attached to the Franchise Agreement.

Either you (or, if Franchisee is an entity, the Operating Partner) or your Manager (if applicable) must attend our Initial Training Program. You are responsible for training all

replacement Operating Partners, Managers and all other employees. You must require your Manager, and any personnel having access to any of our confidential information, to execute the Confidentiality/Non-Competition Agreement attached to the Franchise Agreement as Exhibit C.

Should any actions (or inactions) of your Operating Partner or Manager cause the individual to fail to meet our standards and qualifications, or should the action (or inaction) bring or tend to bring any of the Proprietary Marks into disrepute or impair or tend to impair your or your Franchised Business's reputation or the goodwill of the Proprietary Marks, your Franchised Business or the System, we have the right to require that you replace the Operating Partner or Manager with an individual who meets our standards and qualifications within thirty (30) days.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.

You must confine your business to the operation of a Clothes Bin business. You may not conduct any other business or activity in connection with your Franchised Business or under the Proprietary Marks. You may identify your Franchised Business only by the trade name and service mark "Clothes Bin." You must offer all of the products and services that we prescribe, and we may change the products and services from time to time at our discretion. You may not offer or sell any product or service from the Franchised Business or under the Proprietary Marks except those we authorize. If we offer them for sale to you, you must purchase certain products from us, our affiliate or our designees, and other products and services from suppliers approved by us. We reserve the right to earn a profit as a result of such sales.

We also have the right to change the types of authorized goods or services and there are no limits on our right to make such changes.

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

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Section 1.4	5 years
b. Renewal or extension of the term	Section 1.5	If you satisfy the renewal requirements, you may renew the Franchise Agreement for two additional consecutive terms of 5 years each, upon payment of the Franchise Renewal Fee before both renewal terms, which is 20% of the then-current Initial Franchise Fee being charged to new franchisees.
c. Requirements for franchisee to renew or extend	Section 1.5	You must have substantially complied with all of the provisions of the Franchise Agreement during its initial or renewal term. You must bring the Franchised Business into full compliance with the specifications and standards then applicable for new or renewing

Provision	Section in franchise or other agreement	Summary
		Clothes Bin businesses. You must give notice of renewal to us at least nine (9) months, but no more than twelve (12) months, prior to the expiration of the initial term. You must have satisfied all monetary obligations owed to us and our affiliates and have timely met these obligations throughout the term of the Franchise Agreement. You must execute our then-current form of the Franchise Agreement (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which Franchise Agreement shall supersede in all respect the initial agreement and the terms of which may materially differ from the terms of the initial Franchise Agreement including, without limitation, different percentages for Continuing Royalty Fees, BLIP Monitoring Fees, Marketing Fund Fees, as well as other material financial and non-financial terms and conditions. You must comply with our then-current qualification and training requirements. You must execute a general release, in a form prescribed by us, of any and all claims having arisen or that could have arisen against us, our subsidiaries, affiliates, predecessors and our respective officers, directors, attorneys, agents, shareholders and employees.
d. Termination by franchisee	Not applicable	A franchisee may, however, terminate on any grounds available under applicable law.
e. Termination by Franchisor without cause	Not applicable	
f. Termination by Franchisor with cause	Sections 16.1 - 16.3; Paragraph 4 of Additional Franchise Addendum	
g. "Cause" defined – curable defaults	Section 16.3	All defaults, other than those to which there is no cure period, may be cured within 7 to 15 days after notice of cure is received, depending on the particular default.
h. "Cause" defined – non-curable defaults	Sections 16.1 and 16.2; Paragraph 4 of Additional Franchise Addendum	Non-curable defaults: bankruptcy or insolvency; abandonment of the Franchised Business; omission or misrepresentation of a material fact in the information you furnish to us; we and you agree in writing to terminate the Franchise Agreement; you fail to timely purchase the initial package of 20 Bins from

Provision	Section in franchise or other agreement	Summary
		us or our affiliate within 30 days from the date of the Franchise Agreement (or, if you purchase multiple Franchised Businesses at one time, you fail to timely pay the Initial Franchise Fee for your other Territories you may purchase; you engage in an act that constitutes a crime or offense involving moral turpitude, or which we believe is related to your operation of the Franchised Business, or has an adverse effect on the System, the Proprietary Marks, the goodwill of the brand or our reputation; you purport to transfer any rights or obligations under the Franchise Agreement, the franchisee (if a legal entity), or the Franchised Business to any third party in violation of the terms of the Franchise Agreement; you conceal revenues; knowingly maintain false books or records; falsify information or otherwise defraud or make false representations to us or any federal, state, or local taxing authorities; knowingly submit any substantially false report to us; you engage in any conduct or practice that is a fraud upon consumers, or is an unfair, unethical, or deceptive trade, act or practice; you interfere or attempt to interfere with our contractual relations with other franchisees, customers, employees, advertising agencies or any third parties; you interfere or attempt to interfere with our ability or right to franchise or license others to use and employ our Proprietary Marks and System, or you make any use of the Proprietary Marks not authorized under the Franchise Agreement; you fail to maintain insurance as required; you receive three (3) notices of default within any 365-day period; you offer or sell unapproved products or services and/or operate another business in connection with the Franchised Business or under the Proprietary Marks without our prior written consent; you violate, more than once, the prohibition against sorting, altering, removing or adding any items to the clothes, shoes and textiles originally collected from the Bins, or including wet bags or wet or water damaged clothes, shoes and textiles in any batch sold to us or any third party, as set forth in Section 5.3 of the Franchise Agreement; you fail to clean up and clear

Provision	Section in franchise or other agreement	Summary
		debris from the area surrounding the Bins within 48 hours of a lessor's (or sublessor's) notice on 3 or more occasions, or you default under any promissory note and we accelerate the indebtedness due thereunder.
i. Franchisee's obligations on termination/non-renewal	Section 17.1	Obligations include immediately paying all sums due and owing to us; discontinuing the use of the Proprietary Marks, Manual, confidential information, and System; cancel any assumed name or equivalent registration which contains the Proprietary Mark " Clothes Bin," or any other of our Proprietary Marks; allow us, if we choose, to maintain continuous operation of the previously-franchised Franchised Business; pay all of our expenses incurred as a result of the default or termination, including all damages, costs, and expenses, and reasonable attorneys' and experts' fees; at our option, assign to us any interest which you have in any Leases for the Bin Locations, right or entry or easement for the Bin Locations, and render all necessary assistance to us to enable us to take prompt possession or control of the Bins; return all training or other manuals furnished to you, including the Manual and supplements to the Manual, as well as other materials; at our option, purchase the Bins, including the Bin signage and sensors, for 10% of the amount you paid for each Bin only. You will be responsible for all costs to collect and store the Bins, truck rental and labor costs, and the freight costs to ship the Bins; provided, however, if you abandon the Bins or fail to pay rent for more than 30 days, we have the option to purchase your Bins, including the Bin signage and sensors, for and in consideration of only the costs we will expend to travel, collect the Bins from the Bin Locations, truck rental and labor costs, store Bins, and to ship the Bins, and title to same shall automatically transfer to us; immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner; cease using the telephone numbers listed on any local internet search engines, in the Yellow Pages and White Pages of any telephone directories under the name "Clothes Bin" or any other confusingly similar name or,

Provision	Section in franchise or other agreement	Summary
		upon our written demand, direct the telephone company to transfer the telephone numbers listed for the Franchised Business to us or to any other person and location that we direct; comply with the post-termination/post-expiration covenants not to compete set forth in the Franchise Agreement; continue to abide by those restrictions pertaining to the use of our Confidential Information, trade secrets and know-how set forth in the Franchise Agreement; immediately surrender to us all computer software, data storage disks or tapes used in the operation of the Franchised Business, printouts, and other information pertaining to computer operations, codes, procedures and programming; if we elect not to assume possession or control of the Bins, then promptly upon termination or expiration, de-identify the Bins by removing all of our trade dress (by repainting the Bins a different color), the Clothes Bin name and Proprietary Marks from the Bins to distinguish the Bins from Clothes Bins.
j. Assignment of contract by Franchisor	Sections 13.1	We have an unlimited right to assign the Franchise Agreement.
k. "Transfer" by franchisee – defined	Section 13.2	Includes any transfer of your (or your owners') interest in the Franchise Agreement, Franchisee (if a business entity), or the Franchised Business.
l. Franchisor approval of transfer by franchisee	Sections 13.3, 13.4 and 13.6	We must consent to transfer of interest in Franchise Agreement to a corporation formed by Franchisee. We have to approve all other transfers and assignments but will not unreasonably withhold our consent if we do not elect to exercise our right of first refusal and you satisfy all of the conditions to our consent to an assignment.
m. Conditions for Franchisor approval of transfer	Sections 13.3, 13.4 and 13.6	If to a company owned by you, the company must confine activities to the operation of the Franchised Business, must have same ownership interest, owners must execute a personal guaranty and you execute a general release. If to a third party, new franchisee or principal owner qualifies; right of first refusal to us provided; required training completed; all amounts owed by you are paid; new franchise agreement signed; sales price is not excessive; guarantee signed by new owners, if

Provision	Section in franchise or other agreement	Summary
		new franchisee a corporate entity; general release signed; transfer fee paid; you provide us with an executed contract of assignment; new franchisee upgrades the Franchised Business to conform to our then-current standards and specifications; you remain liable for all obligations arising before the date of transfer; and you comply with post-termination covenants not to compete.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13.6	We can match the offer you receive for the sale of your Franchised Business if we exercise our right of first refusal.
o. Franchisor's option to purchase franchisee's business	Section 17.1.B	We have the right, but are not obligated, to purchase your Franchised Business or your assets upon the expiration or termination of the Franchise Agreement.
p. Death or disability of franchisee	Section 13.5	Upon your death or disability, or upon the death or disability of the owner of a controlling interest in the franchise, we may require you (or such owner) to transfer your interest in the Franchise Agreement (or such owner's interest in the franchisee entity). Transfer conditions will apply (See m. in this chart above). You and/or we may temporarily operate the Franchised Business until a third party transferee qualifies and a fully trained and qualified Operating Partner or Manager assumes full-time operational control of the Franchised Business.
q. Non-competition and non-solicitation covenants during the term of the franchise	Section 12.1	No direct or indirect involvement in the operation of any business selling products or services similar to those sold or offered by your Franchised Business, no direct or indirect purchase, placement or use of any collection bins for clothes, shoes and textiles other than the Bins purchased, placed and used pursuant to the Franchise Agreement, and you agree not to knowingly solicit any current or former employee of ours, without our prior written permission, or to divert business from the Franchised Business.
r. Non-competition covenants after the franchise is terminated or expires	Section 12.1	No competing business for 3 years within your Territory, within 25 miles from your Territory's boundaries and/or within the territory of any franchisee or affiliate operating a Clothes Bin business or who has signed a franchise agreement for the operation of a Clothes Bin business as of the effective date of

Provision	Section in franchise or other agreement	Summary
		termination, expiration or assignment of the Franchise Agreement. In addition, if you participate in the National Buyer Program, you also agree not to, directly or indirectly, for 3 years after the expiration or termination of the Franchise Agreement, use or work with any of our buyers, or any buyers you sold to through the National Buyer Program, to sell clothes, shoes and textiles to or to compete with us or our franchisees. During the term of the Franchise Agreement, you are also prohibited from selling clothes, shoes and textiles to any of our buyers or any buyers that you sold to through the National Buyer Program.
s. Modification of the agreement	Section 20	No modification unless in writing, although we can change Operations Manual and list of Marks.
t. Integration/merger clause	Section 20	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside this disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Sections 23.4 – 23.5	Subject to applicable state law, and except as qualified in Section 23.5 of the Franchise Agreement regarding our right to seek injunctive relief, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to the Franchise Agreement, the parties' relationship, or the franchised business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current the Federal Rules of Civil Procedure and the Federal Rules of Evidence. The arbitration must take place in Miami, Florida. Any arbitration must be resolved on an individual basis and not joined as part of a class action of the claims of other parties.
v. Choice of Forum	Section 23.6	All disputes not subject to arbitration shall be litigated solely in Miami-Dade County, Florida (subject to applicable state law).

Provision	Section in franchise or other agreement	Summary
w. Choice of Law	Section 23.3	Florida law governs (subject to applicable state law).

Please see the State specific addenda attached to this Disclosure Document at Exhibit I.

ITEM 18: PUBLIC FIGURES.

At this time, we do not use any public figure to promote our franchise.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS.

The FTC's Franchise Rule permits a Franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information and the information is included in the disclosure document. Financial performance information that differs from the information 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 Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Time Period Measured:

These figures are derived from 12 of our franchisees' unaudited financial statements for the 12-month period from January 1, 2023 through December 31, 2023.

Franchisees' Businesses:

Average Gross Revenue (note 1)	**High** (note 1)	**Median** (note 1)	**Low** (note 1)
$362,592	$1,075,483	$279,506	$90,316
Average Income (note 2)	**High**	**Median**	**Low**
$137,936	$453,666	$81,723	$20,589

Per Bin Location Figures for Franchisees' Businesses:

Average Annual Number of Total Bin Locations of the Franchisees (note 3)	**High**	**Median**	**Low**
733 Bin Locations	168 Bin Locations	47 Bin Locations	15 Bin Locations

Average Gross Revenue per Monthly Average Number of Bin Locations (note 4)	**High** (note 4)	**Median** (note 4)	**Low** (note 4)
$5,855	$8,687	$5,812	$3,443
Average Income per Bin Location per Month (note 5)	**High** (note 5)	**Median** (note 5)	**Low** (note 5)
$2,137	$3,894	$2,015	$542

Price per Pound Sold through Franchisor's National Buyer Program (note 6):

Time Period	**Average Price Per Pound**	**High**	**Median**	**Low**
January – December 2023	$0.49 cents per pound	$0.55	$0.50	$0.44
January – March 2024	$0.50 cents per pound	$0.55	$0.50	$0.44

Average Monthly Pounds Collected Per Bin Location (note 7):

Average Monthly Pounds Collected Per Bin Location	**High**	**Median**	**Low**
902 lbs.	1,532 lbs.	930 lbs.	406 lbs.

Pounds Collected in 2023 (note 8):

Average Annual Pounds Collected	**High**	**Median**	**Low**
708,142 lbs.	2,100,000 lbs.	538,110 lbs.	185,140 lbs.

The numbers in the above financial performance representations, and the numbers used in the underlying calculations, were rounded to the nearest dollar or single digit.

Note 1: Gross Revenue is the total dollar sales from the sale of clothes, shoes and textiles that each of the 12 reporting franchisees collected in their placed Bins. For clarity, the average was calculated by taking the sum of all data points in a set and dividing the sum by the number of data points in the set. Here, the sum of the reporting franchisees' Gross Revenue was divided by 12. The median is the data point that is in the center of all data points used. Here, the median is the sixth and seventh numbers in the 12 data point set and divided by 2. The low and high figures are the lowest and highest numbers in the range of all data points in the set. Of the 12 franchisees, 4 franchisees' Gross Revenues attained or exceeded the stated Average Gross Revenue, or 33.33% of these franchisees.

Note 2: Income was calculated by taking Gross Revenue less Cost of Goods Sold and Expenses. The average, low, median and high figures for Income were calculated as described in Note 1. Cost of Goods Sold and Expenses include the expenses of the 12 reporting franchisees' businesses. Such Cost of Goods Sold and Expenses include Continuing Royalty Fees, BLIP Monitoring Fees, freight, fuel, insurance and labor costs, location rents, repairs and maintenance, supplies, tolls, trailer expenses, truck costs as leased or owned, weigh station fees, miscellaneous expenses, and utilities (if using a warehouse for capsacking operations). The Cost of Goods Sold and Expenses do not include officers/owners' pay, professional fees, meals and entertainment, telephone, travel, advertising/tradeshows, office supplies, distributions, interest, taxes, depreciation or amortization, or extraordinary expenses or benefits not related to normal operating expenses. Of the 12 franchisees, 4 franchisees' Income attained or exceeded the stated Average Income, or 33.33% of these franchisees.

Note 3: The average annual number of Total Bin Locations in the "Per Bin Location Figures for Franchisees'" representation, is the total average of the 12 reporting Franchisees' Bin Locations in operation during 2023. This number was computed by adding the operating Bin Locations for each of the twelve months of 2023 and dividing that number by 12. Because they did not have the same number of Bin Locations during the year and added and subtracted Bin Locations to and from their businesses during the year, the number of Bin Locations placed did not stay the same for the entire year. This does not report the number of individual Bins that are placed. Franchisees may have one or more Bins placed at a Bin Location, but the number of Bins placed at a Bin Location is not reported to Franchisor. If any of the Bins were not in operation at Bin Locations, they did not produce revenues. The Median figure of the average annual number of the reporting Franchisee's Total Bin Locations was calculated by taking the sixth and seventh data points in the data set and dividing them by two, and then rounding to the nearest single digit.

Note 4: In the "Per Bin Location Figures for Franchisees' Businesses" representation, the "Average Gross Revenue Per Bin Location" figure was calculated by first determining the Gross Revenue per Bin Location for each reporting franchisee by taking the reporting franchisee's total Gross Revenue for 2023, and dividing the franchisee's Gross Revenue number by its average number of Bin locations; and then taking the sum of the Gross Revenue per Bin Location for each of the 12 reporting franchisees and dividing the sum by 12. Of the 12 franchisees, 3 franchisees' Gross Revenue per their respective average number of Bin Locations attained or exceeded the stated "Average Gross Revenue Per Bin Location" amount, or 25% of these franchisees. The "Median Gross Revenue per Reporting Franchisees' respective average number of Bin Locations" figure was calculated by taking the sixth and seventh data points in the data set and dividing them by two.

Note 5: In the "Per Bin Location Figures for Franchisees' Businesses" representation, the "Average Income Per Bin Location" figure was calculated by first determining the Income per Bin Location for each reporting franchisee by taking the reporting franchisee's total Income for 2023, and dividing the franchisee's Income number by its average number of Bin locations; and then taking the sum of the Income per Bin Location for each of the 12 reporting franchisees and dividing the sum by 12. Of the 12 franchisees, 5 franchisees' Income per their respective average number of Bin Locations attained or exceeded the stated "Average Income Per Bin Location" amount, or 41.67% of these franchisees The "Median Income per Reporting Franchisees' respective average number of Bin Locations" figure was calculated by taking the sixth and seventh data points in the data set and dividing them by two.

Note 6: The "Price per Pound Sold through Franchisor's National Buyer Program" representation shows the average, high, low and median price per pound that franchisees received for the collected clothes, shoes and textiles during January 2023 through December 2023, and during January 2024 through March 2024, through our National Buyer Program (rounded to the nearest cent). Of the 21 franchisees who participated in the National Buyer Program from January – December 2023, 13 franchisees attained or exceeded the stated Average Price Per Pound for January – December 2023, or 62% of these franchisees. Of the 22 franchisees who participated in the National Buyer Program from January – March 2024, 15 franchisees attained or exceeded the stated Average Price Per Pound for January – March 2024, or 68% of these franchisees. These prices per pound, however, are subject to change at any time. We do not represent or guarantee that the prices paid to you through our National Buyer Program, if you participate, will fall within this range.

Note 7: The "Average Monthly Pounds Collected Per Bin Location" figure was calculated by first determining the average pounds per Bin Location for each reporting franchisee by taking the reporting franchisee's total number of pounds collected during 2023, dividing the franchisee's total number of pounds collected by its average number of Bin Locations, and dividing the result by 12 months; and then taking the sum of the average pounds per Bin Location for each of the 12 reporting franchisees and dividing the sum by 12. Of the 12 franchisees, 7 franchisees attained or exceeded the stated "Average Gross Revenue Per Bin Location" amount, or 58.33% of these franchisees. The Median average monthly pounds collected figure was calculated by taking the sixth and seventh data points in the data set and dividing them by two.

Note 8: The "Average Pounds Collected in 2023" figure was calculated by taking the sum of the 12 reporting franchisees total number of pounds collected during 2023 and dividing the sum by 12. Of the 12 franchisees, 3 franchisees attained or exceeded the stated "Average Pounds collected in 2023" amount, or 25% of these franchisees. The Median annual pounds collected figure was calculated by taking the sixth and seventh data points in the data set and dividing them by two.

The Group Measured and Number of Outlets Measured:

These figures are derived from the actual historical performance of 12 of the 20 franchisees who operated their Clothes Bin franchised businesses for the entire 12-month period from January 2023 through December 2023 with at least 20 Bins in one territory, the minimum number of Bins Franchisees have to purchase for one territory. Prior to 2022, we required Franchisees to purchase a minimum of 40 Bins for one territory. Only the 12 franchisees included in the financial performance representation provided their financial information for the entire 12-month period from January 2023 through December 2023. The other 8 franchisees did not provide us with their financial information for this entire period so we could not include their financial information in the representation above. These figures are based on financial data reported by these 12 franchisees, who operate in a total of 23 territories, as well as our BLIP system portal for the Average Number of Bin Locations figures. 11 of these franchisees had more than 20 Bins per territory as of the end of 2023 and 4 of these 12 franchisees operate in more than one territory. For purposes of this financial performance representation, we are counting the number of "franchisees" as a franchisee who has one or more adjacent territories under common ownership.

There were 27 Clothes Bin franchisees that operated in 2023, but only 20 franchisees operated with at least 20 Bins in one territory for the entire 2023 calendar year. For purposes of counting the number of Clothes Bin franchisees' businesses in this paragraph and in the above

financial performance representation, we refer to the number of franchisees' businesses as the number of Franchisees that have a Clothes Bin business, notwithstanding how many territories they purchased. This is because the Franchisees' financial statements for their Clothes Bin business, which may operate in more than one territory, are combined and not reported per territory. This is not the same way we define Franchised Outlets for purposes of the Item 20 tables.

Distinguishing Characteristics:

Your Clothes Bin business may also differ from the franchisees' businesses included in the preceding financial performance representation based on characteristics such as, but not limited to, the geographic area in which the bins were located, the number of Bin locations, the market, the degree of competition, and the length of time operating. These Franchisees operate in Colorado, Florida, Iowa, Kansas, Louisiana, Nebraska, Ohio, South Carolina and Texas, and 11 of the 12 reporting franchisees had more than 20 Bins in one territory.

The prices you may be able to get per pound of collected clothes, shoes and textiles through our National Buyer Program fluctuates greatly and depends on a variety of factors, including, but not limited to, the area of the country and the demographics of the area in which the bins are located, the market (in the United States and abroad), freight, fuel, logistics and related trucking expenses, the degree of competition, market issues and currency devaluations abroad, weather related issues, borders opening or closing, tariffs, freight related issues, acts of God, pandemics, epidemics, volume buyers cutting back or increasing purchases due to supply and demand for recycled textiles, the buyers (retail or wholesale), and whether the textiles are sold to local, national or international buyers. In addition, the volume of clothes, shoes and textiles collected per Bin may vary greatly as the volume depends on the general public's contributions.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Some franchisees have sold these amounts. Your individual results may differ. There is no assurance that you will sell as much.

Other than the preceding financial performance representation, FLSC Recycling, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Marc Douglas, FLSC Recycling, LLC, 3911 SW 47th Avenue, Suite 903, Davie, Florida 33314, 844.FLL.BINS (844.355.2467), the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION.

Table No. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2021 TO 2023

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised Outlets (Note 1)	2021	34	32	-2
	2022	32	30	-2
	2023	30	38	+8
Company Owned Outlets (Note 2)	2021	5	5	0
	2022	5	6	+1
	2023	6	5	-1
Total Outlets	2021	39	37	-2
	2022	37	36	-1
	2023	36	43	+7

Note 1: Due to the nature of the franchise business, there are no "outlets. Therefore, we are counting the franchise territories that are open and operating with any Bins as "outlets" for purposes of these Item 20 tables.

Note 2: Our affiliate, FLSC, LLC, owns and operates a clothes bin collection business similar to the franchise offered in this disclosure document in Florida. Because of the nature of the business, there are no "outlets." For purposes of these Item 20 tables, we are counting mapped out territories that our affiliate's business operates in as "outlets". We used the same criteria to map out Florida as we used to map out the other States to determine and define franchise territories. FLSC, LLC has operated in Florida since October 2007 and does not operate under the Clothes Bin name or marks.

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2021 TO 2023

STATE	YEAR	NUMBER OF TRANSFERS
Texas	2021	1
	2022	0
	2023	0

Total	2021	1
	2022	0
	2023	0

Table No. 3

STATUS OF FRANCHISED OUTLETS
FOR YEAR 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Arizona	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
California	2021	3	0	1	0	0	1	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Colorado	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Delaware	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Florida	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	1	0	3
	2023	3	1	0	0	0	0	4
Georgia	2021	4	0	0	0	0	0	4
	2022	4	0	2	0	0	0	2
	2023	2	0	0	0	0	0	2
Iowa	2021	0	0	0	0	0	0	0

	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Kansas	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Louisiana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Maryland	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Massachusetts	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	1	0	0	0
Missouri	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nebraska	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
New York	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
North Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	2	0	0	0	0	2
Ohio	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3

	2023	3	0	0	0	0	0	3
South Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Texas	2021	10	0	0	0	0	1	9
	2022	9	1	0	0	0	0	10
	2023	10	2	0	0	0	0	12
Virginia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
Total	2021	34	1	1	0	0	2	32
	2022	32	3	2	0	1	2	30
	2023	30	9	0	1	0	0	38

Table No. 4

STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Florida	2021	5	0	0	0	0	5
	2022	5	0	1	0	0	6
	2023	6	0	0	0	1	5
Total	2021	5	0	0	0	0	5

	2022	5	0	1	0	0	6
	2023	6	0	0	0	1	5

Table No. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Alabama	1	1	0
Arkansas	1	1	0
Colorado	1	1	0
Florida	2	3	0
Georgia	0	2	0
Indiana	0	1	0
Kansas	0	1	0
Maryland	0	1	0
Massachusetts	1	1	0
Michigan	1	1	0
Missouri	2	2	0
North Carolina	2	2	0
Ohio	1	2	0
Oklahoma	1	1	0
Pennsylvania	1	1	0
South Carolina	0	1	0
Tennessee	1	1	0
Texas	3	3	0
Virginia	1	1	0
Wisconsin	0	1	0

TOTAL	19	28	0

Exhibit D lists the names of all of our currently operating franchisees (as of December 31, 2023) and the addresses and telephone numbers of their outlets, and also our current franchisees who have signed Franchise Agreements for units which are not yet opened as of December 31, 2023. If franchisees agree to participate in and take calls from prospective franchisees, due to the time some franchisees have spent on such calls, we compensate such franchisees for their time to take calls with prospective franchisees. Currently, we compensate franchisees with a $100 credit per call, but this amount can change at any time. Such compensation, however, is not conditioned upon the sale of any Clothes Bin franchises; it is only conditioned upon the franchisee's agreement to participate in and take calls from prospective franchisees and the franchisee actually participating in and taking calls from prospective franchisees. It is only to compensate for the franchisee's time. We do not direct franchisees regarding the subject matter of any such calls. This is not a representation that we will pay you for your time to speak to prospective franchisees if you purchase a franchise and we may cease to compensate franchisees at any time.

We also have a franchisee referral program where we will pay a franchisee a flat fee of $15,000 if they refer a prospective franchisee to us and the prospect purchases a Clothes Bin franchise. Franchisees do not have the authority to solicit or sell franchises on our behalf. The program is for franchisees to refer friends, acquaintances and family who may be interested in purchasing a Clothes Bin franchise.

Exhibit E lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

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

Franchisees have signed confidentiality clauses during the last three fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Clothes Bin system. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

In 2019, we created a Clothes Bin Franchisee Advisory Council ("FAC") to, among other things, foster and promote the interests of franchisees and work with us to align interests for the mutual benefit of the Clothes Bin brand. The FAC is not organized or incorporated under any state law and did not request that it be included in this Disclosure Document. The FAC was initially composed of 5 members who must be current franchisees in good standing. We appointed the first 5 Members to serve on the FAC. Thereafter, on an annual basis, each franchisee will have one vote to elect 5 members to serve on the FAC for a 12 month term. The FAC will not have any power to make decisions or veto our decisions concerning the Clothes Bin system and will serve in an advisory capacity only. We are not aware of any other trademark specific franchisee organizations associated with the franchise system being offered in this Disclosure Document.

ITEM 21: FINANCIAL STATEMENTS.

Attached as Exhibit F to this Disclosure Document are our audited financial statements as of December 31, 2023, 2022, and 2021.

ITEM 22: CONTRACTS.

The following agreements and other required exhibits are attached to this disclosure document in the pages immediately following:

1. Franchise Agreement and Exhibits

    Ownership and Management Addendum to Franchise Agreement

    Additional Franchise Addendum

    SBA Addendum

    State Addenda

    Exhibit A: Territory

    Exhibit B: Confidentiality/Non-Compete Agreement

    Exhibit C: Electronic Funds Transfer Authorization

    Exhibit D: National Buyer Program Addendum

    Exhibit E: Guaranty

    Exhibit F: Security Agreement

2. Sample General Release

3. Non-Disclosure Agreement (to be executed prior to attendance at Discovery Day)

4. Promissory Note

ITEM 23: RECEIPTS.

Attached as the last (2) two pages of this disclosure are detachable documents acknowledging your receipt of this disclosure document.

EXHIBIT A
LIST OF STATE ADMINISTRATORS
AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services 2005 Apalachee Parkway Tallahassee, FL 32399 850-435-7352	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit Williams Building, 1st Floor 525 W. Ottawa Street Lansing, MI 48909 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 651-539-1631	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, New York 12231

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State 1205 Pendleton St., Ste. 525 Columbia, SC 29201 803-734-1728	Same
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 445 E. Capitol Avenue Pierre, SD 57501-3185 605-773-4823	Director of South Dakota Division of Securities Same Address
TEXAS	Secretary of State Registrations Unit P.O. Box 13550 Austin, TX 78711-3550 512-475-0775	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804)	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
	Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX:801-530-6001	
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 804-371-9733
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8760	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT B

FRANCHISE AGREEMENT AND EXHIBITS

CLOTHES BIN FRANCHISE AGREEMENT

Franchisee: _____

Date: _____

Franchise Territory: _____

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ADDENDA

Ownership and Management Addendum

Additional Franchise Addendum

SBA Addendum

State Addenda

EXHIBITS

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Exhibit C – Electronic Funds Transfer Authorization

Exhibit D - National Buyer Program Addendum

Exhibit E – Guaranty

Exhibit F – Security Agreement

CLOTHES BIN FRANCHISE AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, _____, between FLSC RECYCLING, LLC, a Florida limited liability company, with its principal office at 3911 SW 47th Avenue, Suite 903, Davie, Florida 33314 ("Franchisor," "we" or "us") and _____, a _____, whose principal address is _____ ("Franchisee" or "you").

RECITALS

WHEREAS, Franchisor has developed a system for the operation, management, monitoring and placement of recycling collection bins for clothes, shoes and other textile items, as well as for the collection, management, transportation, distribution and resale of the collected clothes, shoes and other textile items (the "System"), under the Proprietary Marks (as defined below).

WHEREAS, the System also consists of specified collection bins ("Bins"), signage specifications, advertising, trade practices, operating methods and procedures, various business forms, training materials, manuals, including the Clothes Bin Confidential Operating Manual (the "Manual"), sales and business techniques, management control systems, and proprietary software as specified by Franchisor from time to time for use in connection with the operation of a Clothes Bin business.

WHEREAS, Franchisor has acquired and owns the trade name and service mark and certain designs, commercial symbols, trade dress, phrases, logos, insignias, designs, trademarks, service marks, copyrights and other items now or hereafter owned, used or provided by Franchisor and designated in writing by Franchisor (the "Proprietary Marks") for the continued use in connection with the operation of Clothes Bin businesses under the System pursuant to the terms of this Agreement.

WHEREAS, Franchisee wishes to obtain the right from Franchisor to operate a Clothes Bin business, and understands and accepts the terms, conditions and covenants set forth herein as those which are reasonably necessary to maintain Franchisor's high and uniform standards of quality and service designed to protect the goodwill and enhance the public image of the Proprietary Marks and recognizes the necessity of operating its Clothes Bin business in strict compliance therewith, and with Franchisor's standards and specifications.

NOW, THEREFORE, the parties in consideration of the undertaking and commitments set forth in this Agreement, agree as follows:

1. GRANT AND RENEWAL OF FRANCHISE

1.1 Grant of Franchise

Subject to the provisions of this Agreement, Franchisor hereby grants to Franchisee the non-exclusive right to operate one Clothes Bin business (the "Franchised Business"), and to use the names and Proprietary Marks and the System during the Term (as defined below).

1.2 Territory

Franchisee may conduct its Franchised Business only within the defined territory specified in Exhibit A to this Agreement by a map, zip codes or written description (the "Territory"), except as otherwise expressly provided in this Agreement. During the Term of this Agreement, provided that Franchisee is in compliance with this Agreement and any other agreements with Franchisor, and subject to Section 1.3 below, Franchisor and its affiliates shall not operate a Clothes Bin business or grant a franchise for the operation of a Clothes Bin business within the Territory.

Franchisee may not solicit business, market or advertise outside of the Territory or place Bins

outside of the Territory without Franchisor's advance written consent, which Franchisor may give or withhold in its discretion. If Franchisor consents to any such activities outside of the Territory, Franchisor may, at any time thereafter, revoke its consent and Franchisee must immediately cease all such activities outside of the Territory. Any Bins located outside the Territory at the time of any such revocation, must be removed by Franchisee, at Franchisee's cost, within fifteen (15) days from Franchisor's notice of revocation. Notwithstanding anything in this Agreement to the contrary, in no event may Franchisee solicit business, market or advertise within another franchisee's designated territory, or place Bins within another franchisee's designated territory.

Franchisee may, however, sell its collected clothes, shoes and textiles to businesses or buyers located anywhere.

1.3 Rights Reserved by Franchisor

Franchisor (on behalf of itself and its Affiliates) retains all rights with respect to the System, the Proprietary Marks, the sale of collected clothes, shoes and textiles or any other products and services, anywhere in the world, including, without limitation, the right to: (a) own, operate, situate and/or license others to operate Clothes Bin businesses anywhere outside the Territory, including within close proximity to the Territory's boundaries; (b) offer and sell products and services that are not part of the System through any distribution method within or outside the Territory; and (c) sell, at wholesale or retail, and under the Proprietary Marks, and/or other names and marks, recycled clothes, shoes and textiles to any person or entity, from and/or to any location whatsoever, including both within and outside the Territory. Franchisor and its Affiliates may engage in such wholesale or retail sales activities from, at, to, or through any wholesale or retail entities or facilities whatsoever. Franchisee understands and acknowledges that this Agreement does not grant Franchisee any rights with respect to such sales whether conducted now or in the future.

1.4 Initial Term

Unless otherwise terminated as provided for in this Agreement, this Agreement shall be effective and binding from the date of its execution by Franchisor for an initial term (the "Initial Term") of five (5) years.

1.5 Renewal Term

Franchisee shall have the right, subject to the conditions set forth below, to renew this Agreement for two (2) additional consecutive terms of five (5) years each, upon payment of the Renewal Fee (as defined below and for each renewal term), and only if all of the conditions hereinafter set forth have been fulfilled:

1. Franchisee has fully complied with all of the provisions of this Agreement during its initial or first renewal term;

2. Franchisee, before the expiration date of this Agreement, has brought the Franchised Business into full compliance with the then-current specifications and standards then applicable for new or renewing Clothes Bin businesses;

3. Franchisee has given notice of renewal to Franchisor as provided hereinafter;

4. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor under this Agreement or any other Agreement entered into between Franchisee and Franchisor and any of its affiliates, and has timely met these obligations throughout the term of this Agreement;

5. Franchisee pays the renewal fee equal to twenty percent (20%) of the then-current Initial Franchise Fee being charged to new franchisees, whichever is higher ("Renewal Fee");

6. Franchisee has executed, upon renewal, Franchisor's then-current form of the Franchise Agreement (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of the first or second renewal franchise, and therefore either reflects the right to only the second renewal term or excludes the renewal term), which Franchise Agreement shall supersede in all respects this Agreement and the terms of which may materially differ from the terms of this Agreement including, without limitation, different rates for Continuing Royalty Fees, BLIP Monitoring Fees, Marketing Fund Fees, as well as other material financial and non-financial terms and conditions;

7. Franchisee has complied with Franchisor's then-current qualifications and criteria as well as training requirements as set forth by the Franchisor; and

8. Franchisee has executed a full general release, in a form prescribed by Franchisor, of any and all claims that have arisen or could have arisen against Franchisor, its subsidiaries, affiliates and their respective officers, directors, agents, shareholders and employees.

If Franchisee desires to renew this Agreement, Franchisee shall give Franchisor written notice of its desire to renew at least nine (9) months, but not more than twelve (12) months, prior to the expiration of the initial or first renewal term of this Agreement. Within ninety (90) days after its receipt of such timely notice, Franchisor shall furnish Franchisee with written notice of: (1) reasons which could cause Franchisor not to accept any such renewal notice including, but not limited to, any deficiencies which require correction and a schedule for correction thereof by Franchisee; and (2) Franchisor's then-current requirements for Clothes Bin businesses and a schedule for effecting upgrading or modifications to the Franchised Business in order to bring it into compliance therewith, as a condition of renewal. Renewal of the franchise shall be conditioned upon Franchisee's compliance with such requirements and continued compliance with all the terms and conditions of this Agreement up to the date of expiration of the initial or first renewal term.

Franchisor shall give Franchisee written notice of its election not to renew the franchise at least six (6) months prior to the expiration of the initial or first renewal term of this Agreement. Such notice shall specify the reasons for nonrenewal.

2. INITIAL FRANCHISE FEE

2.1 Initial Franchise Fee

In consideration of the execution of this Agreement by Franchisor, Franchisee agrees to pay Franchisor an Initial Franchise Fee of Forty-Nine Thousand Five Hundred Dollars ($49,500). If Franchisee is an active or retired police officer, fire fighter or first responder, or is in the military or is a military veteran, the Initial Franchise Fee Franchisee agrees to pay Franchisor will be Forty-Four Thousand Five Hundred Dollars ($44,500).

The Initial Franchise Fee is payable upon Franchisee's execution of this Agreement and shall be paid by wire transfer. The Initial Franchise Fee is deemed fully earned by Franchisor upon receipt and is not refundable under any circumstances.

If Franchisee purchases multiple Clothes Bin franchises at the same time, Franchisor will charge Franchisee a discounted Initial Franchise Fee of Thirty-Five Thousand Dollars ($35,000) for the second Clothes Bin franchise, and Twenty Thousand Dollars ($20,000) for the third and each additional Clothes Bin franchise Franchisee purchases. In such event, Franchisee must execute a separate Franchise Agreement and the Additional Franchise Addendum attached to this Agreement for each additional Clothes Bin franchise. This discounted Initial Franchise Fee is only available if Franchisee purchases more than one Clothes Bin franchise at the same time and can only be applied to the additional Clothes Bin franchise that Franchisee purchases.

3. BIN PLACEMENT AND COMMENCEMENT OF OPERATIONS

3.1 Initial Purchase of Bins

Franchisee shall purchase the initial package of twenty (20) Bins from Franchisor or its affiliate within thirty (30) days from the date of this Agreement. The initial package of Bins purchased by Franchisee will be delivered to Franchisee in one shipment of twenty (20) Bins. Franchisee's failure to timely purchase the initial package of twenty (20) Bins from Franchisor or its affiliate within thirty (30) days from the date of this Agreement shall constitute a default under this Agreement, and Franchisor may, in its discretion, terminate this Agreement without providing Franchisee any opportunity to cure. Franchisee shall pay the freight fees charged by Franchisor for each shipment of Bins.

You acknowledge and agree that we shall not be responsible for any delays in the manufacturing or shipment of the Bins, or any other delays in the delivery of the Bins to you due to circumstances beyond our control.

3.2 Bin Locations

A. Franchisee shall lease or make other written arrangements for the locations of Bins prior to placing the Bins at any location.

B. Franchisee's Bins shall be located within the Territory. During the in-Territory training part of the Initial Training Program, Franchisor will train and assist Franchisee on finding locations for Franchisee's Bins, and if Franchisee elects to use Franchisor's optional Bin Location Services, Franchisor will attempt to find locations for the Bins, as set forth in Section 3.9 of this Agreement. Except in the forgoing instances, Franchisee is solely responsible for locating, negotiating and leasing all of the locations for the Bins. In all instances, Franchisee understands and agrees that it will remain the ultimate responsibility of Franchisee to select and choose the Bin Locations. Franchisee further understands and agrees that Franchisor's assistance in locating and negotiating locations for the Bins shall not constitute a guarantee, recommendation, assurance or endorsement by Franchisor as to the success, if any, of the potential locations, the Territory or as to the profitability or income, if any, of the Franchised Business.

C. Franchisor will provide Franchisee with a list of potential locations within the Territory. Franchisee understands and agrees that Franchisor makes no warranties or representations as to the accurateness, availability or otherwise with respect to the list of potential locations it provides to Franchisee. Franchisee further understands and agrees that the list of potential locations provided to Franchisee shall not constitute as Franchisor's approval, recommendation or endorsement of any of the potential locations listed and shall not constitute a guarantee, recommendation, assurance or endorsement by Franchisor as to the success, if any, of the potential locations, the Territory or as to the profitability or income, if any, of the Franchised Business. The number of potential locations provided by Franchisor for Franchisee's Territory may differ compared to the number of potential locations provided to other franchisees.

3.3 Bin Placement

A. Franchisee shall complete placement of Bins at the Bin Locations within the Territory within 120 days from the date of this Agreement. Franchisor will commence charging Continuing Royalty Fees, BLIP Monitoring Fees and any Marketing Fund Fee 120 days from the date of this Agreement, even if Franchisee does not have any or all of the Bins placed.

B. As used herein, "Bin Locations" mean those locations within the Territory selected and leased by Franchisee. Franchisor may assist Franchisee in its efforts to select suitable Bin Locations within the Territory and may provide, at Franchisee's request, the Bin Location Services set forth in Section 3.9 of this Agreement, but Franchisee understands and agrees that it will remain the ultimate responsibility of Franchisee to select and choose the Bin Locations. Franchisee further acknowledges that Franchisor's identification of Bin Locations, the provision of the Bin Location Services by Franchisor, or Franchisor's assistance with the placement of the Bins at any Bin Location does not constitute a guarantee,

recommendation, assurance or endorsement by Franchisor as to the success, if any, of the Bin Locations, the Territory or as to the profitability or income, if any, of the Franchised Business. We strongly suggest that you seek the advice of a real estate professional and legal counsel familiar with the market in which you will be located and the relevant laws.

C. Franchisor will require a minimum purchase order of ten (10) Bins, or such other minimum Franchisor may then require, for additional Bins purchased beyond the initial package of Bins.

D. Franchisee must activate each of the Bin's Bin Location Information Program (BLIP) sensors upon placement of the Bins at the Bin Locations.

E. Should any Bins be damaged, destroyed or stolen after Franchisee places the initial package of Bins at Bin Locations, Franchisee may replace or repair them; provided, however, that Franchisee shall have at all times during the term of this Agreement at least eighteen (18) fully operational Bins at Bin Locations.

3.4 Bin Location Leases

A. Upon request, Franchisee shall provide to Franchisor copies of the lease agreements or other written arrangements for the Bin Locations ("Bin Location Leases").

B. With regard to any such Bin Location Leases, Franchisee shall not create any obligations on behalf of Franchisor, grant any rights against Franchisor or agree to any other term, condition, or covenant which is inconsistent with any term of this Agreement.

C. All Bin Location Leases must provide that:

(i) the lessor or sublessor will furnish to Franchisor written notice specifying any default and the method of curing the default and allow Franchisor thirty (30) days after receipt of the notice to cure the defaults (except that if the default is the non-payment of rent, Franchisor will have only fifteen (15) days from receipt of the notice to cure the default); and

(ii) after the expiration or termination of this Agreement (the Franchise Agreement) for any reason, Franchisor shall have the option for thirty (30) days to cure any defaults and, at Franchisor's election, either to assume the obligations of and replace Franchisee as the lessee under the Bin Location Lease, or to have another franchisee assume the obligations of and replace Franchisee as the lessee under the Bin Location Lease; and, if Franchisor has assumed the obligations of and replaced Franchisee as the lessee under the Lease, to reassign the Bin Location Lease to another franchisee.

D. Franchisor recommends that all Bin Location Leases provide Franchisee with the right to terminate the lease upon thirty (30) days prior notice to the lessor or sublessor.

E. Franchisee's failure to pay rent when due under any of its Bin Location Leases shall be deemed a material breach of this Agreement.

3.5 Government Approvals, Consents, Licenses and Registrations

It will be Franchisee's sole responsibility to promptly seek and obtain all governmental and quasi-governmental approvals, consents, licenses and registrations required to open and operate the Franchised Business and to place Bins at Bin Locations. Franchisee undertakes to use all possible efforts to obtain all required approvals, consents, licenses and registrations. Franchisor makes no representation or warranty of any kind that Franchisee will be able to obtain all required approvals, consents, licenses and registrations.

3.6 No Guaranty of Success

Franchisee acknowledges that any advice or assistance by Franchisor regarding site selection of Bin Locations, placement of Bins, its identification, proposal or suggestion of any locations are not meant to be relied on or construed in any way as a representation, express or implied warranty, or any other indicia of the prospective profitability, success, viability or merit of any Bin Location, the Territory or the Franchised Business. Franchisor makes no representations about the merits, practicality or feasibility of the Bin Locations or the Territory whatsoever.

3.7 Commencement of Operations

A. Franchisee shall commence operation of the Franchised Business by purchasing and placing the initial package of twenty (20) Bins at Bin Locations and activating the BLIP sensors within 120 days from the date of this Agreement..

B. Before commencing operations, Franchisee agrees to fulfill all the pre-opening obligations called for by this Agreement including (but not limited to) its obligations to:

1. Purchase the initial package of twenty (20) Bins from Franchisor or its affiliate within 30 days from the date of this Agreement, and purchase such other products and supplies as required by Franchisor;

2. Have Franchisee or its designated Manager attend and satisfactorily complete the initial training requirements Franchisor prescribes for the Franchised Business under this Agreement;

3. Procure leases or make other written arrangements for the locations of the initial package of Bins prior to placing the Bins at such locations;

4. Rent a 53-foot trailer and a parking space or lot or other storage area to operate the Franchised Business (i.e. to store Bins, unload Bins and store collected clothes, shoes and textiles);

5. Purchase and install all required software and computer systems;

6. Obtain all required zoning and other permits, licenses and registrations required for the Bins;

7. Employ and train the Manager, if applicable, and any other staff;

8. Pay all amounts then due to Franchisor;

9. Provide Franchisor with the evidences of insurance coverage required under this Agreement;

10. Do all other acts necessary to make the Franchised Business ready to begin operations; and

11. Activate the Bin Location Information Program (BLIP) sensors in the Bins upon placement.

3.8 Bin Unload and Placement Service

Franchisee shall use Franchisor to unload the shipment of the initial package of 20 Bins upon delivery to the Territory, and Franchisor will assist Franchisee with the placement of such Bins at the Bin Locations that have been selected and procured by Franchisee prior to the time of delivery. Franchisee

shall pay Franchisor, at the time Franchisee signs this Agreement, a fee of Five Thousand Nine Hundred Ninety-Five Dollars ($5,995) for this Bin unload and placement service that Franchisor provides for the shipment of the initial package of 20 Bins. This fee includes Franchisor's labor, lodging, meals and travel costs to the Territory to unload and place the shipment of Bins. This fee is not refundable under any circumstances and if Franchisor is required to change its travel plans due to circumstances caused by Franchisee or at Franchisee's request, then Franchisee shall reimburse Franchisor for the cost Franchisor incurs for such changes. When Franchisee purchases its initial package of Bins, Franchisor will coordinate the timing of delivery with Franchisee. Franchisee must have the initial shipment of 20 Bins placed within 120 days from the date of this Agreement. Franchisor will unload the shipments of Bins upon delivery, but Franchisee will be responsible for purchasing or renting, at Franchisee's cost, the truck and equipment, such as a pallet jack and/or forklift, to place and unload the Bins, as well as a 53-foot trailer and a parking space or lot or other storage area to store the Bins prior to placement. If Franchisee has procured Bin Locations prior to delivery, Franchisor will also assist Franchisee in placing the Bins at such Bin Locations.

At Franchisee's option, Franchisee may also request Franchisor's services to unload and place any additional shipment of Bins that Franchisee purchases. Franchisee must request such service in writing to Franchisor at the time Franchisee orders an additional shipment of Bins, and Franchisor will determine and notify Franchisee of the dates of such service, which will depend on Franchisor's availability and schedule. If Franchisee requests Franchisor's Bin unload and placement services for these additional Bins, Franchisor will charge a fee of Four Thousand Nine Hundred Ninety-Five Dollars ($4,995) per additional shipment of 10 Bins, or Five Thousand Nine Hundred Ninety-Five Dollars ($5,995) per additional shipment of 20 Bins. This fee must be paid to Franchisor at the time Franchisee requests such service in writing and is not refundable under any circumstances. This fee includes Franchisor's labor, lodging, and travel costs for the Bin unload and placement services, but does not include the cost of purchasing or renting the truck and equipment, such as a pallet jack and/or forklift, to place and unload the Bins, which Franchisee is responsible for.

Franchisee is responsible for securing the Bin Locations prior to the Bin delivery dates. Franchisee must provide Franchisor with copies of the Bin Location Leases at least five (5) days in advance of the Bin delivery dates. Franchisee (or, if Franchisee is an entity, the Operating Partner (defined in Section 6.4 below)) must be personally present at all times during the mandatory Bin unload and placement services and must be available at all times by phone during any optional unload and placement services. Franchisee acknowledges and agrees that Franchisor's Bin unload and placement services shall not affect the time limits set forth in Section 3.3(A). In no event, however, will Franchisee's obligations to timely pay Continuing Royalty Fees, BLIP Monitoring Fees, Marketing Fund Fees, or any other fees due under this Agreement be delayed, waived or affected, in any way, by Franchisor's Bin unload and placement services or Franchisor's availability to schedule Bin unload and placement service dates. Franchisor shall not be liable, in any way, to Franchisee in the event Franchisor cannot schedule the Bin unload and placement service dates within the time limits set forth in Section 3.3(A). Franchisee further acknowledges and agrees that Franchisor will only place Bins at Bin Locations for which Franchisee has a Bin Location Lease, and that Franchisor shall not be responsible for placing any Bins for which Franchisee failed to secure a Bin Location Lease prior to delivery of the Bins.

3.9 Bin Location Services

Franchisee may, at Franchisee's option, request that Franchisor find as many locations as it can for Franchisee's Bins in Franchisee's Territory using Franchisor's program of targeted marketing aimed at acquiring potential Bin Locations by virtual/electronic means ("Bin Location Services"). Upon signing up for the Bin Location Services, Franchisee must pay Franchisor a setup fee of Two Thousand Four Hundred Ninety-Five ($2,495) ("Bin Location Services Setup Fee"). This fee is subject to change for Bin Location Services for any subsequent purchase of additional Bins. The Bin Location Services Setup Fee includes Franchisor's purchase of potential Bin Location site data for the Territory, scrubbing the data for errors, and launching the program for Franchisee. In consideration of the Bin Location Services, Franchisee agrees to pay Franchisor, upon receipt of Franchisor's invoice, the sum of One Hundred Seventy-Five Dollars ($175) for each Bin that Franchisor finds a location for, plus any of Franchisor's travel, transportation, meals and lodging expenses. If Franchisee elects this service, Franchisor will provide Franchisee with Bin Location

Leases signed by the owners, which Franchisee may or may not accept and agree to. However, Franchisor will charge Franchisee this $175 per Bin fee for the leases Franchisor presents to Franchisee. Franchisee may, at Franchisee's option and for an additional fee, permit Franchisor to use follow-up phone call services in connection with the Bin Location Services.

All leases or other agreements to place the Bins at such locations must be between Franchisee and the owner of the locations. Franchisor shall not be obligated to travel to the Territory to perform the Bin Location Services, but if Franchisee requests in-Territory assistance in connection with the Bin Location Services, and if Franchisor agrees, Franchisee will be required to pay for Franchisor's travel, transportation, meals and lodging expenses.

Franchisee understands and agrees that: (a) Franchisor does not represent or warrant how many potential sites it will obtain from the data or guarantee that the Bin Location Services will result in any Bin Location Leases; (b) Franchisor may not be able to find locations for any or all of the Bins; and (c) the performance by Franchisor of the Bin Location Services is not, and shall not, be deemed to be a guarantee, representation, or assurance by the Franchisor that any Bin locations found by Franchisor will be profitable or successful, or result in any level of sales, revenues or income.

4. OPERATIONS STANDARDS AND REQUIREMENTS

4.1 Manner of Operation

Franchisee agrees that it will operate the Franchised Business at all times in strict compliance with the System, including all standards, procedures and policies Franchisor from time to time establishes in its Manual or otherwise, as though specifically set forth in this Agreement. Franchisee agrees to offer and sell all products, services and programs, and disseminate to the public all promotional and other materials, which are specified by Franchisor and made part of the System.

4.2 Confidential Operating Manual

During the term of this Agreement, Franchisor shall loan Franchisee one (1) copy of its confidential operating manual (the "Manual"), which may consist of multiple volumes of printed text, computer disks, e-mails, and other hand-outs. At Franchisor's option, the Manual may be provided by the Internet or by other electronic means. The Manual contains Franchisor's mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by Franchisor for Clothes Bin businesses. Franchisee agrees to operate its Franchised Business in strict compliance with the operational systems, procedures, policies, methods and requirements prescribed from time to time in the Manual. Franchisor shall have the right to add to and otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor for Clothes Bin businesses. All additions to, deletions from or revisions of the Manual, will be deemed a part of the Manual, and will become binding on Franchisee as if originally set forth in the Manual, upon being delivered to Franchisee. Franchisee agrees to immediately adopt and use the products, services, programs, materials, standards, specifications, policies, methods, procedures and techniques set forth in modifications or supplements to the Manual.

The Manual shall at all times remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement. Franchisee agrees that it, its agents, independent contractors, and employees will treat the Manual and the information contained in it as confidential; use all reasonable efforts to maintain this information as secret and confidential; at no time copy, duplicate, record or otherwise reproduce the Manual or supplements to the Manual, in whole or in part; and, not otherwise make the Manual, supplements to the Manual or information in them available to any unauthorized person. Franchisee shall have its employees who have access to the Manual or any other confidential information of Franchisor, to sign, at the time of employment, a Confidentiality/Non-Compete Agreement in a form substantially the same as the one attached hereto as Exhibit B.

Franchisee agrees to ensure at all times that its copy of the Manual is current and up-to-date. If there is any dispute as to Franchisee's compliance with the provisions of the Manual and any supplements to the Manual, the master copy of the Manual maintained by Franchisor (including its additions, deletions, or revisions) shall control.

4.3 Signage

All signage identifying the Franchised Business and/or the Bins shall conform to Franchisor's criteria as to type, color, size, design and location as specified in the Manual or otherwise. All signage must be approved in writing by Franchisor before they are displayed.

4.4 Authorized Products and Services

You may not offer or sell any product or service from or through the Franchised Business except those we authorize.

4.5 Approved Supplies and Suppliers

We require you to purchase certain equipment, supplies and other products and services from us and third party vendors we approve or designate, which may include our affiliates. We require you to purchase other products, equipment and services by brand name or specification, from vendors of your choice. These products, vendors and specifications are identified periodically in the Manual, or in notices from us, but may be changed or modified from time to time as we deem necessary.

We will furnish you with a list of approved and/or designated manufacturers, suppliers and distributors and approved products, equipment, signs, stationary, supplies and other items or services necessary to operate the Franchised Business. You must only use approved products, services, inventory, equipment, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, "approved supplies") in connection with the operation of the Franchised Business as set forth in the approved supplies and approved suppliers lists, as we may amend from time to time as we deem necessary.

You acknowledge and agree that in purchasing or leasing products, supplies, equipment, materials, services or other approved items (including, without limitation, any required computer systems, software and the Bins) from us or suppliers approved or designated by us, including our affiliates, **WE EXPRESSLY DISCLAIM ANY AND ALL WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF SAME, INCLUDING, WITHOUT LIMITATION, EXPRESS OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE. YOU AGREE TO LOOK SOLELY TO THE MANUFACTURER OR SUPPLIER OF SAME IN THE EVENT OF ANY DEFECTS THEREIN.** In addition, we disclaim any liability arising out of or in connection with the services rendered or products furnished by any supplier approved or designated by us. Our approval or consent to any services, goods, suppliers, or any other individual, entity or any item shall not create any liability to us.

You acknowledge and agree that we and/or our affiliates will be the only supplier of Bins and their components, as well as other items, and that the cost of the Bins and their components and such other items may be higher than the cost of the same or similar items that may be purchased elsewhere. You further acknowledge and agree that certain other approved supplies, products or services may only be available from one source, and we or our affiliates may be that source, and that the cost of such supplies, products and/or services may be higher than the cost of the same or similar supplies, products and/or services that may be purchased elsewhere. You also acknowledge that we and/or our affiliates will make a profit on the sale of the Bins, their components, and such other supplies, products and/or services to you. You further understand and agree that we and/or our affiliates may from time to time receive consideration from manufacturers, suppliers, vendors and/or other third parties with respect to the sale of products or services to you. You agree that we and/or our affiliates shall be entitled to any such consideration and/or profits.

We agree that we will use our reasonable efforts to fulfill or to cause our affiliates to fulfill your orders for supplies, products and/or services you are required to purchase from us or our affiliates. However, neither we nor our affiliates shall be liable to you in the event that we or our affiliates are not able to fulfill an order for supplies, products and/or services placed by you.

The cost of any supplies, products and/or services purchased from us or our affiliates shall be based on the price then in effect, as set forth and identified from time to time in our confidential published price lists, in the Manual, or through other written communications.

You must notify us in writing if you want to offer for sale through the Franchised Business any brand of product or any services, or to use in the operation of the Franchised Business any brand of material, item or supply that is not then approved by us, or to purchase any product from a supplier that is not then designated by us as an approved supplier, for our review and written approval. If requested by us, you must submit samples and any other information as we may require for testing or to otherwise determine whether the product, material or supplies, or the proposed supplier meets our specifications and quality standards. You will be responsible for all costs associated with such testing. If we do not communicate to you our written approval of the proposed supplier or product within sixty (60) days following our receipt of all the information and samples we request, the proposed supplier or product will be deemed unapproved. The supplier may be required to sign a supplier agreement. We may revoke approval of a previously approved item, service or supplier at any time and in our sole discretion, upon written notice.

Along with a number of other general approval criteria, in approving a proposed supplier we consider the proposed supplier's ability to provide quality product and/or services in conformity with our specifications, prices, terms, ability to provide product and/or services to all Clothes Bin businesses, reputation, years in business, financial strength as well as other factors, in making our decision as to whether to approve or not approve a supplier.

4.6 Opening Inventory

Franchisor will designate, in its Manual or otherwise, the amount and nature of the opening inventory of any products, supplies, equipment, materials and services required to be purchased by Franchisee for the operation of the Franchised Business, which Franchisee shall purchase from Franchisor (or its designee) if Franchisor offers such products. Franchisee agrees to purchase the required opening inventory before the commencement of operations of the Franchised Business.

4.7 Computerized BLIP (Bin Location Information Program) System

Prior to the commencement of operations of the Franchised Business, Franchisee agrees to purchase and install, at Franchisee's expense, the computerized Bin Location Information Program (BLIP) system, or other similar monitoring, mapping and tracking system required by Franchisor, and related software (the "BLIP System") and any other software required by Franchisor, associated computer hardware, required dedicated telephone and power lines, modem(s), printer(s), and other related accessories or peripheral equipment which Franchisor specifies in its Manual or otherwise.

Franchisee agrees to provide any assistance required by Franchisor to bring its computerized BLIP System on line with Franchisor's system at the earliest possible time. Franchisee expressly affirms and agrees that Franchisor will thereafter have the free and unfettered right to retrieve such data and information from Franchisee's BLIP System as Franchisor, in its sole and exclusive judgment, deems necessary, desirable or appropriate, at such intervals as Franchisor determines in its sole and exclusive judgment. Franchisee agrees to accurately, consistently and completely record, structure, capture and provide through the computerized BLIP System all information concerning the operation of the Franchised Business as Franchisor requires, in the form and at the intervals that Franchisor requires (in its Manual or otherwise). Franchisor shall not be responsible or liable to Franchisee for any interruptions, errors, worms, viruses, or program limitations that may occur with the BLIP System.

Franchisee agrees to bear the sole cost of the foregoing items to be installed or purchased and activities to be accomplished by Franchisee, and the delivery and installation costs of all hardware and software.

To ensure full operational efficiency and communication capability between Franchisor's computerized BLIP System and those of all its franchisees, Franchisee agrees, at its expense, to keep its system in good maintenance and repair. Franchisee further agrees to use, at its expense, only Franchisor's designated vendors that are specified in the Manual or otherwise to perform any such maintenance and repairs. Franchisor may replace your BLIP sensors. If Franchisor does, Franchisee will be responsible for the cost of shipping the replacement sensors and shipping back the old sensors. Franchisee may purchase replacement batteries for the BLIP sensors through Franchisor. Franchisee will be responsible for the cost of shipping the replacement batteries.

Franchisee understands that as technology and/or software is developed in the future, Franchisor may, in its sole discretion, mandate that Franchisee add memory, ports, accessories, peripheral equipment and/or additional, new or substitute software. Franchisee also understands and agrees that, as designs and functions change periodically, Franchisor may be required to make substantial modifications to its specifications, or to require installation of entirely different systems (during the term of this Agreement or upon renewal thereof). Franchisee agrees to install at its own expense such additions, changes, modifications, substitutions and/or replacements to its hardware, software, telephone lines and power lines and other related facilities as Franchisor directs, on those dates and within those times specified by Franchisor in its sole discretion, as set forth in its Manual or otherwise. Franchisee shall pay the service or maintenance fees charged by Franchisor or its designated vendor in connection with the BLIP System or other similar system required by Franchisor, as stated in the Manual or otherwise.

If Franchisor designates certain computer software that is owned or licensed by Franchisor (an affiliate or a designee) to be used in the operation of the BLIP System or computer system ("Proprietary Software"), Franchisee shall, at Franchisor's request, license or sublicense such software from Franchisor or its designee and enter into a software (sub) license agreement on Franchisor's or such designee's then-current form of software (sub) license agreement. Franchisee shall also pay to Franchisor or its designee an initial and/or continuing fee for the use of such Proprietary Software, in an amount determined by Franchisor or Franchisor's designated third-party vendor. Franchisee shall purchase any upgrades, enhancements or replacements to the Proprietary Software as required by Franchisor. Franchisee must incorporate any required modifications or additions upon written notice by Franchisor and within such time period as stated in the notice.

Franchisor will provide Franchisee with, or require Franchisee to use Franchisor's designated vendor to obtain, e-mail addresses with the fillthebins.com domain name for Franchisee's use solely in connection with the operation of the Franchised Business only, and for no other purpose. Franchisee acknowledges and agrees that it will not own these e-mail addresses or domain name and its rights to use such e-mail addresses will immediately cease upon the expiration or termination of this Agreement. Franchisee agrees to pay Franchisor the then-current fees charged by Franchisor's designated vendor, as set forth in the Manual or otherwise, for each e-mail address assigned to Franchisee.

Franchisee further agrees to use, at its expense, such internet, telephone/cell phone and e-mail services as Franchisor may require in connection with the operation of the Franchised Business and to use only those vendors designated by Franchisor, as set forth in the Manual or otherwise. Franchisee shall pay the service or maintenance fees charged by Franchisor or its designated vendor for such internet, telephone/cell phone and/or e-mail services, as stated in the Manual or otherwise.

4.8 Bin and Bin Location Maintenance; Bin Repair and Refurbishment

At all times during the term of this Agreement, Franchisee agrees that it shall maintain the Bins, and the Bins' paint, structure and structural integrity, stickers and signage, in the highest degree of cleanliness, maintenance, condition and repair. Franchisee further agrees to maintain the immediate area surrounding the Bins at Bin Locations in the highest degree of cleanliness, and agrees to diligently monitor and maintain the level of clothes, shoes and textiles in the Bins at all times to prevent overflows of clothes, shoes and textiles outside of the Bins. Franchisee may make no material alteration to the Bins without the prior written consent of Franchisor.

If the lessor (or sublessor) of a Bin Location notifies Franchisee of debris at or around the Bins, Franchisee shall clean up and clear the debris within forty-eight (48) hours of such notice to Franchisee, or sooner if required by the lessor (or sublessor) or the Bin Location Lease. If Franchisee is not responsive to the lessor's (or sublessor's) notice to Franchisee and/or if Franchisee fails to clean up and clear the debris within forty-eight (48) hours of the lessor's (or sublessor's) notice to Franchisee, Franchisor may, at Franchisor's option and in addition to all other remedies available to Franchisor under this Agreement, engage the services of a third party to clean up the debris. In such event, Franchisee shall pay Franchisor, upon the receipt of Franchisor's invoice, an administrative fee of Five Hundred Dollars ($500), plus the actual cost charged by the third party engaged by Franchisor to clean up the debris. This provision shall survive the termination or expiration of this Agreement.

If Franchisee abandons the Bins and/or if Franchisor receives complaints from lessors (or sublessors) regarding Franchisee's defaults under the Bin Location Leases and they request removal of the Bins from Bin Locations, Franchisee acknowledges and agrees that Franchisor shall have the right, at Franchisor's option and in addition to all other remedies available to Franchisor under this Agreement, to pick up and remove the Bins from such Bin Locations, as well as store the Bins, without prior notice and without any liability to Franchisee. In such event, Franchisee shall pay Franchisor, upon the receipt of Franchisor's invoice, an administrative fee of Five Hundred Dollars ($500) per Bin removed, plus Franchisor's then-current fees for Franchisor's labor and the actual cost incurred by Franchisor to remove such Bins and to store such Bins. Franchisee further acknowledges and agrees that if Franchisor exercises this right to remove Bins, Franchisor is not in any way assuming or accepting any liability whatsoever under the Bin Location Leases. This provision shall survive the termination or expiration of this Agreement.

Franchisor shall have the right, upon demand, to require Franchisee to periodically refurbish the Bins, purchase new Bins, order new signage and/or re-paint the Bins to ensure that the Bins are in substantial conformity with Franchisor's then-current specifications and/or in the highest degree of cleanliness, maintenance, condition and repair, including that any graffiti on the Bins is promptly removed. Franchisee agrees that it shall refurbish the Bins or purchase new Bins in accordance with those standards and specifications then prescribed by Franchisor, from time to time as Franchisor deems necessary. Franchisee further agrees to maintain the Bins and abide by Franchisor's BLIP system procedures as set forth in the Manual or otherwise in writing.

Franchisor shall not be responsible for the costs of any repairs to the Bins or the cost to replace any Bins that have been damaged, destroyed or stolen.

4.9 Inspection and Operational Audit

Franchisee agrees that Franchisor, or any of Franchisor's authorized agents or representatives, may at any time during normal business hours conduct an operational audit of the Franchised Business, either at Franchisee's offices or other location where its business records relating to the Franchised Business or located, and may inspect at any time the Bins at the Bin Locations, to determine compliance with this Agreement and with Franchisor's policies, procedures, programs, standards, specifications and techniques as set forth in its Manual or elsewhere.

Following any inspection and operational audit, and subject to the other provisions of this Agreement, Franchisee agrees to incorporate into its Franchised Business any corrections and

modifications Franchisor requires to maintain the standards of quality and uniformity prescribed by Franchisor, as quickly as is reasonably possible.

4.10 Modifications to the System

Franchisee understands and agrees that the System must not remain static if it is to meet presently unforeseen changes in services, technology, competitive circumstances, market conditions and customer needs and to best serve the interests of Franchisor, Franchisee, and the System. Franchisee, therefore, agrees that Franchisor may from time to time change the components of the System, including, but not limited to, altering the products, services, programs, methods, standards, forms, policies and procedures of the System; adding to, deleting from or modifying those products, services and programs which Franchisee's Franchised Business is authorized to offer or provide; and, changing, improving, modifying, adding to or deleting from the Proprietary Marks. Subject to the other provisions of this Agreement, Franchisee agrees to abide by any of these modifications, changes, additions, deletions and alterations at Franchisee's own expense.

4.11 Variance of Standards and Terms

Franchisee acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor reserves the right, as it may consider in the best interests of all concerned, to vary standards for any franchisee based on any condition which Franchisor considers important to the successful operation of any franchisee's Clothes Bin business. Franchisee will have no right to require Franchisor to disclose any such variation to Franchisee or to grant Franchisee the same or a similar variation under this Agreement. Franchisee shall have no recourse against Franchisor on account of any variation from standard specifications and practices granted to any franchisee and shall not be entitled to require Franchisor to grant Franchisee a like or similar variation under this Agreement.

4.12 Compliance with Laws, Rules and Regulations

Franchisee agrees to operate the Franchised Business in strict compliance with all applicable laws, rules, regulations and ordinances of all governmental authorities; comply with all applicable wage, hour and other laws and regulations of federal, state and local governments; prepare and file all necessary tax returns; and, pay all taxes imposed on or required to be paid by Franchisee related to the Franchised Business. Franchisee agrees that it will be responsible for compliance with all applicable laws, rules and regulations, including, without limitation, the Americans with Disabilities Act, federal, state and local tax codes as well as all applicable United States immigration laws.

Franchisee shall obtain all required licenses, certificates, permits and other required forms of governmental approval relating to the operation of your Franchised Business; shall maintain such licenses, certificates and permits in full force and effect and good standing throughout the term of this Agreement. Franchisee shall take prompt and effective action to correct any violation set forth in a notice issued by any governmental or municipal authority concerning such licenses and permits.

Franchisee further agrees that it shall at all times comply with all applicable laws, rules, regulations and ordinances relating to the Bins and the appearance of the Bins. Franchisee understands and acknowledges that it may be required to change the location, paint and/or signage of the Bins due to changes in local laws, rules, regulations and ordinances, and that Franchisee is solely responsible for all costs associated with any such required changes to comply with applicable law.

4.13 Best Efforts; Cooperation with Franchisor

Franchisee agrees to use its best efforts to develop and expand the market for the services offered by the Franchised Business and to cooperate fully with Franchisor in accomplishing the purposes of this Agreement.

Franchisee understands and agrees that its best efforts include, but are not limited to, diligently monitoring the Bins and moving underperforming Bins to new Bin Locations.

4.14 Products, Services, Equipment and Programs Developed by Franchisee

Franchisee irrevocably and permanently licenses to Franchisor for incorporation in the System and use by Franchisor, its affiliates and (if Franchisor determines) other franchisees, all of the following if developed by or on behalf of Franchisee in conjunction with or related to the Franchised Business: products, equipment and programs; related products and services (including, without limitation, any computer software); sales, marketing and promotional programs and campaigns; and any techniques and procedures relating to or regarding the operation of a Clothes Bin business. Franchisee agrees that Franchisor, its affiliates and franchisees will not be liable to Franchisee in any manner, whether for compensation or otherwise, as a consequence of this license.

5. RESALE OF COLLECTED CLOTHES AND NATIONAL BUYER PROGRAM

5.1 Resale of Franchisee's Collected Clothes

Franchisee shall be solely responsible for soliciting businesses or buyers to purchase the collected clothes, shoes and textiles and for negotiating the sale of the collected clothes, shoes and textiles to such businesses or buyers.

5.2 National Buyer Program

A. Except as provided in Section 5.2(B) below and provided that Franchisee is in compliance with this Agreement and any other agreement with Franchisor, Franchisee shall have the option to sell the collected clothes, shoes and textiles to Franchisor or its affiliate, through Franchisor's National Buyer Program at the rates offered by Franchisor (or its affiliate) and in accordance with the buyers' policies and procedures, as well as Franchisor's policies and procedures set forth in the Manual or otherwise. Franchisee shall not be entitled to deduct any monies it may be owed from its participation in the National Buyer Program from any Continuing Royalty Fee, BLIP Monitoring Fee, Marketing Fund Fee or any other amounts due to Franchisor under this Agreement. Franchisee agrees that Franchisor may set off any and all amounts past due by Franchisee under this Agreement against any payments due to Franchisee through the National Buyer Program. Notwithstanding anything in this Section to the contrary, Franchisor reserves the absolute right to cancel the National Buyer Program at any time for any reason whatsoever.

B. In addition to all other remedies available to Franchisor under this Agreement or at law, Franchisor reserves the right to terminate, at any time and in its sole discretion, Franchisee's participation in Franchisor's National Buyer Program in the event: (i) Franchisor or one its buyers finds, or otherwise has good reason to suspect, that Franchisee has sorted, altered or removed any items of, or has added any items not originally collected from the Bins to, the collected clothes, shoes and textiles in any batch sold through the National Buyer Program, or if any such batch contains trash, wet, mildewed or water damaged clothes, shoes and textiles, or any wet bags; (ii) the weight of Franchisee's trailer load sold is below Franchisor's required minimum weight on two (2) or more occasions; (iii) Franchisee is in default of this Agreement or violates the terms of the National Buyer Program Addendum; (iv) a buyer of Franchisor (or its affiliate) complains about Franchisee or Franchisee's collected clothes, shoes and textiles on two (2) or more occasions; or (v) a buyer refuses to purchase from Franchisor any of Franchisee's collected clothes, shoes and textiles due to Franchisee's conduct.

C. If Franchisee elects to participate in Franchisor's National Buyer Program, then Franchisee shall execute with Franchisor the National Buyer Program Addendum attached hereto as Exhibit D.

5.3 Prohibition Against Sorting or Altering Collected Clothes

Franchisee agrees that it shall only sell the clothes, shoes and textiles collected from the Bins at the Bin Locations, and shall not sell any wet or water damaged clothes, shoes and textiles, or any wet bags

collected due to the likelihood of mold and mildew, whether or not Franchisee participates in Franchisor's National Buyer Program. Franchisee shall not sort, alter or remove any items of the collected clothes, shoes and textiles at any time. Nor shall Franchisee add any additional items not originally collected from the Bins to the collected clothes, shoes and textiles at any time. Franchisee understands that sorting, altering or removing items of, or adding items to, the collected clothes, shoes and textiles prior to their resale, or selling any wet or water damaged clothes, shoes and textiles, are generally prohibited in the bulk recycled clothes sales industry and are expressly prohibited under this Agreement.

In addition to all other remedies available to Franchisor under this Agreement or at law, if Franchisee is participating in Franchisor's National Buyer Program, Franchisor will require Franchisee to refund Franchisor, upon demand, any and all amounts that Franchisor paid to Franchisee for the purchase of Franchisee's clothes, shoes and textiles that were sorted, altered, or that included additional or wet or water damaged clothes, shoes and textiles or wet bags, and Franchisee will not receive any payment for the sale of such clothes to Franchisor.

If Franchisee violates this Section more than once, then upon any subsequent violation by Franchisee of this Section, Franchisor may, in its discretion, terminate this Agreement without providing Franchisee any opportunity to cure. Nothing in this Section shall be a waiver of any other remedy available to us under this Agreement or at law.

6. TRAINING, PERSONNEL AND SUPERVISION STANDARDS

6.1 Initial Training Program

You must, at your expense, comply with all of the training requirements we prescribe for the Franchised Business. We will make an Initial Training Program available to you and/or your designated Manager. Franchisee (or, if Franchisee is an entity, the Operating Partner (defined in Section 6.4 below)) must attend, and if Franchisee has a designated Manager who will manage the day-to-day business affairs of the Franchised Business, then the designated Manager must also attend. Franchisee shall be solely responsible for all expenses and costs incurred, including, without limitation, wages, travel, lodging, and subsistence expenses of those persons attending the training.

The Initial Training Program will consist of at-home online and virtual training, which can be completed at Franchisee's home. The Initial Training Program must be successfully completed by Franchisee (or, if Franchisee is an entity, the Operating Partner) and, if applicable, Franchisee's designated Manager, within sixty (60) days from the date of this Agreement. Franchisor may determine the length or portion of the Initial Training Program that Franchisee, and/or its designated Manager, is required to attend based on such individual's experience and role in the day-to-day operation of the Franchised Business. Franchisor will determine and notify Franchisee of the date of commencement of the Initial Training Program.

If Franchisor reasonably concludes that Franchisee (or, if Franchisee is an entity, the Operating Partner) or Franchisee's designated Manager (if applicable) has failed to attend or successfully complete Franchisor's Initial Training Program, then that person may re-enroll in Franchisor's next scheduled Initial Training Program at an additional charge of no more than $750.00 per person, per day, as then stated in the Manual. Franchisee will be required to pay all expenses incurred by Franchisor in connection with such training, including, but not limited to, travel, transportation, meals, lodging and other living expenses. Franchisee will also be responsible for all expenses and costs incurred, including, without limitation, wages, travel, lodging, and subsistence expenses of those persons attending the training.

You are responsible for training all replacement Operating Partners, Managers and all other employees.

Franchisor reserves the right to determine the duration and subject matter of its training programs.

6.2 Additional On-Site Training

Franchisor will not be obligated to provide any additional on-site training or assistance beyond the Initial Training Program, but if it elects to do so, it will charge Franchisee its then-current fees for each day of additional on-site training or assistance it agrees to provide, which fee will not exceed $750 per day. In addition to the fees imposed by Franchisor, Franchisee shall also pay all expenses incurred by Franchisor in connection with the additional on-site training, including, but not limited to, travel, transportation, meals, lodging and other living expenses.

6.3 Ongoing Training and Operating Assistance

Franchisor may require Franchisee (or, if Franchisee is an entity, the Operating Partner) or, if applicable, the designated Manager to attend mandatory refresher or additional training programs at Franchisor's corporate headquarters (or other location designated by Franchisor) on an annual basis, and may, from time to time, require Franchisee (or, if Franchisee is an entity, the Operating Partner) or, if applicable, the designated Manager to attend webinars or other online, web-based training or courses. Franchisor will charge Franchisee its then-current fees for this training (unless a webinar or online training or course), which will not exceed $750.00 per person, per day. Franchisee will also be responsible for and must pay all costs and expenses for Franchisee and Franchisee's employees, including, but not limited to, the salaries, travel, accommodation and related costs for all persons associated with Franchisee who attend these training programs. Franchisor shall, in its sole discretion, provide such training to Franchisee or to Franchisee's personnel at such times and places and for such duration as Franchisor deems necessary.

If Franchisor decides not to require Franchisee (or Operating Partner) to attend an additional training or refresher program such decision will not be indicative of Franchisor's approval or disapproval of Franchisee's operational performance.

We may furnish you such assistance in connection with the operation of the Franchised Business as we may from time to time deem appropriate in our sole discretion. This assistance may, but is not required to be provided by us in person, by telephone, e-mail, the internet, or through any other means as we deem appropriate. There is no particular type of assistance that is required to be provided by us at any time or on an ongoing basis.

You understand and agree that all advice and guidance provided by us is gratuitous and is only supportive of the operation of the Franchised Business and that the overall success of the Franchised Business is primarily dependent upon your business abilities and efforts.

6.4 Franchisee Participation and Supervision

A. If Franchisee is an entity, you must have an Operating Partner who has the authority to, and does, in fact, actively direct your business affairs in regard to the Franchised Business. The Operating Partner must have a minimum 5% equity interest in the franchise. If Franchisee will not be overseeing the day-to-day business affairs of the Franchised Business, then Franchisee must have a competent Manager to manage the Franchised Business at all times during the term of this Agreement.

B. Franchisee shall inform Franchisor in writing as to the identity of its Operating Partner and, if applicable, the Manager and any successors on the Ownership and Management Addendum attached to this Agreement. Franchisor must approve in writing the Operating Partner, which approval Franchisor may withhold for any reason whatsoever. Your Operating Partner and Manager must be readily and continuously available to us.

C. Should any actions (or inactions) of your Manager or Operating Partner cause the individual to fail to meet our standards and qualifications or should the action (or inaction) bring or tend to bring any of the Proprietary Marks into disrepute or impair or tend to impair your or your Franchised Business's reputation or the goodwill of the Proprietary Marks, your Franchised Business or the System, we have the right to require that you replace the Operating Partner or Manager with an individual who meets

our standards and qualifications within thirty (30) days. The Manager and Operating Partner must ensure that the Franchised Business is operated in accordance with the terms and conditions of this Agreement, although this in no way relieves you of your responsibilities to do so.

D. If Franchisee is licensed to operate more than one Clothes Bin business, it agrees to devote the amount of its time and attention to the performance of its duties under this Agreement that is necessary for the proper and effective operation of the Franchised Business.

E. Upon the death, disability or termination of employment of Franchisee's designated Operating Partner or Manager, Franchisee agrees to immediately notify Franchisor in writing. Franchisee agrees to designate a successor or acting Operating Partner or Manager no later than ten (10) days following the death, disability or termination of the predecessor Operating Partner or Manager. Each successor Operating Partner must be approved by Franchisor, and may be required to attend and successfully complete reasonable training at the times Franchisor specifies. This training will be at Franchisee's sole expense.

6.5 Staffing Requirements

Franchisee agrees to employ a sufficient number of competent and trained employees to ensure efficient operation of the Franchised Business. No employee of Franchisee will be deemed to be an employee of Franchisor for any purpose whatsoever. Franchisee shall wear, or cause its Manager or other staff to wear, while operating the Franchised Business any uniforms or other attire required by Franchisor to maintain the standards of appearance established by Franchisor in its Manual or otherwise.

6.6 Attendance at Meetings

Franchisee (or, if Franchisee is an entity, the Operating Partner) must attend, at Franchisee's expense, all meetings, conferences, conventions or otherwise that Franchisor may hold or sponsor, including, but not limited to, a mandatory annual franchise conference, and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training, management, sales or sales promotion or any other topics related to the operation of the Franchised Business. Franchisor will charge a fee for the annual franchise conference, which fee will depend on the actual cost of the convention. Franchisee will also be responsible for its travel expenses, including airfare, transportation, lodging and meals.

6.7 No Statements by Franchisee

Franchisee agrees to make no statements or comments without Franchisor's prior written approval to any media representative or any other third party (except for persons considering purchasing a Clothes Bin franchise) relating to the contents of this Agreement, Franchisor or any affiliate.

7. PAYMENTS TO FRANCHISOR

7.1 Continuing Royalty Fees

In consideration of Franchisor's grant to Franchisee of a license to use the Proprietary Marks and System, Franchisee agrees to pay to Franchisor a weekly Continuing Royalty Fee equal to:

(i) Commencing on the earlier of (a) the week after Franchisee's receipt of its shipment of the initial package of 20 Bins or (b) the day that is one hundred twenty (120) days from the date of this Agreement, One Hundred Twenty Dollars ($120) per week;

(ii) If Franchisee purchases additional Bins at the *same time* that Franchisee purchases its initial package of 20 Bins, then commencing on the earlier of (a) the week after Franchisee's receipt of its second shipment of Bins or (b) the day that is one hundred eighty (180) days from the date of this Agreement, One Hundred Eighty Dollars ($180) per week

if Franchisee purchased an additional 10 Bins, or Two Hundred Forty Dollars ($240) per week if Franchisee purchased an additional 20 Bins; and

(iii) If Franchisee purchases additional Bins at any time *after* Franchisee purchases its initial package of 20 Bins, then commencing on the earlier of (a) the week after Franchisee's receipt of any additional shipment of Bins, or (b) the day that is ninety (90) days after Franchisee purchased such Bins, the *greater of* (y) Six Dollars ($6) per Bin that Franchisee has purchased and received, whether or not any or all of the Bins are placed at Bin Locations within ninety (90) days after Franchisee purchased such Bins, or (z) One Hundred Twenty Dollars ($120) per week.

The Continuing Royalty Fee shall be paid weekly by Franchisee on a day prescribed in the Manual or elsewhere. For illustrative purposes only, if Franchisee purchases 40 Bins, then on the day of Franchisee's receipt of the shipment of the 20 additional Bins (Bins 21 – 40), Franchisor will commence charging Franchisee a weekly Continuing Royalty Fee of $240 (40 multiplied by $6), even if not all of the 40 Bins ordered and received by Franchisee have been placed at Bin Locations.

7.2 BLIP Monitoring Fee

For the use of Franchisor's required BLIP System, Franchisee shall pay to Franchisor a weekly BLIP Monitoring Fee equal to:

(i) Commencing on the earlier of (a) the week after Franchisee's receipt of its shipment of the initial package of 20 Bins, or (b) the day that is one hundred twenty (120) days from the date of this Agreement, One Hundred Dollars ($100) per week;

(ii) If Franchisee purchases additional Bins at the *same time* that Franchisee purchases its initial package of 20 Bins, then commencing on the earlier of (a) the week after Franchisee's receipt of its second shipment of Bins, or (b) the day that is one hundred eighty (180) days from the date of this Agreement, one hundred fifty dollars ($150) per week if Franchisee purchased an additional 10 Bins, or Two Hundred Dollars ($200) per week if Franchisee purchased an additional 20 Bins; and

(iii) If Franchisee purchases additional Bins at any time *after* Franchisee purchases its initial package of 20 Bins, then commencing on the earlier of (a) the week after Franchisee's receipt of any additional shipment of Bins, or (b) the day that is ninety (90) days after the date that Franchisee purchased such Bins, the *greater of* (y) Five Dollars ($5) per Bin that Franchisee has purchased and received, whether or not any or all of the Bins are placed at Bin Locations within ninety (90) days after Franchisee purchased such Bins, or (z) One Hundred Dollars ($100) per week.

The BLIP Monitoring Fee shall be paid weekly by Franchisee on a day prescribed in the Manual or elsewhere.

Franchisor may adjust the amount of the BLIP Monitoring Fee, but will not increase the BLIP Monitoring Fee by more than ten percent (10%) per annum. The BLIP Monitoring Fee shall continue to be due as provided in this Section notwithstanding any interruptions, errors, worms, viruses, or program limitations that may occur with the BLIP System, for which Franchisor is not responsible. Franchisee is not entitled to any credits or refunds in any such event.

7.3 Marketing Fund Fee

Franchisor has the right to establish and administer a national marketing fund (the "National Marketing Fund") for the marketing (including advertising, promotion, public relations and other marketing tools) of Clothes Bin businesses as Franchisor may deem necessary or appropriate. If Franchisor establishes a National Marketing Fund, Franchisee shall contribute to the National Marketing Fund on a

weekly basis an amount not greater than One Dollar and Fifty Cents ($1.50) per Bin that Franchisee has purchased and received (the "Marketing Fund Fee"). Franchisee shall contribute to the National Marketing Fund at the same time and in the same manner that it makes payment of the Continuing Royalty Fee due under this Agreement.

7.4 Gross Revenues

"Gross Revenues" means all revenues and income from whatever source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business, whether received in cash, in services, in kind, on credit (whether or not payment is received), bartering, or otherwise. There will be deducted from Gross Revenues, to the extent they have been included: (i) all sales tax receipts or similar tax receipts which, by law, are chargeable to buyers, if Franchisee separately states the taxes when the buyer is charged and if Franchisee pays the taxes to the appropriate taxing authority; and (ii) any documented refunds, chargebacks, credits and allowances given in good faith to buyers by Franchisee (such deductions will not include any credit card user fees, returned checks or reserves for bad credit or doubtful accounts). Franchisee agrees that the use of any coupons or other discounts, waivers, or any bartering or exchange transactions, or the sale of any unapproved products or services bearing the Proprietary Marks without prior written approval by Franchisor is prohibited and the amount of the discount, unapproved exchange or unauthorized sale offered by Franchisee in such case shall also be included in the definition of Gross Revenues.

7.5 Payments to Franchisor

In addition to all other payments under this Agreement, Franchisee agrees to pay to Franchisor immediately upon demand by Franchisor:

A. The amount of all sales taxes, corporate taxes, trademark license taxes and any similar taxes imposed on, required to be collected, or paid by Franchisor on account of services or goods Franchisor has furnished to Franchisee through sale, lease or otherwise, or on account of collection by Franchisor of the Initial Franchise Fee, Continuing Royalties or Marketing Fund Fees or other payments called for by this Agreement.

B. All amounts advanced by Franchisor, or which Franchisor has paid, or for which Franchisor has become obligated to pay, on behalf of Franchisee for any reason, including, but not limited to, the BLIP Monitoring Fees.

C. All amounts due to Franchisor (or its Affiliates), for products or services purchased by Franchisee from Franchisor, its Affiliates or designees.

7.6 Interest on Late Payments and Related Fees

Franchisee agrees to pay to Franchisor interest on any amounts due to Franchisor under this Agreement at the highest contract rate of interest permitted by law.

Franchisee shall pay Franchisor a fee of $50 if bank payment is refused for any electronic transfer, ACH payment or pre-authorized draft received by Franchisor from Franchisee due to "insufficient funds" or otherwise.

7.7 Application of Funds

If Franchisee is delinquent in the payment of any obligation to Franchisor under this Agreement, or under any other agreement with Franchisor, then Franchisor may apply any payment from Franchisee to the oldest obligation due, whether under this Agreement or otherwise, whether or not there is any contrary designation by Franchisee.

7.8 Franchisee May Not Withhold

Franchisee agrees not to withhold payment of any Continuing Royalty Fee, BLIP Monitoring Fee, Marketing Fund Fee or any other amounts due to Franchisor on grounds of the alleged non-performance of any of Franchisor's obligations under this Agreement nor on account of a set-off against potential or actual damages which Franchisee has alleged or plans to allege against Franchisor.

7.9 Automated Bank Draft

Franchisee understands and agrees that Franchisor shall require that all Continuing Royalty Fees, BLIP Monitoring Fees, Marketing Fund Fees, and all other fees and costs required to be paid to the Franchisor or an advertising cooperative, if applicable, must be paid by Electronic Funds Transfer (EFT) to ensure that the fees and costs are received on the day due and/or that past due invoices are paid to Franchisor. Franchisee agrees to use Franchisor's required electronic, online invoicing and payment program and to comply with Franchisor's payment instructions, including, but not limited to, selecting the automatic payment option and other selections and options as Franchisor requires. Franchisee shall be responsible for and pay all transaction fees or other administrative fees charged for use of Franchisor's required invoicing and payment program. Franchisee further agrees to sign any and all documents and forms necessary to effectuate the electronic funds transfers, including the Electronic Transfer of Funds Authorization form attached to this Agreement as Exhibit C. Franchisee must at all times maintain a balance in its account sufficient to allow Franchisor to collect the amounts owed when due. Franchisee is responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this subparagraph.

7.10 Security Agreement

In order to secure the prompt performance by Franchisee of the obligations of this Agreement, Franchisee grants Franchisor a security interest in the franchise granted by this Agreement, all of the Bins, the property contained in the Bins, and any equipment, signs and other appurtenances or property bearing any of the Proprietary Marks used in the operation of the Franchised Business. Franchisee shall execute Franchisor's standard Security Agreement attached hereto as Exhibit F. In order to perfect this security interest, Franchisee shall also execute a standard UCC-1 Financing Statement. Franchisee authorizes Franchisor:

A. To file a copy of the Security Agreement, the UCC-1 Financing Statement and any other documents that may be necessary to perfect the security interest granted herein; and

B. To sign on behalf of Franchisee and to file in any jurisdiction, with or without signature of Franchisee, financing statements with respect to this security interest and Security Agreement.

8. ADVERTISING

8.1 Advertising Standards

Franchisee may only use advertising, identification and promotional materials and programs which Franchisor has either furnished or approved in writing in advance. Neither the fact that Franchisor furnishes the material, approves of the material, nor the material itself, will directly or indirectly require Franchisor to pay for any advertising, identification or promotion.

Franchisee agrees to conduct all advertising which uses the Proprietary Marks or refers in any way to the Franchised Business in a dignified manner. Franchisee agrees to conform all advertising to the standards, specifications and requirements specified in writing by Franchisor, in its Manual, or otherwise.

8.2 Submission of Proposed Advertisements, Identifications and Promotional Materials

Except for advertising, identification and/or promotional materials furnished to Franchisee by Franchisor, Franchisee agrees to submit to Franchisor for approval, before use or dissemination, copies of all proposed local advertising and direct mail materials and all proposed identification and promotional materials or programs, following the required procedures for such submissions set forth by Franchisor in its Manual or otherwise. Franchisor's approval of any materials may be withheld for any or no reason. If Franchisor does not respond in writing within fifteen (15) days following its documented receipt of Franchisee's proposed advertising material, the proposed material will be deemed unapproved.

8.3 Internet Advertising

Franchisee may not maintain a World Wide Web page or otherwise maintain a presence or advertise the Franchised Business on the Internet or any other public computer network or social media site except as required, sponsored, placed or approved in writing by Franchisor.

8.4 Local Marketing, Advertising and Promotion

Commencing thirty (30) days from Franchisee's receipt of the last shipment of the initial package of 20 Bins, Franchisor may require Franchisee to expend each month on Local Marketing an amount not greater than Six Dollars ($6.00) per Bin that Franchisee has purchased and received as of the first day of each such month, whether or not any or all of the Bins are placed at Bin Locations. "Local Marketing" means the local or regional advertising, marketing and promotional activities that Franchisor specifies in its Manual or otherwise, or approves in advance.

8.5 Local Listing Internet Search Engine

Franchisee agrees to install the number and type of telephone lines and the type of answering or voicemail system (if any) required by Franchisor in its Manual or otherwise. Franchisee further agrees to list its Franchised Business on local internet search engines, alphabetic directories and/or classified directories in the manner designated, prescribed or required by Franchisor in its Manual or otherwise.

8.6 Administration of the National Marketing Fund

Franchisor has the right to establish and administer a National Marketing Fund for the marketing (including advertising, promotion, public relations and other marketing tools) of Clothes Bin business as Franchisor may deem necessary or appropriate. If Franchisor establishes a National Marketing Fund, Franchisor, or its designee, will administer the National Marketing Fund as it deems appropriate as follows:

A. Franchisor will direct all advertising programs with sole control over the strategic direction, creative concepts, materials and media used in the programs, and the geographic, market and media placement and allocation of advertising. Franchisee acknowledges that the National Marketing Fund is intended to further generate public recognition and acceptance of the Proprietary Marks for the benefit of the System. Franchisee further acknowledges that Franchisor and its designees undertake no obligation in administering the National Marketing Fund to make expenditures for advertising or promotions for the benefit of Franchisee which are in anyway equivalent or proportionate to Franchisee's contributions, or to ensure that any particular franchisee benefits directly or on a pro rata basis from the placement of advertising or to insure that any advertising impacts or penetrates Franchisee's Location at any level. The National Marketing Fund is not a trust and Franchisor is not a fiduciary in any capacity.

B. The National Marketing Fund may, but is not required to, be used to meet any and all costs of administering, directing, preparing, placing and paying for national, regional or localized advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns and other public relations activities) and employing advertising agencies to assist in these activities; paying interest on monies borrowed by the National Marketing Fund from third parties unaffiliated with Franchisor; and, sponsorship of sporting, charitable or other special promotional

events, if Franchisor chooses to do so at its sole discretion. Franchisor need not maintain the sums paid by franchisees to the National Marketing Fund or income earned from the National Marketing Fund in a separate account from the other funds of Franchisor, but Franchisor may not use these amounts for any purposes other than those provided for in this Agreement. Franchisor may, however, expend up to 15% of the National Marketing Fund for any reasonable administrative costs and overhead that Franchisor may incur in activities reasonably related to the administration or direction of the National Marketing Fund and advertising programs for franchisees including, without limitation, conducting market research; preparing marketing, advertising and promotional materials; working with advertising agencies, advertising placement services and creative talent; and, collecting and accounting for assessments for the National Marketing Fund. This 15% Franchisor charge is exclusive of any advertising agency fees which the National Marketing Fund must expend to secure the services of an advertising agency or to have print or broadcast advertising placed by an agency. Franchisor will have no obligation to prepare or distribute to Franchisee any audited (or unaudited) statements detailing National Marketing Fund income and expenses. If Franchisee sends Franchisor a written request, Franchisor will provide Franchisee with an accounting of the income and expenditures of the Fund during the last fiscal year within a reasonable time after Franchisor receives Franchisee's request, but never earlier than forty-five (45) days from when such information is made available.

C. Franchisor expects to expend most contributions to the National Marketing Fund for advertising purposes during the fiscal year when the contributions are made. If Franchisor expends less than the total sum available in the National Marketing Fund during any fiscal year, it may either expend the unused sum during the following fiscal year or roll it over to be used at the appropriate time as determined by Franchisor. If Franchisor expends an amount greater than the amount available in the National Marketing Fund in any fiscal year (not including any sum required to be expended because Franchisor did not expend all the sums in the National Marketing Fund during the preceding year), Franchisor will be entitled to reimburse itself from the National Marketing Fund during the next fiscal year for all excess expenditures made during the preceding fiscal year.

D. Although the National Marketing Fund is intended to be of perpetual duration, if Franchisor establishes one, Franchisor maintains the right to terminate the National Marketing Fund at any time upon thirty (30) days' notice. Franchisor will not terminate the National Marketing Fund, however, until it has expended all money in the National Marketing Fund for advertising and promotional purposes.

8.7 Regional/Local Advertising Cooperative

A. Franchisor shall have the right at any time, and from time to time, to create Co-op Advertising Regions ("Cooperative"). If and when Franchisor creates a Cooperative for the geographic region in which the Territory is located, Franchisee will be required to become a member thereof, and participate therein. The size and content of such regions, when and if established by Franchisor, shall be binding upon Franchisee and all other franchisees similarly situated. At all meetings of such Cooperative, each participating franchisee shall be entitled to one (1) vote. Each Cooperative shall be organized and governed in a form and manner designated by Franchisor, and shall commence operations on a date granted permission in advance by Franchisor, in writing.

B. In addition to other requirements:

1) Each Cooperative shall be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized promotional materials for use by the members in local advertising.

2) No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without the prior written consent of Franchisor.

C. Based on the decision of a majority of the votes represented by all of the members of the Cooperative, each member can be required to contribute to the Cooperative, up to, but not greater than, One Dollar and Fifty Cents ($1.50) per Bin per week. Such amount shall be in addition to the amount

Franchisee must contribute to the National Marketing Fund pursuant to Section 7.2, but shall be credited against the Local Marketing requirements described in Section 8.4. In the event of authorization of such Cooperative advertising contributions, each franchisee, including Franchisee, shall submit its required contribution to the Cooperative as required, together with such statements as may be required by the Cooperative.

9. RECORDS, AUDITS AND REPORTING REQUIREMENTS

9.1 Bookkeeping and Accounting

A. Franchisee agrees to purchase, install and use, at its expense, the accounting software program required by Franchisor, and agrees to use all standard accounting forms that Franchisor may furnish as part of its Manual or otherwise. Franchisee expressly affirms and agrees that Franchisor will have the free and unfettered right to retrieve and review such data and information from Franchisee's accounting software program as Franchisor, in its sole and exclusive judgment, deems necessary, desirable or appropriate, at such intervals as Franchisor determines in its sole and exclusive judgment. Franchisee agrees to provide Franchisor with Franchisee's current login information and password to provide Franchisor with access to Franchisee's accounting software program. Franchisee further agrees to accurately, consistently and completely record the Franchised Business's accounting information through the required accounting software program, in the form and at the intervals that Franchisor requires (in its Manual or otherwise). Franchisee agrees to submit all bookkeeping reports that Franchisor may prescribe in its Manual. Franchisee will be solely responsible for performing all recordkeeping duties and bear the costs for performing all recordkeeping duties and services.

B. For the first twelve (12) months of the Franchised Business's operations, Franchisee shall engage and use Franchisor's designated third-party vendor for accounting and bookkeeping services. Thereafter, Franchisee may, but is not required to, continue to use Franchisor's designated vendor for accounting and bookkeeping services. Franchisee must timely provide Franchisor's designated vendor the financial reports and data required to provide such bookkeeping and reporting services and in the format the vendor may require and, if requested, Franchisee agrees to provide Franchisor's designated vendor with access to Franchisee's accounting software program. Franchisor's designated vendor will use the reports and data that Franchisee supplies to provide Franchisor with the Franchised Business's financial statements. Franchisee shall pay the fees charged by such designated vendor. Franchisor reserves the right to collect such fees on behalf of its designated vendor.

9.2 Submission of Non-Financial Reports

Franchisee agrees to complete and submit to Franchisor the weekly, monthly, semi-annual or other periodic reports regarding the activity of the Franchised Business that Franchisor prescribes in its Manual or otherwise.

9.3 Financial Statements

A. No later than twenty (20) days following the end of each month and no later than twenty (20) days following the end of each quarter during the term of this Agreement, Franchisee agrees to furnish to Franchisor, in a form approved by Franchisor, a statement of the Franchised Business's profit and loss for the month and quarter, with percentages of income, a balance sheet, trial balance, general ledger and any other additional statements as Franchisor may request as of the end of the month and quarter. Franchisee shall certify these statements to be true and correct.

B. No later than thirty (30) days following the end of each calendar year of Franchisee during the term of this Agreement, Franchisee agrees to furnish to Franchisor, in a form approved by Franchisor, a statement of the Franchised Business's profit and loss for the calendar year, with percentages of income, a balance sheet, trial balance, general ledger and any other additional statements as Franchisor may request as of the end of the calendar year, prepared on a compilation basis and certified to be true and correct by Franchisee. Franchisor reserves the right to require these annual financial statements to be

audited by an independent certified public accountant and if it does so the opinion of said certified public accountant may be qualified only to the extent reasonably acceptable to the Franchisor.

C. The financial statements required above must be prepared in accordance with generally accepted accounting principles, including all disclosures required under those principles.

D. No later than thirty (30) days following Franchisee's filing of the tax returns of the Franchised Business, Franchisee agrees to furnish to Franchisor exact copies of the tax returns, including federal, state and any local income tax returns, together with a certificate from an independent certified public accountant that all Social Security payments, taxes and fees required to be paid by Franchisee to any governmental agency or entity have been paid, and that if Franchisee is a corporation, there is no reason to believe that Franchisee's corporate status has been impaired.

E. No later than thirty (30) days following Franchisee's filing of the sales tax returns of the Franchised Business, Franchisee agrees to furnish to Franchisor exact copies of the sales tax returns, and a receipt confirming that the taxes and fees required to be paid by Franchisee to any governmental agency or entity have been paid.

9.4 Financial Records and Audit

A. Franchisee agrees to record all Gross Revenues received by it or the Franchised Business and agrees to keep, for a period of at least five (5) years, receipts for all sales of Franchisee's collected clothes, shoes and textiles. Franchisee further agrees to keep and maintain adequate records of these Gross Revenues, and to maintain and preserve accurate books, records and tax returns in the English language, including related supporting material (such as cash receipts, and credit and charge records) for the Franchised Business for at least five (5) years. Franchisor may specify, in its Manual or otherwise, the forms that Franchisee will be required to use in recording the sales of the Franchised Business. Franchisee agrees to keep and preserve for five (5) years the types and classes of records that Franchisor requires in its Manual or otherwise, and all business, personnel, financial and operating records relating to Franchisee's Franchised Business.

B. Franchisor will have the right, at any time, with or without written notice, during regular hours, to enter Franchisee's offices to inspect, audit and make copies of all records including, but not limited to, the following: books of accounts; bank statements; cash or other receipts, including sales receipts; checkbooks; documents; records; sales and income tax returns (federal, state and, if applicable, city); and, files of Franchisee relating to programs, products and services sold and transacted. These files shall include (without limitation) Franchisee's operating records; bookkeeping and accounting records; customer orders; operating records; operating reports; correspondence; general business records; Franchisee's copy of the Manual (as amended); invoices; payroll records; journals; ledgers and Franchisee's files; memoranda and other correspondence; contracts and all sources and supporting records used to prepare reports and forms which Franchisee is required to submit to Franchisor under this Agreement, including the books or records of any corporation, partnership or proprietorship which owns the Franchised Business. In lieu of entering Franchisee's offices and at Franchisor's request, Franchisee agrees to provide Franchisor, within twenty (20) days from Franchisor's request, with copies of any of these materials.

C. If an audit reveals that Franchisee understated the Gross Revenues on any of Franchisee's financial statements to Franchisor by five percent (5%) or more for any quarter, or by ten percent (10%) or more for any calendar year within the period of examination, or for the entire period of examination, when compared to Franchisee's actual Gross Revenues, then in addition to paying the additional amounts due and interest as calculated above, Franchisee agrees to immediately pay Franchisor the full cost of the audit for the entire period of examination.

9.5 Corporate and Partnership Franchisee Requirements; Records

A. Franchisee, if a corporation, and any corporate assignee shall comply with the following requirements:

1. Furnish Franchisor with its Articles of Incorporation; Bylaws; other governing documents; list of officers, directors and shareholders (including number and percentage of shares held); and any other documents Franchisor may reasonably request, and any amendments to them.

2. Confine its activities to the operation of the Franchised Business to a Clothes Bin business, and its governing documents provide that its activities are confined exclusively to the operation of the Franchised Business.

3. Maintain stop transfer instructions against the transfer on its records of any equity securities, and must not issue any securities on the face of which the following printed legend does not legibly and conspicuously appear:

   "The transfer of this stock is subject to the terms and conditions of a Franchise Agreement with FLSC Recycling, LLC, dated _____. Reference is made to the provisions of this Franchise Agreement and to the Articles and Bylaws of this Corporation. This certificate is not transferable and is not subject to sale, assignment, pledge, mortgage, encumbrance, or transfer, by operation of law or otherwise, without the prior written consent of FLSC Recycling, LLC."

4. Maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Franchisee, and must furnish this list to Franchisor on request.

B. Franchisee, if a partnership or proprietorship, and any partnership or proprietorship assignee shall comply, except as otherwise approved in writing by Franchisor, with the following requirements:

1. Furnish to Franchisor a copy of its partnership agreement and any other documents which Franchisor reasonably requests, and any amendments to them.

2. If Franchisor requests, prepare and furnish to Franchisor a list of all partners and proprietors of Franchisee.

C. Franchisee and any corporate, partnership or proprietorship assignee shall promptly notify Franchisor of any change in any of the information called for in this Section or in any document referred to in this Section.

D. If Franchisee is a corporation, limited liability company, partnership, limited partnership or any other type of legal entity formed in compliance with applicable law, then all owners of Franchisee shall execute a personal guaranty agreement, in substantially the same form as attached hereto as Exhibit E, under which all owners of Franchisee agree to be jointly and severally liable for all the obligations to Franchisor under this Agreement, and expressly agree to be bound by all the terms, conditions and covenants of this Agreement. Each present and future owner of Franchisee must agree in writing to personally guarantee the performance of Franchisee's obligations under this Agreement, and to be individually bound by all the terms and conditions of this Franchise Agreement and any other agreements between Franchisee and Franchisor.

E. If Franchisee is a corporation, limited liability company, partnership, limited partnership or any other type of legal entity formed in compliance with applicable law, then Franchisee shall inform Franchisor in writing as to the identity of all of the persons who have an ownership interest in the Franchisee entity in the attached Ownership and Management Addendum and ensure that the information contained therein is true, accurate and complete at all times. Franchisee shall not vary from the ownership interests and/or corporate structure without the prior written approval of Franchisor.

9.6 Trade Accounts

Franchisee agrees that it shall maintain its trade accounts in a current status and to seek to promptly resolve any disputes with trade suppliers.

10. INSURANCE

10.1 Required Insurance Coverage

A. Franchisor imposes and prescribes minimum standards and limits for certain types of required insurance coverage in its Manual or by other written notice to Franchisee. Franchisee agrees that Franchisor may modify the required minimum limits of insurance coverage from time to time by written notice to Franchisee. Upon delivery or attempted delivery of this written notice, Franchisee agrees to immediately purchase insurance conforming to the newly established standards and limits prescribed by Franchisor.

B. Franchisee agrees to purchase at its expense, and maintain in effect at all times during the term of this Agreement, the following categories of insurance coverage in forms and through insurance companies satisfactory to Franchisor:

1. Occurrence based comprehensive general liability coverage, including bodily injury, property damage, advertising injury and personal injury of at least $1,000,000 per occurrence, $2,000,000.00 general aggregate and $2,000,000 product liability aggregate.

2. Automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with minimum limits of liability in the greater of (i) the amount required by all applicable state and federal laws, or (ii) a combined single limit of $1,000,000 for bodily injury and property damage. Franchisee shall not at any time use personal vehicles that do not have this coverage for the operation of the Franchised Business. In addition, if Franchisee does not have a commercial policy to endorse the rental truck company (if renting) or if Franchisee purchases or leases a truck for the Franchised Business, then Franchisee must have insurance for liability, limited damage waiver and supplemental liability (if necessary) to cover the applicable State’s minimum gap up to the $1,000,000 Franchisor requires for automobile liability coverage.

3. All Risk Property Insurance including Fire and Extended Coverage on Franchisee's Franchised Business, premises and property and the contents thereof, including all supplies, inventory, fixtures, furnishings and equipment in an amount adequate to replace them in case of an insured loss.

4. For Franchisee's employees, workers' compensation and employer's liability insurance (in statutory amounts), unemployment insurance and state disability insurance (as required by governing law).

5. All other insurance coverage required by federal, state, local or other political subdivision law, rule or regulation applicable to the Franchised Business.

6. At Franchisee’s option, Business Interruption Insurance in sufficient amounts to cover at least six months of business operations, previous profit margins, maintenance of competent personnel and other fixed expenses.

C. The insurance coverage acquired and maintained by Franchisee at its own expense and in accordance with this Section shall name Franchisor as an Additional Insured, provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy

had been issued to each insured, include a waiver of subrogation in Franchisor's favor, and provide that the coverage shall be primary and non-contributory with, and not excess coverage to, any insurance carried by Franchisor. Each insurance policy that Franchisor requires under this Agreement must also contain a provision that the policy cannot be canceled without fifteen (15) days prior written notice to Franchisor and that all notices of default for non-payment sent to Franchisee must also be simultaneously sent to Franchisor.

Franchisee agrees not to reduce the policy limits, restrict coverage, cancel or otherwise alter or amend these insurance policies without Franchisor's written consent.

10.2 No Undertaking or Representation

Nothing contained in this Agreement may be considered an undertaking or representation by Franchisor that the insurance that Franchisee is required to obtain will insure Franchisee against any or all insurable risks of loss which may arise out of or in connection with the operation of the Franchised Business.

10.3 Certificates of Insurance

Franchisee agrees to promptly provide Franchisor with Certificates of Insurance evidencing the required coverage no later than ten (10) days before the date of commencement of the Initial Training Program. Franchisee agrees to deliver a complete copy of Franchisee's policies of insurance to Franchisor within thirty (30) days following delivery of the Certificates of Insurance. Franchisee agrees to renew all insurance policies and documents, and on renewal, to furnish a renewal Certificate of Insurance to Franchisor before the expiration date of the policy in question. Franchisor may at any time require Franchisee to forward to Franchisor full copies of all insurance policies.

10.4 Notice of Claims and Demands

Franchisee agrees to notify Franchisor of all claims or demands against Franchisee, the Franchised Business, or Franchisor within three (3) days of Franchisee's receiving notice of any claim or demand. Franchisee further agrees to respond to all claims within the time required by law, rule or regulation. In addition, Franchisee agrees to cooperate with Franchisor (or its designee) in every way possible to defend Franchisor and Franchisee against all claims made by employees, customers or third parties. Franchisee agrees, when necessary, to make appearances at administrative or other hearings to present or reinforce these defenses.

11. CONFIDENTIAL INFORMATION

11.1 Restriction on Use of Confidential Information

Franchisee agrees that it will never, during the Initial Term or any Renewal Term of this Agreement, or at any time after this Agreement expires or terminates, divulge or use any Confidential Information (as defined below) for the benefit of any other persons, partnership, proprietorship, association, corporation or entity. "Confidential Information" means knowledge, trade secrets or know-how concerning the systems of operation, programs, products, services, customers or practices of Franchisee, Franchisor or the System. Confidential Information includes (without limitation) all information, knowledge, know-how, techniques and information which Franchisor, its Affiliates, or their officers, designate as confidential. Confidential Information will not, however, include information which Franchisee can demonstrate came to its attention before Franchisor disclosed it to it or which, at or after the time of disclosure, has become public through publication or communication by others, but not through any act of Franchisee.

Except as authorized in this Agreement, Franchisee agrees never to copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing the Confidential Information in whole or in part; store it in a computer, data base or other electronic format; or, otherwise make it available to any third party. Upon the expiration or termination of this Agreement, Franchisee agrees to return to

Franchisor all Confidential Information, including all materials, books, records, software and manuals considered confidential under this Agreement in Franchisee's possession.

Franchisee, its Operating Partner and its Manager may divulge only Confidential Information necessary to operate the Franchised Business, and only to those of Franchisee's employees, agents or independent contractors who need access to it for this purpose.

Franchisee agrees to take all necessary precautions to ensure that its employees retain the Confidential Information in confidence, including, but not limited to, requiring its Manager and any other employees who have access to the Confidential Information, to sign, at the time of employment, a Confidentiality/Non-Compete Agreement in a form substantially the same as the agreement attached to this Agreement as Exhibit B. Franchisee shall provide to Franchisor an executed copy of the Confidentiality/Non-Compete Agreement for all of Franchisee's employees who need access to Confidential Information in connection with the operation of the Franchised Business and shall provide the executed agreement at the time each such employee is hired.

12. COVENANTS NOT TO COMPETE AND NOT TO SOLICIT

12.1 In-Term and Post-Term Covenants Not to Compete and Not to Solicit

Franchisee agrees that it will receive valuable training and Confidential Information that it would otherwise not receive or have access to but for the rights licensed to Franchisee under this Agreement. Unless otherwise specified, the term "you" as used in this subparagraph includes, collectively and individually, if Franchisee is an entity, your Operating Partner, officers, directors, members, managers, partners, and holders of any ownership interest in Franchisee. You, therefore, agree to the following noncompetition and non-solicitation covenants:

(i) You agree that during the Initial Term and any Renewal Term of this Agreement, you will not knowingly solicit any current or former employee of Franchisor, without the prior written permission of Franchisor.

(ii) You agree that during the Initial Term and any Renewal Term of this Agreement, you will not, directly or indirectly, purchase, place or use any collection bins for clothes, shoes and textiles other than the Bins purchased, placed and used pursuant to this Agreement, and you will not, directly or indirectly, engage in any other business which is similar to the business of the Franchised Business or, which offers or sells any product, service or component which now or in the future is or becomes part of the System and/or is offered by Clothes Bin businesses, or any similar product or service (a "Competitive Business").

(iii) During the Initial Term and any Renewal Term of this Agreement, you are prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, adviser, or consultant. In addition, you agree not to divert any business that should be handled by the Franchised Business to any other entity. It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing herein will prevent you from owning for investment purposes up to an aggregate of five percent (5%) of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, and so long as you do not control the company in question.

(iv) Further, during the Initial Term or any Renewal Term of this Agreement, you may not be a member of a franchisee advisory council, committee board or other similar group for a Competitive Business, unless you receive our prior written approval.

(v) You agree that you will not, for a period of three (3) years after the expiration or termination of this Agreement, regardless of the cause of termination, or within three (3) years of the sale of the Franchised Business or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, place or use any collection bins for clothes, shoes and textiles, or own, manage, operate, maintain, engage in, work at, be employed by, consult with or have any interest in a Competitive Business:

(a) Within the Territory;

(b) Within twenty-five (25) miles from the Territory's boundaries; and

(c) Within the territory of any franchisee or affiliate who is operating a Clothes Bin business or who has signed a franchise agreement for the operation of a Clothes Bin business as of the effective date of termination, expiration or assignment of this Agreement.

(vi) It is the intention of the provisions in subpart (v) above to preclude not only direct competition but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing herein will prevent you from owning for investment purposes up to an aggregate of 5% of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, and so long as you do not control the company in question.

(vii) You agree that the length of time in subpart (v) above will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement and will continue to be enforceable regardless of whether a court of competent jurisdiction determines that Franchisor has breached any provision of this Agreement or any other law.

12.2 Lesser Included Covenants Enforceable at Law

If all or any portion of the covenants not to compete set forth in this Article are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court or agency will be empowered to revise and/or construe the covenants to fall within permissible legal limits, and shall not by necessity invalidate the entire covenants. Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of this Article as if the resulting covenants were separately stated in and made a part of this Agreement.

12.3 Enforcement of Covenants Not to Compete

Franchisee acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee consents to the entry of an injunction prohibiting any conduct by Franchisee in violation of the terms of the covenants not to compete set forth in this Agreement. Franchisee expressly agrees that it may conclusively be presumed that any violation of the terms of the covenants not to compete was accomplished by and through Franchisee's unlawful use of Franchisor's Confidential Information, know-how, methods and procedures. Further, Franchisee expressly agrees that any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants not to compete set forth in this Agreement. Franchisee agrees to pay all costs and expenses, including reasonable attorneys' and experts' fees, incurred by Franchisor in connection with the enforcement of the covenants not to compete set forth in this Agreement.

13. ASSIGNMENT; RIGHT OF FIRST REFUSAL

13.1 Assignment by Franchisor

Franchisor shall have the unlimited right to assign this Agreement, and all of its rights and privileges under this Agreement, to any person, firm, corporation or other entity.

13.2 Assignment by Franchisee - General

Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee (or, if Franchisee is an entity, to its owners), and that Franchisor has entered into this Agreement in reliance on and in consideration of Franchisee's (or its owners') individual or collective personal skills and qualifications, and the trust and confidentiality that Franchisor reposes in Franchisee (or its owners). Therefore, neither this Agreement, nor Franchisee's (or any of its owners') interest in this Agreement, its rights or privileges under this Agreement, or the Franchised Business, may be assigned, sold, transferred, shared, redeemed, sublicensed or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner, without first obtaining Franchisor's written consent in accordance with this Article, or without first complying with Franchisor's right of first refusal as provided for herein.

Any actual or attempted assignment, transfer or sale of this Agreement, or any interest in this Agreement, or of the Franchised Business, in violation of the terms of this Article will be null, void and of no effect, and will constitute a material and incurable breach of this Agreement, unless waived by Franchisor in writing.

"Assignment" or "transfer" for the purposes of this Agreement includes Franchisee's (or any of its owners') voluntary, involuntary, direct or indirect, assignment, transfer, sale, gift or other disposition of any interest in this Agreement, Franchisee, or the Franchised Business. An assignment or transfer includes, without limitation, the following events:

A. The transfer or redemption in the aggregate of more than 10% of the capital stock or voting power of Franchisee (if a corporation, limited liability company, or other business entity); the transfer or redemption in the aggregate of more than 10% of a partnership or proprietorship interest in Franchisee (if it does business as a partnership or proprietorship); or the transfer or redemption of any other interest that affects control over the Franchisee business entity;

B. The merger or consolidation or issuance of additional securities or interests representing an ownership interest in Franchisee (if a corporation, limited liability company or other business entity);

C. Any issuance or sale of Franchisee's stock or any security convertible to Franchisee's stock;

D. The transfer of an interest in Franchisee, this Agreement, or the Franchised Business in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;

E. The transfer of an interest in Franchisee, this Agreement, or the Franchised Business, in the event of Franchisee's death or the death of one of Franchisee's owners, by will, declaration, or transfer in trust or under the laws of intestate succession; or

F. The pledge of this Agreement to someone other than Franchisor or of an ownership interest in this Agreement, Franchisee, the Franchised Business, or the Bins as security (unless such security interest in the Bins is granted to the lender as a condition of Franchisee's financing for same).

Franchisee agrees to immediately notify Franchisor in writing of any and all transfers of ownership in a corporate, partnership or proprietorship franchisee entity, even if less than 10%, in accordance with the procedures set forth in Franchisor's Manual or otherwise.

13.3 Assignment by Franchisee - To a Corporation Formed by Franchisee

If Franchisee desires to assign and transfer its interest in this Agreement to a corporation formed by Franchisee solely for the convenience of ownership, Franchisee shall obtain Franchisor's prior written consent. Franchisor will not unreasonably withhold consent if all the following conditions are met:

1. The corporation is newly organized and duly incorporated, and its activities are confined to acting exclusively as a Clothes Bin franchisee.

2. Franchisee is the sole owner of all the stock of the corporation and is its principal officer (or Franchisee is the sole owner of 75% or more of all stock of the corporation, with the remaining stockholders being Franchisee's spouse and/or adult children).

3. If Franchisee is more than one individual, each individual must have the right to the same proportionate ownership interest in the corporation as it or she had in the Franchised Business before the transfer.

4. Franchisee and the corporation execute an agreement in substantially the same form as attached hereto as Exhibit E with Franchisor under which Franchisee and the corporation agree to be jointly and severally liable for all the obligations to Franchisor under this Agreement, and expressly agree to be bound by all the terms, conditions and covenants of this Agreement. Each present and future shareholder of the corporation must agree in writing to personally guarantee the performance by the corporation of Franchisee's obligations under this Agreement, and to be individually bound by all the terms and conditions of this Franchise Agreement and any other agreements between Franchisee and Franchisor.

5. All stock certificates of the corporation must be endorsed with the following legend, conspicuously placed:

> "The transfer of this stock is subject to the terms and conditions of a Franchise Agreement dated [date of this Agreement] between FLSC Recycling, LLC and [Name of Franchisee]. This certificate is not transferable and is not subject to sale, assignment, pledge, mortgage, encumbrance, or transfer, by operation of law or otherwise, without the prior written consent of FLSC Recycling, LLC. "

6. The Articles of Incorporation, Bylaws and other organizational documents of the corporation must state that the issuance and transfer of any interest in the corporation are restricted by the terms of the Franchise Agreement.

7. Franchisee agrees to execute a full general release in favor of Franchisor.

Any transfer pursuant to this Section will not be subject to Franchisor's rights of first refusal provided for below, and will not require payment of a transfer fee.

13.4 Assignment by Franchisee - Sale to Third Party

A. Franchisee may not sell or otherwise assign or transfer the franchise conveyed by this Agreement, the Franchised Business, or any interest therein, without Franchisor's prior written consent. If Franchisor does not elect to exercise its right of first refusal, then Franchisor will not unreasonably withhold consent to the assignment and sale. Franchisee agrees that it will not be unreasonable for Franchisor to impose, among other requirements, the following conditions to consenting to the assignment and sale:

1. That Franchisee complies with the right of first refusal provisions as provided for in this Agreement;

2. That the proposed assignee applies to Franchisor for acceptance as a franchisee, and furnishes to Franchisor the information and references that Franchisor requests to determine assignee's skills, qualifications and economic resources;

3. That the proposed assignee presents itself for a personal interview at Franchisor's corporate office, or any other location designated by Franchisor, at the date and time reasonably requested by Franchisor, without expense to Franchisor;

4. That the assignee (or the principal officers, shareholders or directors of a corporate assignee) demonstrates that it has the skills, qualifications, ethics, moral values and economic resources necessary, in Franchisor's reasonable judgment, to conduct the Franchised Business contemplated by this Agreement, and to fulfill its obligations to the assignor;

5. That the proposed assignee or its designated manager has attended and successfully completed Franchisor's initial training program before the assignment, and any other training that Franchisor reasonably requires; there shall be no cost for the initial training, however, all expenses including transportation to any training, lodging, food, salaries of proposed assignee's employees and other living expenses shall be borne by the proposed assignee;

6. That as of the date of the assignment, the assignor has fully complied with all of its monetary and other obligations to Franchisor under this Agreement and any other agreement or arrangement with Franchisor;

7. That if the Franchise Agreement is being assigned, or the Franchised Business is being sold, the assignee executes a separate Franchise Agreement in the form and on the terms and conditions Franchisor then offers to prospective franchisees who are similarly situated (except that the assignee will not be obligated to pay another Initial Franchise Fee and the Continuing Royalty Fee and BLIP Monitoring Fee will be that specified in this Agreement). The term of the new Franchise Agreement will expire on the date of expiration of this Agreement. The execution of the new Franchise Agreement will terminate this Agreement, except for the guarantees of Franchisee and the post-termination and post-expiration provisions under this Agreement;

8. That the total sales price is not so excessive, in Franchisor's sole determination, that it jeopardizes the continued economic viability and future operations of the franchise;

9. If the proposed assignee is purchasing part, but not all, of an interest in a corporate or partnership franchisee to this Agreement, then the proposed assignee must execute a Guarantee in the form acceptable to Franchisor guarantying all of the obligations under this Agreement;

10. That the assignor (and all shareholders of a corporate assignor, and all partners of a partnership assignor, and all proprietors of a proprietorship assignor) executes a general release, of any and all claims, demands and causes of action which Franchisee and its partners, proprietors, directors, officers, shareholders, executors, administrators and assigns (as the case may be) may or might have against Franchisor, and their respective officers, directors, shareholders, agents, attorneys, contractors and employees in their corporate and individual capacities including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

11. That the assignor pays Franchisor a transfer fee of Fifteen Thousand Dollars ($15,000.00);

12. That the assignor furnishes to Franchisor a copy of the executed contract of assignment;

13. That the assignee, at its expense, upgrades the Franchised Business to conform to the then-current standards and specifications of the System, and completes this upgrading within the time reasonably specified by Franchisor;

14. That Franchisee remains liable for all the obligations to Franchisor arising out of or related to this Agreement before the effective date of the transfer or assignment, and executes all instruments reasonably requested by Franchisor to evidence this liability; and

15. That the assignor complies with the terms of the post-term covenant not to compete set forth in this Agreement, commencing on the effective date of the assignment.

B. If Franchisor consents to the assignment of this franchise, it will also consent to the assignment of Franchisee's Leases with its lessors and all other agreements between Franchisor and Franchisee. Franchisee, if the franchise is assigned, also agrees to assign its Leases with its lessors and all other agreements between Franchisor and Franchisee to the same assignee. After the assignment, Franchisee will remain liable under all the assigned agreements to the extent they require.

C. Franchisee agrees to defend at its own cost and to indemnify and hold harmless Franchisor, its parent (if any), and the subsidiaries, affiliates, designees, shareholders, directors, officers, employees and agents of either entity, from and against any and all losses, costs, expenses (including attorneys' and experts' fees), court costs, claims, demands, damages, liabilities, however caused (whether or not the losses, costs, expenses, court costs, claims, demands, damages or liabilities are reduced to judgment), resulting directly or indirectly from or pertaining to any statements, representations or warranties that may be given by Franchisee to any proposed assignee of the franchise, or any claim that Franchisee or the assignor engaged in fraud, deceit, violation of franchise laws of other illegality in connection with the negotiations leading to the consummation of the assignment.

13.5 Assignment by Franchisee - Transfer Upon Death or Disability

A. Upon the death or disability of Franchisee or the owner of a controlling interest in Franchisee (if Franchisee is an entity), Franchisor will require Franchisee or such owner (or Franchisee's or such owner's executor, administrator, conservator, guardian or other personal representative ("Estate")) to transfer Franchisee's interest in this Agreement (or such owner's interest in Franchisee) to a third party in accordance with Section 13.4 of this Agreement. Such disposition (including, without limitation, any transfer by bequest or inheritance) must be completed within the time we designate, but not more than five months from the date of death or disability. Such disposition will be subject to the terms and conditions applicable to transfers as set forth in this Article. The failure to transfer Franchisee's interest in this Agreement or the ownership interest in Franchisee within this period of time shall constitute a material breach of this Agreement, and Franchisor shall have the right to terminate this Agreement upon notice without providing any opportunity to cure. For purposes of this Agreement, the term "disability" shall mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in Franchisee (if an entity) from directing the business affairs of, or managing and operating, the Franchised Business.

B. Until the transfer of Franchisee's interest (or such owner's interest in Franchisee) to a third party is completed, or until Franchisor's termination of this Agreement for failure to transfer such interest within the time period set forth in Section 13.5(A) above, the Estate may continue the operation of the Franchised Business if: (i) the Estate provides a competent and qualified individual acceptable to Franchisor to serve as an Operating Partner or Manager on a full-time basis; (ii) this individual attends and successfully

completes Franchisor's next offered Initial Training Program at the Estate's expense; and, (iii) this individual assumes full-time operation of the Franchised Business as Operating Partner or Manager within one (1) month of the date Franchisee (or owner) dies or becomes disabled.

C. From the date of death or disability until a fully trained and qualified Operating Partner or Manager assumes full-time operational control of the Franchised Business, Franchisor may assume full control of and operate the Franchised Business, but will have no obligation to do so. If Franchisor does so, then during this period, Franchisor will deduct its expenses for travel, lodging, meals, and all other expenses and fees from the Franchised Business's sales and pay itself a reasonable management fee of up to One Thousand Dollars ($1,000) per week. This management fee will be in addition to the Continuing Royalty Fees, BLIP Monitoring Fees, and Marketing Fund Fees due to Franchisor. Any remaining funds will then be remitted to Franchisee's Estate until the transfer of Franchisee's interest (or an owner's controlling interest in Franchisee) to a third party is completed, or until Franchisor's termination of this Agreement for failure to transfer such interest within the time period set forth in Section 13.5(A) above. Any deficiency in sums due to Franchisor under this Agreement must be paid by Franchisee's Estate to Franchisor within ten (10) days of Franchisor's notifying the Estate of the deficiency. Franchisor will not be obligated to operate Franchisee's franchise. If it does so, Franchisor will not be responsible for any operational losses of the franchise, nor will it be obligated to continue operation of the Franchised Business.

13.6 Right of First Refusal

The right of Franchisee to assign, transfer, redeem or sell its interest in this Agreement or the Franchised Business, voluntarily or by operation of law (as provided above), will be subject to Franchisor's right of first refusal. Franchisor shall exercise its right of first refusal in the following manner:

1. Franchisee shall deliver to Franchisor a true and complete copy of the offer (the "notice") and furnish to Franchisor any additional information concerning the proposed transaction that Franchisor reasonably requests.

2. Within fifteen (15) days after Franchisor's receipt of the notice (or, if Franchisor requests additional information, within fifteen (15) days after receipt of the additional information), Franchisor may either consent or withhold its consent to the assignment or redemption, in accordance with this Article, or at its option, accept the assignment to itself or to its nominee, on the terms and conditions specified in the notice. However, Franchisor will be entitled to all of the customary representations and warranties given by the seller of assets, including (without limitation), representations and warranties as to ownership, condition of and title to assets, liens and encumbrances on the assets, validity of contracts and agreements, and Franchisee's contingent and other liabilities affecting the assets.

3. If a partial transfer is proposed through the assignment or redemption of more than 25% of the capital stock of a corporate franchisee, or of more than 25% of partnership or proprietorship interests to other than the original partners or proprietors of Franchisee (measured against the ownership of the Franchisee entity as originally constituted on the date of execution of this Agreement), then Franchisor will have the option to purchase not only the interests being transferred but also the remaining interests, so that Franchisor's resulting ownership will be 100% of the franchise. The price of these remaining interests will be proportionate to the price of the interests initially being offered.

4. Franchisor's credit will be deemed equal to the credit of any proposed purchaser. Franchisor may substitute cash for any other form of payment proposed in the offer.

5. If Franchisor exercises its right of first refusal, Franchisor will be given at least sixty (60) days after notifying Franchisee of its election to exercise its right of first refusal to prepare for closing. Franchisee agrees to take all action necessary to assign its Leases with the lessor of the Bin Locations to Franchisor.

6. If Franchisor elects not to exercise its right of first refusal and consents to the proposed assignment or redemption, then Franchisee will, subject to the provisions of this section, be free to assign

this Agreement or the Franchised Business to its proposed assignee on the terms and conditions specified in the notice. If, however, the terms are changed, the changed terms will be deemed a new proposal, and Franchisor will have a right of first refusal with respect to this new proposal.

7. Franchisor's election not to exercise its right of first refusal with regard to any offer will not affect its right of first refusal with regard to any later offer. If Franchisor does not exercise its right of first refusal, this will not constitute approval of the proposed transferee, assignee, redemption or the transaction itself. Franchisee and any proposed assignee must comply with all the criteria and procedures for assignment of the franchise, the Franchise Agreement and/or the Franchised Business specified in this section.

13.7 No Encumbrance

Franchisee will have no right to pledge, encumber, hypothecate or otherwise give a security interest in this Agreement, the Bins (unless such security interest in the Bins is granted to the lender as a condition of Franchisee's financing for same), or the Franchised Business in any manner to any third party person or entity, without Franchisor's prior written permission, which Franchisor may withhold for any reason.

14. PROPRIETARY MARKS

14.1 Franchisee's Non-Ownership of Proprietary Marks

Nothing in this Agreement will give Franchisee any right, title or interest in or to any of the Proprietary Marks except as a mere privilege and non-exclusive license, during the term of this Agreement, to display and use the Proprietary Marks according to the limitations set forth in this Agreement. Franchisee understands and agrees that the limited license to use the Proprietary Marks granted by this Agreement applies only to those Proprietary Marks which Franchisor designates (and has not designated as withdrawn from use), and those Proprietary Marks which Franchisor may in the future designate in writing. Franchisee agrees not to represent in any manner that it has acquired any ownership or equitable rights in any of the Proprietary Marks by virtue of the limited license granted under this Agreement or Franchisee's use of the Proprietary Marks. All uses of the Proprietary Marks by Franchisee, whether as a trademark, service mark, trade name or trade style, will inure to Franchisor's benefit. Following the expiration or termination of this Agreement, no monetary amount will be attributable to any goodwill associated with Franchisee's use of the Proprietary Marks or operation of the Franchised Business.

14.2 Acts in Derogation of the Proprietary Marks

Franchisee agrees that the Proprietary Marks are the exclusive property of Franchisor (or its affiliate). Franchisee asserts and will in the future assert no claim to any goodwill, reputation or ownership of the Proprietary Marks by virtue of Franchisee's licensed use of the Proprietary Marks, or for any other reason. Franchisee agrees that it will not do or permit any act or thing to be done in derogation of any of the rights of Franchisor in connection with the Proprietary Marks, either during or after the term of this Agreement. Franchisee agrees not to apply for or obtain any trademark or service mark registration of any of the licensed Proprietary Marks or any confusingly similar marks in its own name. Franchisee agrees to use the Proprietary Marks only for the uses and in the manner licensed under this Agreement and as provided in this Agreement. Franchisee agrees that it will not, during or after the term of this Agreement, in any way dispute or impugn the validity of the Proprietary Marks, the rights of Franchisor to the Proprietary Marks, or the rights of Franchisor, its affiliates or other franchisees of Franchisor to use the Proprietary Marks.

14.3 Use and Display of Proprietary Marks

A. Franchisee agrees to use the Proprietary Marks in full compliance with rules prescribed from time to time by Franchisor in its Manual or otherwise. Franchisee is prohibited (except as expressly provided in this Agreement) from using any Proprietary Mark with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed by Franchisor to Franchisee). Franchisee may

not use any Proprietary Mark in connection with the sale of any unauthorized product, service or program or in any other manner not explicitly authorized in writing by Franchisor. Franchisee may use the Proprietary Marks only for the operation of the Franchised Business or in advertising for the Franchised Business. Franchisee's right to use the Proprietary Marks is limited to the uses authorized under this Agreement.

B. Franchisee may not use the Proprietary Marks in any way which will incur any obligation or indebtedness on behalf of Franchisor. Franchisee agrees to comply with Franchisor's instructions in filing and maintaining all requisite trade name or fictitious name registrations, and to execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

C. Franchisee agrees to affix the Proprietary Marks on the Bins and any equipment, signs, stationery, advertising, sales/promotional materials and other objects, in the size, color, lettering style and fashion and at the places which Franchisor designates in its Manual or otherwise. Franchisee also agrees to display the Proprietary Marks and relevant trademark and copyright notices pursuant to the requirements set forth in the Manual. Except as expressly provided in the Manual or otherwise, Franchisee may not erect or display in or on its Bins, stationery, advertising, sales or promotional materials or any other objects bearing any other trademarks, logotypes, symbols or service marks. Franchisee may not use any names, marks or logotypes other than the Proprietary Marks in connection with the Franchised Business without Franchisor's prior written approval.

14.4 Required Means of Clothes Bin Identification

Franchisee shall conduct its Franchised Business under the assumed business name "Clothes Bin." Franchisee agrees, at its expense, to perform all filings and procure all required or necessary governmental approvals or registrations required to do business under that assumed business name. Franchisee agrees to identify itself as a franchisee, but not an agent, of Franchisor.

14.5 Defense of Proprietary Marks by Franchisor

If Franchisee receives notice, is informed or learns of any claim, suit or demand against it on account of any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Marks Franchisor has been granted the right to use (each, a "claim"), Franchisee agrees to promptly notify Franchisor. Franchisor will then promptly take any action it may consider necessary to protect and defend Franchisee against the claim and indemnify Franchisee against any actual damages and reasonable costs or expenses incurred in connection with the claim, so long as the claim is based solely on any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Marks. Franchisee may not settle or compromise the claim by a third party without Franchisor's prior written consent. Franchisor will have the right to defend, compromise and settle the claim at its sole cost and expense, using its own counsel. Franchisee agrees to cooperate fully with Franchisor in connection with the defense of the claim. Franchisee grants irrevocable authority to Franchisor, and appoints Franchisor as Franchisee's attorney in fact, to defend and/or settle all claims of this type. Franchisee may participate at its own expense in the defense or settlement, but Franchisor's decisions with regard to the settlement will be final. Franchisor will have no obligation to defend or indemnify Franchisee pursuant to this section if the claim arises out of or relates to Franchisee's use of any of the Proprietary Marks Franchisor has been granted the right to use in violation of the terms of this Agreement.

14.6 Prosecution of Infringers

If Franchisee receives notice, is informed or learns that any third party which it believes is not authorized to use the Proprietary Marks is using the Proprietary Marks or any variant of the Proprietary Marks, Franchisee agrees to promptly notify Franchisor. Franchisor will then determine whether or not it wishes to take any action against the third party on account of the alleged infringement of the Proprietary Marks. Franchisee will have no right to make any demand or to prosecute any claim against any alleged infringer of the Proprietary Marks for or on account of an alleged infringement.

14.7 Discontinuance or Substitution of Proprietary Marks

Franchisee agrees to comply with any instruction by Franchisor to modify or discontinue use of any Proprietary Mark, or to use any additional or substituted Proprietary Marks. Franchisee waives any other claim arising from or relating to any Proprietary Mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any Proprietary Mark addition, modification, substitution or discontinuation. If Franchisor requires Franchisee to add, modify, substitute or discontinue any Proprietary Mark, Franchisee agrees to bear the costs and expenses associated with any such changes. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

15. RELATIONSHIP OF THE PARTIES

15.1 Independent Contractor

Franchisee understands and agrees that Franchisee is and will be an independent contractor of Franchisor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, fiduciary or agency relationship between Franchisee and Franchisor, and neither party to this Agreement is an employee, agent, servant, partner or joint venture of the other; meaning that, except as expressly provided for in this Agreement, no party to this Agreement has the authority, implied, apparent or expressed, to lawfully bind the other with respect to any matter. No employee of Franchisee will be deemed to be an employee of Franchisor. Neither Franchisee nor any employee of Franchisee whose compensation for services is paid by Franchisee may, in any way, directly or indirectly, expressly or by implication, be construed to be an employee of Franchisor for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Franchisor will not have the power to hire or fire Franchisee's employees.

15.2 Indemnification

Franchisee shall indemnify Franchisor and its affiliates, and their respective officers, directors, owners, employees and representatives from any and all actions, judgments, claims, damages, liabilities, losses, costs, and expenses (including reasonable attorney's fees and costs, even if incident to appellate, post-judgment, or bankruptcy proceedings) to which they become subject or that they incur arising from or relating in any manner to the Franchisee's ownership or operation of the Franchised Business, including, but not limited to, Franchisor's placement of the Bins at Bin Locations. In no event, however, need the Franchisee indemnify Franchisor for any matter caused directly by Franchisor's gross negligence or intentional misconduct. Notwithstanding the expiration or sooner termination of this Agreement, this indemnity continues in full force and effect.

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisor - Automatic Termination Without Notice

Franchisee will be in default of this Agreement, and all rights granted in this Agreement will immediately and automatically terminate and revert to Franchisor without notice to Franchisee, if: Franchisee, the Franchised Business or the business to which the franchise relates is adjudicated as bankrupt or insolvent; all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor; a petition in bankruptcy is filed by or against Franchisee or the franchised business and is not immediately contested and/or dismissed within sixty (60) days from filing; a bill in equity or other proceeding for the appointment of a receiver or other custodian of Franchisee, the franchised business or assets of either is filed and consented to by Franchisee; a receiver or other custodian (permanent or temporary) of all or part of Franchisee's assets or property is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law are instituted by or against Franchisee or the franchised business; Franchisee is dissolved; execution is levied against Franchisee, the

franchised business or its property; or, the real or personal property of the franchised business is sold after levy thereon by any governmental body or agency, sheriff, marshal or constable.

16.2 Termination by Franchisor Upon Notice - No Opportunity to Cure

Franchisee will have materially breached this Agreement and Franchisor may, at its option, terminate this Agreement and all rights granted under this Agreement, without affording Franchisee any opportunity to cure the breach, effective immediately upon Franchisee's receipt of notice (which, whether sent by certified mail, registered mail, overnight courier or personal physical delivery, will be deemed to have been received by Franchisee upon delivery or first attempted delivery of the notice to Franchisee) upon the occurrence of any of the following events:

A. Franchisee at any time ceases to operate the Franchised Business; abandons the franchise relationship; or, abandons the franchise by failing to operate the Franchised Business for such period of time after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to operate the franchise), unless Franchisee's failure to operate is due to fire, flood, other Acts of God beyond Franchisee's control.

B. Franchisee omitted or misrepresented any material fact in the information it furnished to Franchisor in the application process or in connection with Franchisor's decision to enter into this Agreement.

C. Franchisor and Franchisee agree in writing to terminate the Franchise Agreement.

D. Franchisee fails to timely purchase the initial package of twenty (20) Bins from Franchisor or its affiliate within thirty (30) days from the date of this Agreement.

E. Franchisee (or, if Franchisee is a corporation, partnership, proprietorship or other entity, any principal of Franchisee) engages in an act that could be deemed a felony, fraud, crime involving moral turpitude, or any other crime or offense which Franchisor reasonably believes is related to Franchisee's operation of the Franchised Business, or is likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated with the Proprietary Marks, Franchisor's reputation, or Franchisor's interest in the System or Proprietary Marks.

F. Franchisee (or any principal of a corporate, partnership, proprietorship or other entity franchisee) purports to transfer any rights or obligations under this Agreement, any interest in Franchisee or the Franchised Business to any third party in violation of the terms of this Agreement; or Franchisee or Franchisee's Estate fails to transfer Franchisee's interest in this Agreement (or an owner's interest in Franchisee) in accordance with the terms of this Agreement and/or within the time period set forth in Section 13.5(A).

G. Franchisee conceals revenues; knowingly maintains false books or records; falsifies information or otherwise defrauds or makes false representations to Franchisor or to any federal, state, or local taxing authorities; or, knowingly submits any substantially false report to Franchisor.

H. Franchisee engages in any conduct or practice that is a fraud upon consumers, or is an unfair, unethical, or deceptive trade, act or practice.

I. Franchisee interferes or attempts to interfere with Franchisor's contractual relations with other franchisees, customers, employees, advertising agencies or any third parties.

J. Franchisee interferes or attempts to interfere with Franchisor's ability or right to franchise or license others to use and employ the Proprietary Marks and System or Franchisee makes any use of the Proprietary Marks not authorized under this Agreement.

K. Franchisee fails to carry the required insurance as set forth in Section 10.1 of this Agreement.

L. Franchisee receives three (3) notices of default within any 365-day period.

M. Franchisee offers or sells any unapproved products or services and/or conducts (or permits the conducting of) any business other than the business contemplated by this Agreement in connection with the Franchised Business or under the Proprietary Marks without Franchisor's prior written consent.

N. Franchisee violates, more than once, the prohibition against sorting, altering, removing or adding any items to the clothes, shoes and textiles originally collected from the Bins, or including wet bags or wet or water damaged clothes, shoes and textiles in any batch sold to Franchisor or any third party, as set forth in Section 5.3.

O. Franchisee fails to clean up and clear debris from the area surrounding the Bins within forty-eight (48) hours of a Bin Location lessor's (or sublessor's) notice to Franchisee on three (3) or more occasions.

P. Franchisee defaults under any promissory note made by Franchisee in favor of Franchisor and Franchisor accelerates the indebtedness due thereunder.

16.3 Termination by Franchisor – Fifteen and Seven Days to Cure

A. Except as provided above, Franchisee will have fifteen (15) calendar days after its receipt from Franchisor of a written Notice of Default to remedy any of the following defaults under this Agreement and to provide evidence that it has done so to Franchisor:

(i) Franchisee fails to timely pay any amounts due to any of the landlords of the Bin Locations pursuant to the Bin Location Leases.

(ii) Franchisee fails an operational audit or inspection by Franchisor.

B. Except as provided above, Franchisee will have seven (7) calendar days after its receipt from Franchisor of a written Notice of Default to remedy any default under this Agreement, not specified in the preceding sections, including, but not limited to, failure to timely pay any amounts due to Franchisor under this Agreement, and to provide evidence that it has done so to Franchisor.

C. If Franchisee has not cured any default within the 15-day or 7-day period (or, if appropriate, Franchisee has not initiated action to cure the default within that time) or any longer period that applicable law may require, this Agreement will terminate immediately upon expiration of the 15-day or 7-day period, or any longer period required by applicable law.

All Notices of Default and Termination, whether sent by certified mail, registered mail, electronic mail, fax, overnight courier or by physically delivering the notice in person, will be deemed to have been received by Franchisee upon delivery or first attempted delivery of the notice to Franchisee.

16.4 Franchisee's Failure to Pay

Franchisee's failure to make payments of any Continuing Royalty Fee, BLIP Monitoring Fee, Marketing Fund Fee or other money due and owing to Franchisor, after receipt from Franchisor of notice of the default granting an opportunity to cure, will be deemed Franchisee's willful and wrongful breach under this Agreement and Franchisee's decision to reject and terminate this Agreement and all related agreements between Franchisee and Franchisor.

16.5 Cross Default

Any default or breach by Franchisee of any other agreement between Franchisor and Franchisee will be deemed a default under this Agreement, and any default or breach of this Agreement by Franchisee will be deemed a default or breach under any and all other agreements between Franchisor and Franchisee. If the nature of the default under any other agreement would have permitted Franchisor to terminate this Agreement if the default had occurred under this Agreement, then Franchisor will have the right to terminate this Agreement and all the other agreements between Franchisor and Franchisee in the same manner provided for in this Agreement for termination of this Agreement. Franchisee will be given the same opportunity to cure defaults under any other agreement between Franchisor and Franchisee as Franchisee has under this Agreement.

16.6 Notice Required by Law

If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits Franchisor's rights of termination under this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be deemed amended to conform to the minimum notice, cure periods or restrictions upon termination required by the laws and regulations. Franchisor will not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

17. FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES ON TERMINATION OR EXPIRATION

17.1 Post-Termination Obligations

A. If this Agreement expires or terminates for any reason, Franchisee will cease to be an authorized Clothes Bin franchisee and Franchisee will lose all rights to the use of the Proprietary Marks, the System, all Confidential Information and know-how and any goodwill engendered by the use of the Proprietary Marks.

B. Upon termination or expiration of this Agreement for whatever reason, Franchisee agrees to:

1. Immediately pay all sums due and owing to Franchisor, and all sums due and owing to any lessor, employees, taxing authorities, advertising agencies and all other third parties, and shall immediately pay to Franchisor the amount of any balance of the BLIP Monitoring Fees for which Franchisor has become obligated to pay to third parties, on behalf of Franchisee in connection with Franchisee’s Bins and this Agreement.

2. Discontinue the use of the Proprietary Marks, remove the Proprietary Marks from the Bins (unless Franchisor purchases them from Franchisee), and not operate or do business under any name or in any manner which might tend to give the general public the impression that it is operating a Clothes Bin business, or any similar business. Franchisee may not use, in any manner or for any purpose, directly or indirectly, any of the Confidential Information, trade secrets, procedures, forms, techniques, know-how or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including (without limitation): specifications or descriptions of Clothes Bin products and services; employees and independent contractors; Franchisor's Manual and any Supplements to it; forms, advertising matter, marks, devices, signs, insignia, slogans and designs used in connection with the Franchised Business; telephone number listed in any telephone directory under the name "Clothes Bin," or any similar designation or directory listing relating to the Franchised Business; and, the systems, procedures, techniques, criteria, concepts, designs, advertising and promotion techniques, specifications, and all other components, specifications and standards, which comprise (or in the future may comprise) a part of the System.

3. Take all necessary action to cancel any assumed name or equivalent registration which contains the Proprietary Mark "Clothes Bin," or any other Proprietary Mark, or any variant, within fifteen (15) days following termination or expiration of this Agreement. If Franchisee fails or refuses to do so, Franchisor may, in Franchisee's name, on Franchisee's behalf and at Franchisee's expense, execute all documents necessary to cause discontinuance of Franchisee's use of the name "Clothes Bin," or any related name used under this Agreement. Franchisee irrevocably appoints Franchisor as Franchisee's attorney-in-fact to do so.

4. Upon any termination of this Agreement by Franchisor for cause, Franchisor will have the right immediately to maintain continuous operation of the former Franchised Business, provide for orderly change of management and disposition of personal property, and otherwise protect Franchisor's interests. If Franchisee disputes the validity of Franchisor's termination of the franchise, Franchisor will nevertheless have the option (which Franchisee irrevocably grants) to operate the Franchised Business pending the final, unappealed determination of the dispute by a court of competent jurisdiction and/or arbitration panel. If a court of competent jurisdiction makes a final, unappealed determination that the termination was not valid, Franchisor agrees to make a full and complete accounting for the period during which it operated the former Franchised Business.

5. In the event of termination for any default by Franchisee or of termination by Franchisee through failure to make payment following notice to cure, pay to Franchisor all expenses it incurs as a result of the default or termination, including all damages, costs, and expenses, and reasonable attorneys' and experts' fees.

6. At Franchisor's option, assign to Franchisor any interest which Franchisee has in any Bin Leases, right or entry or easement for the Bin Locations, rendering all necessary assistance to Franchisor to enable it to take prompt possession or control of the Bins at the Bin Locations.

7. Immediately deliver to Franchisor all training or other manuals furnished to Franchisee (including the Manual and Supplements to the Manual), computer software and database material, customer lists, records and files, documents, instructions, display items, advertising and promotional material, any and all materials, signs and related items which bear the Proprietary Marks or slogans or insignias or designs, advertising contracts, forms and other materials or property of Franchisor, and any copies of them in Franchisee's possession which relate to the operation of the Franchised Business. Franchisee may retain no copy or record of any of these items, except for Franchisee's copy of this Agreement, any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law. Franchisee agrees that the foregoing items, materials, lists, files, software and other similar items will be deemed to be the property of Franchisor for all purposes.

8. Within fifteen (15) days from the date of termination or expiration of this Agreement, arrange with Franchisor for an inventory to be made by Franchisee, at Franchisee's cost, of all the Bins of Franchisee and all items bearing the Proprietary Marks. Franchisor will have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the Bins, including the Bin signage and sensors, for the lesser of (i) ten percent (10%) of the amount that Franchisee paid for each Bin only; or (ii) the costs that Franchisor must expend to travel, collect the Bins from the Bin Locations, store the Bins, truck rental and labor costs, and to ship the Bins. Franchisee shall be responsible for all costs to collect any of the Bins from the Bin Locations, store the Bins, truck rental and labor costs, and the freight costs to ship the Bins, if Franchisor elects to exercise this option to purchase and pays Franchisee ten percent (10%) of the amount that Franchisee paid for each Bin. If Franchisor elects to exercise this option to purchase, it may set off all amounts due from Franchisee under this Agreement against any payments for the purchase. Notwithstanding the forgoing or anything in this Agreement, and whether or not this Agreement is terminated, if Franchisee abandons the Franchised Business or any Bins and leaves the Bins at Bin Locations or if Franchisee fails to pay rent for a Bin Location for more than thirty (30) days, Franchisor shall have the option to purchase Franchisee's Bins,

including the Bin signage and sensors, for, and in consideration of, only the costs that Franchisor must expend to travel, collect the Bins from the Bin Locations, store the Bins, truck rental and labor costs, and to ship the Bins. If Franchisor exercises such option, Franchisee agrees to sell to Franchisor the Bins and any items bearing the Proprietary Marks for and in consideration of only the costs that Franchisor must expend to travel, collect the Bins from the Bin Locations, store the Bins, truck rental and labor costs, and to ship the Bins, and title to same shall automatically transfer to Franchisor.

9. Immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner.

10. Cease using the telephone numbers listed on any local internet search engines, Yellow Pages or White Pages of any telephone directories under the name "Clothes Bin" or any other confusingly similar name or, upon Franchisor's written demand, direct the telephone company to transfer to Franchisor, or to any other person and location that Franchisor directs, the telephone numbers listed for the Franchised Business on any local internet search engines, Yellow Pages or White Pages. If Franchisee does not promptly direct the telephone company to do so, Franchisee irrevocably appoints Franchisor as its attorney-in-fact to direct the telephone company to do so.

11. Strictly comply with the post-termination/post-expiration covenants not to compete set forth in this Agreement.

12. Continue to abide by those restrictions pertaining to the use of the Confidential Information, trade secrets and know-how set forth in this Agreement.

13. Immediately surrender to Franchisor all computer software, data storage disks or tapes used in the operation of the Franchised Business, printouts, and other information pertaining to computer operations, codes, procedures and programming. Franchisee agrees not to destroy, damage, hide or take any steps to prevent Franchisor from obtaining any information which Franchisee had stored in the computer system of the Franchised Business. Franchisee agrees not to retain any printouts, disks or tapes containing any of the programs or data stored in the computer system.

14. If Franchisor elects not to assume possession or control of the Bins, then promptly upon termination or expiration, Franchisee agrees to de-identify all of the Bins by removing all of Franchisor’s trade dress (by repainting the Bins in a different color), the Clothes Bin name and Proprietary Marks from the Bins to distinguish the Bins from Clothes Bin bins.

C. The expiration or termination of this Agreement will be without prejudice to Franchisor's rights against Franchisee, and will not relieve Franchisee of any of its obligations to Franchisor at the time of expiration or termination, or terminate Franchisee's obligations which by their nature survive the expiration or termination of this Agreement.

18. WAIVER AND DELAY

No waiver or delay in either party's enforcement of any breach of any term, covenant or condition of this Agreement will be construed as a waiver by that party of any preceding or succeeding breach, or any other term, covenant or condition of this Agreement. Without limiting any of the foregoing, the acceptance of any payment specified to be paid by Franchisee under this Agreement will not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Agreement.

19. FRANCHISOR'S WITHHOLDING OF CONSENT; FRANCHISEE'S EXCLUSIVE REMEDY

In no event may Franchisee make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval to a proposed act by

Franchisee under the terms of this Franchise Agreement. Franchisee waives any such claim for damages. Franchisee may not claim any such damages by way of setoff, counterclaim or defense. Franchisee's sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance or for declaratory judgment.

20. INTEGRATION OF AGREEMENT

This Agreement and all ancillary agreements executed contemporaneously with this Agreement, constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements. Franchisee acknowledges that it is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of its own independent investigation of the Franchised Business and not as a result of any representations about Franchisor made by its shareholders, officers, directors, employees, agents, independent contractors or other franchisees which are contrary to the terms set forth in this Agreement or of any disclosure document, prospectus, disclosure document or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. Franchisee expressly acknowledges that no oral promises or declarations were made to it and that the obligations of Franchisor are confined exclusively to the terms in this Agreement. Franchisee understands and assumes the business risks inherent in this enterprise.

Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations made by Franchisor in the disclosure document, or in its exhibits or amendments, that Franchisor furnished to Franchisee.

21. NOTICES

Any notice required or permitted to be given under this Agreement shall be in writing; shall be delivered to the other party personally, by certified or registered mail (and return receipt requested, postage prepaid), by overnight courier, or by electronic mail; and, will be effective on the date that delivery is documented to have been first attempted. Any notice to Franchisor shall be addressed to Franchisor at:

FLSC RECYCLING, LLC
Attn: Marc Douglas
Email: Accounting@ClothesBinFranchise.com
3911 SW 47th Avenue, Suite 903
Davie, Florida 33314
844.FLL.BINS (844.355.2467)

Any notice to Franchisee shall be addressed to Franchisee at:

_____

_____

_____

Email: _____@_____.com
(or the email address assigned to Franchisee under this Agreement)

Either party to this Agreement may, in writing, on ten (10) days' notice, inform the other of a new or changed address or addressee(s) to which notices under this Agreement should be sent.

22. MISCELLANEOUS

22.1 Construction and Interpretation; Further Acts

The titles and subtitles of the various articles and sections of this Agreement are inserted for convenience and will not affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement.

The language of this Agreement will in all cases be construed simply according to its fair and plain meaning and not strictly for or against Franchisor or Franchisee.

It is agreed that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

Since the words “Franchisor” and “Franchisee” in this Agreement may be applicable to one or more parties, the singular will include the plural, and the masculine will include the feminine and neuter. If more than one party or person is referred to as “Franchisee” under this Agreement, then their obligations and liabilities under this Agreement will be joint and several.

The parties agree to execute all other documents and perform all further acts necessary or desirable to carry out the purposes of this Agreement.

Each reference in this Agreement to a corporation or partnership will also refer to a limited liability company and any other entity or similar organization. Each reference to the organizational documents, shareholders, directors, officers and stock of a corporation in this Agreement will also refer to the functional equivalents of the organizational documents, shareholders, directors, officers and voting rights, as applicable, in the case of a limited liability company or any other entity or similar organization.

22.2 Severability

Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason, and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) unreasonable, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable, and the parties agree to be bound by and perform this Agreement as so modified.

23. COSTS OF ENFORCEMENT; ATTORNEYS’ FEES; GOVERNING LAW; VENUE; ARBITRATION

23.1 Costs of Enforcement

Franchisor will be entitled to recover from Franchisee reasonable attorneys' fees, experts' fees, court costs and all other expenses of litigation, if Franchisor prevails in any action instituted against Franchisee to secure or protect Franchisor's rights under this Agreement, or to enforce the terms of this Agreement.

23.2 Attorneys’ Fees

If Franchisor becomes a party to any action or proceeding concerning this Agreement or the Franchised Business due to any act or omission of Franchisee or its authorized representatives and not to

any act or omission of Franchisor or its authorized representatives, or if Franchisor becomes a party to any litigation or any insolvency proceedings pursuant to the bankruptcy code or any adversary proceeding in conjunction with an insolvency proceeding with respect to Franchisee or the Franchised Business, then Franchisee will be liable to Franchisor for the reasonable attorneys' fees, experts' fees and court costs incurred by Franchisor in the action or proceeding, regardless of whether the action or proceeding proceeds to judgment. In addition, Franchisor will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to its proof of claim in any insolvency proceedings filed by Franchisee.

23.3 Governing Law

This Agreement; all relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort, or otherwise, is to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Florida without recourse to Florida choice of law or conflicts of law principles. Nothing in this Section is intended to invoke the application of any franchise or similar law, rule or regulation of the State of Florida or any other state, which would not otherwise apply.

23.4 Arbitration

Except as qualified in Section 23.5 below, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or the franchised business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current the Federal Rules of Civil Procedure and the Federal Rules of Evidence. The arbitration must take place in Miami, Florida. Any arbitration must be resolved on an individual basis and not joined as part of a class action of the claims of other parties. The decision of the arbitrators will be final and binding to the dispute; however the arbitrators may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; or (ii) assess punitive or exemplary damages. A judgment may be entered upon the arbitration award by any state or federal court in Miami-Dade County, Florida.

23.5 Injunctive Relief

You recognize that the Franchised Business is one of a number of Clothes Bin businesses identified by the Proprietary Marks, and the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all of our other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of our reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrator. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that the parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, we have the right to commence a civil action against you or take other appropriate action for the following reasons: to restrain a breach or threatened breach of any of the terms of this Agreement by you; to collect sums of money due to us; to compel your compliance with trademark standards and requirements to protect the goodwill of the Proprietary Marks; to compel you to compile and submit required reports to us; or to permit evaluations or audits authorized by this Agreement.

23.6 Venue

Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 23.4, must be brought in a court of competent jurisdiction in Miami-Dade County, Florida. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this subparagraph will survive termination of this Agreement.

23.7 Waiver of Jury Trial

ALL PARTIES HEREBY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION BY JUDICIAL PROCESS OF ANY PROVISION OF THIS AGREEMENT, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES FOR ANY CLAIMS ARISING OUT OF THIS AGREEMENT, WHETHER NOW EXISTING OR ARISING IN THE FUTURE.

23.8 Punitive Damages

In no event will Franchisor be liable to Franchisee for punitive, special, consequential or exemplary damages including, but not limited to lost profits, in any action arising out of or relating to this Agreement, or any breach, termination, cancellation or non-renewal of this Agreement. In any action arising out of or relating to this Agreement, or any breach, termination, cancellation or non-renewal of this Agreement, Franchisee shall be limited to recovering its actual damages only.

24. SURVIVAL

Any provision of this Agreement which imposes an obligation following the termination or expiration of this Agreement will survive the termination or expiration and will continue to be binding upon the parties to this Agreement.

This Agreement will be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

25. SUBMISSION OF AGREEMENT

The submission of this Agreement does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by Franchisor and Franchisee. The date of execution by Franchisor will be considered the date of execution of this Agreement.

THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF FRANCHISOR.

FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS OR PROMISES WERE MADE TO IT OTHER THAN THOSE SET FORTH IN FRANCHISOR'S DISCLOSURE DOCUMENT, AND THAT IF ANY OTHER REPRESENTATIONS OR PROMISES WERE MADE TO FRANCHISEE, FRANCHISEE IS NOT RELYING ON THEM.

FRANCHISEE HAS READ ALL OF THE FOREGOING AGREEMENT AND ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT.

[Signatures on following page]

Signature page to Franchise Agreement:

Dated:_____

FRANCHISEE: _____

_____(Signature)

_____
(Print Name)

Its: _____

_____(Signature)

_____
(Print Name)

Its: _____

Dated: _____

FRANCHISOR:

FLSC RECYCLING, LLC

By:_____

Print Name: _____

Its:_____

Ownership and Management Addendum to Franchise Agreement

1. Ownership. If Franchisee is a corporation, limited liability company or partnership, set forth below are the names and addresses of each shareholder, member or partner in Franchisee:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

2. Designated Manager. You represent and warrant to us that the following person is the Designated Manager:

Name: _____

Title: _____

Address: _____

_____

3. Franchisee shall notify Franchisor in writing within ten (10) days of any change in the information set forth in subparagraphs (1) through (2) above.

4. Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

5. Franchisee shall cause all of its current and future shareholders, members and partners to execute Franchisor's standard form of Guaranty.

This Addendum is effective as of this _____ day of _____, 20___.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Additional Franchise Addendum

(If you purchase multiple Franchised Businesses at the same time)

THIS ADDENDUM TO FRANCHISE AGREEMENT ("Addendum") is entered into as of _____, 20___ (the "Effective Date"), by and between FLSC RECYCLING, LLC, a Florida limited liability company ("Franchisor") and _____, a _____ ("Franchisee"). (Franchisor and Franchisee shall be collectively referred to herein as the "Parties").

WHEREAS, on _____, 20____, Franchisor and Franchisee entered into that certain Franchise Agreement (the "Franchise Agreement"), pursuant to which Franchisee was granted the right to operate one Clothes Bin franchise (the "Clothes Bin Business"), in strict accordance with the Franchise Agreement, within the Territory known as _____ and identified in Exhibit A to the Franchise Agreement;

WHEREAS, the Franchise Agreement is for the _____ [second, third, etc.] Clothes Bin franchise that Franchisee has purchased;

WHEREAS, because Franchisee has purchased more than one Clothes Bin franchise at the same time, the Franchise Agreement is amended as set forth below.

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged by the parties to this Addendum, the Parties agree as follows:

1. **2.1 Initial Franchise Fee.** Section 2.1 of the Franchise Agreement is hereby amended as follows:

> In consideration of the execution of this Agreement by Franchisor, and because Franchisee has purchased more than one Clothes Bin franchise at the same time, Franchisee agrees to pay Franchisor a discounted Initial Franchise Fee of either (i) Thirty-Five Thousand Dollars ($35,000), if this Agreement is for Franchisee's second Clothes Bin franchise, or (ii) Twenty Thousand Dollars ($20,000), if this Agreement is for Franchisee's third or subsequent Clothes Bin franchise, payable upon Franchisee's execution of this Agreement.
>
> The Initial Franchise Fee shall be paid by wire transfer. The Initial Franchise Fee, and any installment payments thereof, is deemed fully earned by Franchisor upon receipt and is not refundable under any circumstances.

2. **3.1 Initial Purchase of Bins**. Section 3.1 of the Franchise Agreement is hereby amended as follows:

> Franchisee shall purchase the initial package of twenty (20) Bins from Franchisor or its affiliate within ninety (90) days from the date of this Agreement for the second Clothes Bin franchise, and within one hundred eighty (180) days from the date of this Agreement for the third Clothes Bin franchise. If this

Agreement is for the fourth or subsequent Clothes Bin franchise, then Franchisee shall purchase the initial package of twenty (20) Bins from Franchisor or its affiliate within _____(_____) days from the date of this Agreement (which shall increase by increments of 90 days for each additional franchise). The initial package of Bins purchased by Franchisee will be delivered to Franchisee in one shipment of twenty (20) Bins. Franchisee's failure to timely purchase the initial package of twenty (20) Bins from Franchisor or its affiliate within the above timeframes will constitute a default under this Agreement, and Franchisor may, in its discretion, terminate this Agreement without providing Franchisee any opportunity to cure.

You acknowledge and agree that we shall not be responsible for any delays in the manufacturing or shipment of the Bins, or any other delays in the delivery of the Bins to you due to circumstances beyond our control.

3. **7.1 Continuing Royalty Fees**. Section 7.1(i) of the Franchise Agreement is hereby amended as follows:

In consideration of Franchisor's grant to Franchisee of a license to use the Proprietary Marks and System, Franchisee agrees to pay to Franchisor a weekly Continuing Royalty Fee equal to:

(i) One Hundred Twenty Dollars ($120) per week commencing on the earlier of (a) the week after Franchisee's receipt of its shipment of the initial package of 20 Bins or (b) if this Agreement is for the second Clothes Bin franchise, the day that is one hundred eighty (180) days from the date of this Agreement, or if this Agreement is for the third Clothes Bin franchise, the day that is two hundred seventy (270) days from the date of this Agreement, or if this Agreement is for the _____ Clothes Bin franchise, the day that is _____ days from the date of this Agreement (which shall increase by increments of 90 days for each additional franchise);

4. 7.2 BLIP Monitoring Fee. Section 7.2(i) of the Franchise Agreement is hereby amended as follows:

For the use of Franchisor's required BLIP System, Franchisee shall pay to Franchisor a weekly BLIP Monitoring Fee equal to:

(i) Eighty Dollars ($80) per week commencing on the earlier of (a) the week after Franchisee's receipt of its shipment of the initial package of 20 Bins or (b) if this Agreement is for the second Clothes Bin franchise, the day that is one hundred eighty (180) days from the date of this Agreement, or if this Agreement is for the third Clothes Bin franchise, the day that is two hundred seventy (270) days from the date of this Agreement, or if this Agreement is for the _____ Clothes Bin franchise, the day that is _____ days from the date of this Agreement (which shall increase by increments of 90 days for each additional franchise);

5. Notwithstanding anything in the Franchise Agreement to the contrary, Franchisee will not be required to attend the Initial Training Program for Franchisee's second and any subsequent Clothes Bin franchise that Franchisee purchases, and Franchisee will not be required to use Franchisor to unload Franchisee's initial package of 20 Bins that Franchisee purchases for Franchisee's second and any subsequent Clothes Bin franchise that Franchisee purchases.

6. All of the terms and provisions of this Addendum, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns.

7. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Franchise Agreement.

8. If there is any conflict between the Franchise Agreement and this Addendum, the terms of this Addendum shall apply. Except as specifically amended herein, the Franchise Agreement, as well as all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect, and are hereby ratified and confirmed.

9. This Addendum represents the entire understanding and agreement between the parties with respect to the subject matter hereof, and supersedes all other negotiations, understandings and representations, if any, made by and between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied herein are of any force and effect.

10. The provisions of this Addendum may be amended, supplemented, waived or changed only by a written document signed by the party as to whom enforcement of any such amendment, supplement, waiver or modification is sought and making specific reference to this Addendum.

11. The provisions of the Franchise Agreement pertaining to dispute resolution—including mediation of disputes, governing law, and jurisdiction and venue—are incorporated herein and apply with equal force to the terms and conditions of this Addendum as if fully set forth herein.

12. This Addendum may be executed in counterparts, each of which shall constitute an original and all of which when taken together shall constitute one and the same instrument. PDF or facsimile signatures shall be given the same force and effect as originals.

13. The parties to this Addendum acknowledge and represent that the recitals appearing at the beginning of this Addendum are true and correct, and are specifically incorporated into this Addendum.

14. Each party to this Addendum represents and warrants that the individuals executing this Addendum are duly authorized to so act and it is the intent of each party to be bound to this Addendum by the signing hereof.

IN WITNESS HEREOF, the Parties have executed this Addendum as of the Effective Date above.

FRANCHISOR: **FLSC Recycling, LLC**	FRANCHISEE: _____
By: _____	By: _____
Print name: _____	Print name: _____
As its: _____	As its: _____

SBA ADDENDUM
TO
CLOTHES BIN
FRANCHISE AGREEMENT

THIS ADDENDUM (Addendum) is made and entered into on _____, 20____, by **FLSC RECYCLING, LLC**, located at **3911 SW 47th Avenue, Suite 903, Davie, Florida 33314** ("Franchisor"), and _____, located at _____ ("Franchisee").

Recitals. Franchisor and Franchisee entered into a Franchise Agreement on _____, 20__, ("Franchise Agreement"). The Franchisee agreed, among other things, to operate and maintain a franchise located at _____ designated by Franchisor as Unit #_____ ("Unit"). Franchisee has obtained from a lender a loan ("Loan") in which funding is provided with the assistance of the United States Small Business Administration (SBA). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

2. If the Franchisor must operate the business under Section 13.5 C. of the Franchise Agreement, Franchisor will operate the business for a 90 day renewable term, renewable as necessary for up to one year and the Franchisor will periodically discuss the status with the Franchisee or its heirs.

3. If the Franchise Agreement is terminated and the Bins and/or items bearing the Proprietary Marks are to be sold under Section 17.1 B.8. of the Franchise Agreement and the parties are unable to agree as to a purchase price and terms, the fair market value of such property shall be determined by three Appraisers chosen in the following manner. Franchisee shall select one and Franchisor shall select one, and the two appraisers so chosen shall select a third appraiser. The decision of the majority of the appraisers so chosen shall be conclusive. The cost of the third appraiser shall be shared equally by the parties.

4. The following is added to the end of Section 13.6 of the Franchise Agreement:

However, the Franchisor may not exercise a right of first refusal:

(a) If a proposed Transfer is between or among individuals (including members of their immediate families and their respective spouses) who, at the time of the proposed Transfer, have an ownership interest in the Franchisee or the Franchise, and who have guaranteed

the Franchisee's obligations under a then outstanding indebtedness which is guaranteed by the United States Small Business Administration ("SBA") (Owner/Guarantors); or

(b) If a proposed Transfer involves a Person other than an Owner/Guarantor and the proposed Transfer involves a noncontrolling ownership interest in the Franchisee or the Franchise, unless such noncontrolling interest: (1) represents less than a 20% ownership interest in the Franchisee or in the Franchise, or (2) the Franchisor (in combination with all of Franchisor's franchisees) qualifies as a small business and the exercise of the right does not affect the eligibility of the borrower to qualify for the SBA loan guarantee program.

The Franchisor's right to approve or to disapprove a proposed Transfer or transferee, or to exercise its right of first refusal with respect to a Transfer of a controlling interest in Franchisee or the Franchise, shall not be affected by any of the foregoing provisions. If the Franchisor does not qualify as a small business under SBA regulations, the parties acknowledge and understand that the Franchisor's exercise of its right of first refusal may result in an SBA guaranteed loan becoming immediately due and payable.

5. Notwithstanding anything to the contrary in Section 13.7 of the Franchise Agreement, the Franchisor consents to the grant of a lien to be held by the Lender/SBA on the business assets of the Franchisee as required in the Loan authorization.

6. Notwithstanding anything to the contrary in Section 13.6 of the Franchise Agreement, the Franchisor will not force a sale of the Franchisee's entire business if the Franchisee only intends on transferring a partial ownership interest.

7. This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid in full; or (iii) SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

FRANCHISOR:	**FRANCHISEE:**
FLSC Recycling, LLC	
By: _____	By:_____
Print Name:_____	Print Name: _____
Title: _____	Title: _____

ADDENDUM TO CLOTHES BIN FRANCHISE AGREEMENT

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO CLOTHES BIN FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

This Addendum ("Addendum") is entered into this _____, 20___ (the "Effective Date"), between FLSC RECYCLING LLC, a Florida limited liability company ("Franchisor"), and _____, a _____ (referred to in this Addendum as "Franchisee") and amends the Franchise Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Franchise Agreement"), as follows:

1. Illinois law governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, arbitration may take place outside of Illinois.

3. Franchisees' rights upon Termination and Non-Renewal are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum effective on the Effective Date.

FRANCHISOR: FLSC Recycling, LLC	FRANCHISEE: _____
By: _____	By: _____
Name: _____	Name: _____
As its: _____	As its: _____

ADDENDUM TO CLOTHES BIN FRANCHISE AGREEMENT
FOR USE IN MARYLAND

This Addendum ("Addendum") is entered into this _____, 20___ (the "Effective Date"), between FLSC RECYCLING LLC, a Florida limited liability company ("Franchisor"), and _____, a _____ (referred to in this Addendum as "Franchisee") and amends the Franchise Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Franchise Agreement"), as follows:

1. **No Release, Estoppel or Waiver of State Law**. Nothing in the Franchise Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. **Jurisdiction**. Subject to the provisions in the Franchise Agreement concerning arbitration, any litigation arising on claims under the Maryland Franchise Registration and Disclosure Law may be brought by Franchisee in Maryland.

4. **Limitation on Claims**. Nothing in the Franchise Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. **General Release**. No provisions in the Franchise Agreement requiring Franchisee to sign a general release, including as a condition of renewal, sale and/or assignment or transfer, will release any claim Franchisee may have under the Maryland Franchise Registration and Disclosure Law.

6. **Arbitration**. The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

7. **Precedence and Defined Terms**. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Franchise Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum effective on the Effective Date.

FRANCHISOR: FLSC Recycling, LLC	FRANCHISEE: _____
By: _____	By: _____
Name: _____	Name: _____
As its: _____	As its: _____

ADDENDUM TO CLOTHES BIN FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

This Addendum ("Addendum") is entered into this _____, 20___ (the "Effective Date"), between FLSC RECYCLING LLC, a Florida limited liability company ("Franchisor"), and _____, a _____ (referred to in this Addendum as "Franchisee") and amends the Franchise Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Franchise Agreement"), as follows:

1. **No Release of State Law**. Notwithstanding anything in the Franchise Agreement to the contrary, Franchisor will not require Franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

2. **Jurisdiction**. The Franchise Agreement is subject to Minnesota Franchise Act, Minn. Stat. § 80C.21, and Minn. Rule 2860.4400(J), which prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, including specifically Chapter 80C.17, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. **Notice**. The Franchise Agreement is subject to Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

4. **No Jury Trial Wavier, Liquidated Damages, Etc**. Notwithstanding anything in the Franchise Agreement to the contrary, Franchisor cannot require Franchisee to waive its rights to a jury trial or to consent to liquidated damages, termination penalties, or judgment notes, pursuant to Minn. Rule 2860.4400(D).

5. **Insufficient Funds Fee**. The Franchise Agreement is subject to Minnesota Statutes, § 604.113. Accordingly, Section 7.6 of the Franchise Agreement is hereby amended as follows:

> Franchisee agrees to pay to Franchisor interest on any amounts due to Franchisor under this Agreement at the highest contract rate of interest permitted by law.
>
> Franchisee shall pay Franchisor a fee of $30 if bank payment is refused for any check or pre-authorized draft received by Franchisor from Franchisee due to "insufficient funds" or otherwise.

6. **Injunctive Relief**. Notwithstanding anything in the Franchise Agreement to the contrary, pursuant to Minn. Rule 2860.4400(J), Franchisor cannot require Franchisee to consent to Franchisor obtaining injunctive relief. A court will determine if a bond is required.

7. **Limitation of Claims**. Nothing in the Franchise Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under Minnesota Statutes, § 80C.17. All claims arising under Minnesota Statutes, § 80C.17 must be brought within 3 years after the cause of action accrues.

8. **Precedence and Defined Terms**. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Franchise Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum effective on the Effective Date.

FRANCHISOR: FLSC Recycling, LLC	FRANCHISEE: _____
By: _____	By: _____
Name: _____	Name: _____
As its: _____	As its: _____

ADDENDUM TO CLOTHES BIN FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

This Addendum ("Addendum") is entered into this _____, 20___ (the "Effective Date"), between FLSC RECYCLING LLC, a Florida limited liability company ("Franchisor"), and _____, a _____ (referred to in this Addendum as "Franchisee") and amends the Franchise Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Franchise Agreement"), as follows:

1. Franchisee shall not be required to sign a general release as a condition of renewal.

2. Franchisee is not required to consent to termination or liquidated damages.

3. The North Dakota Securities Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

4. The arbitration and mediation provisions in the Franchise Agreement are amended to provide that the site of arbitration or mediation must be agreeable to all parties and may not be remote from the Franchisee's place of business.

5. Franchisee is not required to consent to the jurisdiction of courts in Florida.

6. The Franchise Agreement will be governed by North Dakota law. Nothing in the Franchise Agreement requires Franchisee to waive its rights under North Dakota law.

7. Franchisee is not required to waive its right to a trial by jury and is not required to consent to a waiver of exemplary and punitive damages.

8. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Franchise Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum for use in North Dakota effective on the Effective Date.

FRANCHISOR: FLSC Recycling, LLC	FRANCHISEE: _____
By: _____	By: _____
Name: _____	Name: _____
As its: _____	As its: _____

ADDENDUM TO CLOTHES BIN FRANCHISE AGREEMENT
FOR USE IN WASHINGTON

This Addendum ("Addendum") is entered into this _____, 20___ (the "Effective Date"), between FLSC RECYCLING LLC, a Florida limited liability company ("Franchisor"), and _____, a _____ (referred to in this Addendum as "Franchisee") and amends the Franchise Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Franchise Agreement"), as follows:

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

2. **Relationship.** RCW 19.100.180 may supersede the Franchise Agreement in Franchisee's relationship with Franchisor, including the areas of termination and renewal of the Franchise Agreement. There may also be court decisions which may supersede the Franchise Agreement in Franchisee's relationship with Franchisor, including the areas of termination and renewal of the Franchise Agreement.

3. **Arbitration or Mediation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will either be in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, Franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **Waiver of Rights.** A release or waiver of rights signed by Franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when signed 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, or rights or remedies under the Act such as a right to a jury trial may not be enforceable.

5. **Transfer Fees.** Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effectuating a transfer.

6. **Noncompetition Covenant.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. **Nonsolicitation**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable

in Washington.

8. Notwithstanding anything in Section 3.9 of the Franchise Agreement to the contrary, if Franchisee elects to use Franchisor's Bin Location Services, Franchisee will not be required to use a prepaid expense card for Franchisor's food and gas.

9. Notwithstanding anything in Sections 3.3.A, 7.1 or 7.2 of the Franchise Agreement to the contrary, in the event Franchisee is unable to place its initial package of Bins due to no fault of Franchisee or due to circumstances beyond Franchisee's reasonable control, then Franchisor will not charge Franchisee Continuing Royalty Fees or BLIP Monitoring Fees until the week after Franchisee's receipt of its shipment of the initial package of Bins.

10. Section 15.3 of the Franchise Agreement is hereby deleted and replaced with the following:

> Franchisee shall indemnify Franchisor and its affiliates, and their respective officers, directors, owners, employees and representatives from any and all actions, judgments, claims, damages, liabilities, losses, costs, and expenses (including reasonable attorney's fees and costs, even if incident to appellate, post-judgment, or bankruptcy proceedings) to which they become subject or that they incur arising from or relating in any manner to the Franchisee's ownership or operation of the Franchised Business. In no event, however, need the Franchisee indemnify Franchisor for any matter caused directly by Franchisor's gross negligence or intentional misconduct. Notwithstanding the expiration or sooner termination of this Agreement, this indemnity continues in full force and effect.

11. Section 17.1.B.8 of the Franchise Agreement is hereby deleted and replaced with the following:

> 8. Within fifteen (15) days from the date of termination or expiration of this Agreement, arrange with Franchisor for an inventory to be made by Franchisee, at Franchisee's cost, of all the Bins of Franchisee and all items bearing the Proprietary Marks. Franchisor will have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the Bins, including the Bin signage and sensors, at fair market value. If the parties cannot agree on a fair market value within a reasonable time, Franchisor will designate an independent appraiser. The appraiser's determination will be binding. Franchisee and Franchisor will equally split the fee charged by the independent appraiser. If Franchisor elects to exercise this option to purchase, it may set off all amounts due from Franchisee under this Agreement against any payments for the purchase. Notwithstanding the forgoing or anything in this Agreement, and whether or not this Agreement is terminated, if Franchisee abandons the Franchised Business or any Bins and leaves the Bins at Bin Locations or if Franchisee fails to pay rent for a Bin Location for more than thirty (30) days, Franchisor shall have the option to purchase Franchisee's Bins, including the Bin signage and sensors, for, and in consideration of, only the costs that Franchisor must expend to travel, collect the Bins from the Bin Locations, store the Bins, truck rental and labor costs, and to ship the Bins. If Franchisor exercises such option, Franchisee agrees to sell to Franchisor the Bins and any items bearing the Proprietary Marks for and in consideration of only the costs that Franchisor must expend to travel, collect the Bins from the Bin Locations, store the Bins, truck rental and labor costs, and to ship the Bins, and title to same shall automatically transfer to Franchisor.

12. Section 3.6 of the Franchise Agreement is hereby deleted.

13. The third and fifth paragraphs of Section 4.5 of the Franchise Agreement are

hereby deleted.

14. Notwithstanding anything in Section 15.2 of the Franchise Agreement to the contrary, Franchisee will not be required to indemnify Franchisor for any matter caused by Franchisor's strict liability of fraud.

15. Section 19 of the Franchise Agreement is hereby deleted.

16. The first paragraph of Section 20 of the Franchise Agreement is hereby deleted and replaced with the following:

> This Agreement and all ancillary agreements executed contemporaneously with this Agreement, constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements. Franchisee acknowledges that it is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of its own independent investigation of the Franchised Business.

17. In Section 17.1.B(8) of the Franchise Agreement, "ten percent (10%) of the amount that Franchisee paid for each Bin" shall be replaced with "fair market value."

18. The following in Section 25 of the Franchise Agreement is hereby deleted:

> FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS OR PROMISES WERE MADE TO IT OTHER THAN THOSE SET FORTH IN FRANCHISOR'S DISCLOSURE DOCUMENT, AND THAT IF ANY OTHER REPRESENTATIONS OR PROMISES WERE MADE TO FRANCHISEE, FRANCHISEE IS NOT RELYING ON THEM.
>
> FRANCHISEE HAS READ ALL OF THE FOREGOING AGREEMENT AND ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT.

19. **Precedence and Defined Terms**. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Franchise Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum for Use in Washington effective on the Effective Date.

FRANCHISOR: FLSC Recycling, LLC	FRANCHISEE: _____
By: _____	By: _____
Name: _____	Name: _____
As its: _____	As its: _____

EXHIBIT A TO FRANCHISE AGREEMENT

CLOTHES BIN TERRITORY

Territory

The Territory as defined in Section 1.2 of the Franchise Agreement shall be the geographic area containing the following zip codes (the "Territory"):

Dated: _____

Franchisor: FLSC Recycling, LLC

By: _____

Print name: _____

As: _____

Dated: _____

Franchisee: _____

By: _____

Print name: _____

As: _____

Exhibit B to Franchise Agreement
CONFIDENTIALITY/NON-COMPETITION AGREEMENT

This Non-Disclosure and Non-Competition Agreement ("**Agreement**") is made and entered into this ____ day of _____, 20___ (the "**Effective Date**"), by and between _____ ("**Company**") and _____ ("**Disclosee**").

RECITALS

A. FLSC Recycling, LLC ("**Franchisor**") owns the rights to and has granted the Company the non-exclusive license to use the "Clothes Bin" trademarks, trade names, service marks and logos (the "**Marks**"), the business systems identified by such Marks (the "**System**"), and certain confidential information, for the operation of the Company's franchised Clothes Bin business (the "**Franchised Business**").

B. In connection with Disclosee's employment or engagement by the Company in connection with the Franchised Business, within the Territory of _____, Disclosee will receive access to and become acquainted with certain confidential and/or proprietary information of Franchisor. As a condition to and in consideration of Disclosee's employment by the Company, and as a material inducement for the Company to disclose certain confidential and/or proprietary information to Disclosee in connection with the business of being a franchisee of Franchisor, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by Disclosee, Disclosee agrees to be bound by the following representations, warranties and covenants, to be effective, during and at all times after Disclosee's employment or affiliation with the Company and the Franchised Business:

TERMS AND CONDITIONS

1. Recitals. The recitals contained herein are true and correct and are incorporated herein by reference.

2. Confidential Information. As used in this Agreement, "**Confidential Information**" includes, without limitation, various trade secrets, inventions, innovations, processes, software programs, know-how, information, records and specifications owned or licensed by Franchisor and its affiliates, and/or used by Franchisor, its affiliates or its franchisees, in connection with the System or the operation of Franchised Business, including, without limitation, Franchisor's and its affiliates' business, product processes, methods, formulas, plans, trade secrets, customer lists, accounts, identities of suppliers, price lists, procedures and techniques, confidential manuals, advertising and marketing techniques, operational and quality assurance procedures, and any other confidential and proprietary information of Franchisor or otherwise obtained by Disclosee which are based on or derived from, or which contain or reflect, any Confidential Information, regardless of the form in which such information is communicated, recorded or maintained.

Confidential Information shall not include information otherwise described above that Disclosee can establish: (a) is or becomes generally available to or known by the public (other than as a result of the unauthorized disclosure, directly or indirectly, by Disclosee or any of its employees, agents or advisors); (b) is or becomes available to Disclosee or any of its employees, agents or advisors on a non-confidential basis from a source other than the Company or Franchisor, provided that such source is not and was not bound by a confidentiality and/or nondisclosure agreement with, or other similar obligation to, the Company or Franchisor; or (c)

has been independently acquired or developed by Disclosee or any of its employees, agents or advisors without violating any of Disclosee's obligations under this Agreement.

3. Confidentiality. The Confidential Information shall be held and treated by Disclosee in utmost and strictest confidence. The Confidential Information shall not, without the prior written consent of the Company and Franchisor, be disclosed by Disclosee in any manner whatsoever, in whole or in part. Disclosee agrees that he or she will not disclose any of the Confidential Information, directly or indirectly, or use any of the Confidential Information in any manner, and at any time, other than for the specific purpose of performing his/her duties at and in connection with the Franchised Business as required in the course of Disclosee's employment relationship with the Company. Disclosee shall not reproduce, or permit the reproduction, directly or indirectly, of any of the Confidential Information except as required by the Company and Franchisor.

In the event that Disclosee becomes legally compelled or required to disclose any of the Confidential Information to a third party by order of a court or other authority of competent jurisdiction, Disclosee shall provide the Company and Franchisor with notice as far in advance as practicable so that the Company and/or Franchisor may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement, in the sole discretion of Franchisor. In any event, Disclosee will furnish only that portion of the Confidential Information which it is legally required to furnish.

Disclosee shall immediately advise the Company and Franchisor in writing if it learns of any unauthorized use or disclosure of Confidential Information by Disclosee, or by any person or entity, which disclosure would not be permitted if such person or entity were bound by the terms of this Agreement.

4. Ownership and Return of Information. The parties acknowledge and agree that all Confidential Information disclosed (including all Franchisor manuals) is confidential and proprietary to Franchisor and shall remain the exclusive property of Franchisor. At the request of Franchisor, Disclosee shall promptly return or destroy any and all Confidential Information including all copies thereof, on any storage medium whatsoever, in its possession or in the possession of any of its employees, agents or advisors and will not retain any copies or other reproductions in whole or in part of such material. **All manuals must be returned to Franchisor. Absolutely no copies of manuals may be made.**

5. Non-Competition Clause. Due to the proprietary nature of the software, procedures and practices of Franchisor, Disclosee acknowledges and agrees that Franchisor has a legitimate business interest and would be unable to protect its Confidential Information, System and Marks against unauthorized use or disclosure and Franchisor would be irreparably harmed and unable to encourage the free exchange of ideas and information among its franchisees if Disclosee were permitted to engage in the acts prohibited under this Agreement. Accordingly, during Disclosee's relationship with the Company (as an employee or independent contractor) in connection with the Franchised Business, and for a period of twenty-four (24) months thereafter, Disclosee promises and covenants not to:

(a) directly or indirectly, solicit or otherwise attempt to induce, by combining or conspiring with, or attempting to do so, or in any other manner influence any employee, officer, director, agent, consultant, representative, supplier, contractor or distributor of the Company to terminate or modify his or her position with, or to compete against, the Company or Franchisor;

(b) directly or indirectly, own, manage, operate, maintain, engage in, consult with or have any interest in any business that offers the same or similar services offered by Clothes Bin businesses;

(c) in addition to, and not in limitation of other provisions hereof, the Disclosee shall not in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Company or Franchisor;

(d) engage in or become interested, directly or indirectly, whether an as individual, partner, shareholder, director, officer, principal, agent or employee, in the same or substantially similar business as the Company within: (i) the Company's Territory; (ii) twenty-five (25) miles from the Company's Territory's boundaries; and (ii) within the territory of any franchisee or affiliate of Franchisor who is operating a Clothes Bin business or who has signed a franchise agreement for the operation of a Clothes Bin business as of the date that Disclosee's relationship with the Company terminates. This paragraph shall not be interpreted so as to prevent the Disclosee from working as an employee at a similar business provided that all other provisions of this Agreement are complied with.

6. Remedies. The parties acknowledge and agree that the Confidential Information is a unique and valuable asset of Franchisor and that unauthorized disclosure or use of the Confidential Information may cause Franchisor and the Company irreparable harm and significant injury that may be difficult to ascertain. Accordingly, the parties understand and agree that, in addition to any other rights including the right to damages, Franchisor and/or the Company shall be entitled to equitable relief, in the event of any breach of this Agreement. In the event of a breach or threatened breach by Disclosee, Franchisor and/or the Company shall be entitled to injunctions restraining such breach, without being required to show any actual damage or to post any bond or other security, and/or to a decree for specific performance under this Agreement. Disclosee shall be responsible and held liable for any breach of this Agreement by its employees, agents, contractors or other representatives.

7. Representations.

a. Disclosee represents, warrants, and confirms that the restrictions contained in this Agreement are fair and reasonable and not the result of overreaching, duress, or coercion of any kind. Disclosee further acknowledges, represents, warrants, and confirms that his or her full, uninhibited and faithful observance of each of the covenants contained in this Agreement will not cause any undue hardship, financial or otherwise, and that the enforcement of each of the covenants contained in this Agreement will not impair his or her ability to obtain employment commensurate with his or her abilities on terms fully acceptable to Disclosee or otherwise to obtain income required for his or her comfortable support and of his or her family, and the satisfaction of the needs of his or her creditors.

b. Disclosee acknowledges and confirms that his or her special knowledge of Franchisor's System and the Franchised Business (and anyone acquiring such knowledge through Disclosee) is such as would cause Franchisor, its affiliates, its franchisees and the Company serious injury and loss if Disclosee (or anyone acquiring such knowledge through Disclosee) were to use such ability and knowledge to the detriment of Franchisor, its affiliates, its franchisees and the Company.

c. The Agreement neither creates nor is intended to imply the existence of an employment contract and does not represent a promise or representation of employment or

continued employment. Nothing in this Agreement shall change the "at-will" nature of Disclosee's employment relationship with the Company.

8. Survival. The confidentiality, non-solicitation and non-competition provisions of this Agreement shall survive and apply after Disclosee's business relationship with the Company in connection with the Franchised Business has terminated.

9. Franchisor Third Party Beneficiary. The parties recognize the necessity of the Disclosee's compliance with the terms of this Agreement to Franchisor as the franchisor of the business operated by the Company. Accordingly, the Disclosee agrees and acknowledges that Franchisor is a third party beneficiary of the Disclosee's obligations hereunder and Franchisor is entitled to all rights and remedies conferred upon the Company or Franchisor hereunder, which Franchisor may enforce directly against the Disclosee with or without the consent or joinder of the Company.

10. Miscellaneous

a. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Notwithstanding the foregoing, neither party, except Franchisor, may assign its rights or obligations under this Agreement.

b. Non-Waiver. The existence of any claim or cause of action by the Disclosee against the Company and/or Franchisor predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company and/or Franchisor of this Agreement. Any failure to object to any conduct in violation of this Agreement shall not be deemed a waiver by the Company or Franchisor. No waiver of any provisions of this Agreement shall be effective unless it is in writing and signed by the Disclosee, the Company and Franchisor, and any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

c. Attorneys' Fees, Costs and Expenses. In any action or proceeding to enforce this Agreement, including any appeals or post judgment proceedings, the prevailing party shall be entitled to recover from the other party thereto the reasonable attorneys' fees, court costs, filing fees, publication costs and other expenses incurred by the prevailing party in connection therewith.

d. Venue, Jurisdiction and Governing Law. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Florida. Venue for any litigation involving this Agreement or the relationship between the parties shall be Miami-Dade County, Florida. The parties agree to submit to the exclusive jurisdiction of the courts of Miami-Dade County, Florida.

e. Rule of Construction. The terms and conditions set forth in this Agreement are the product of mutual draftsmanship and/or review by the parties hereto, each having the opportunity to be represented by counsel. Any ambiguities in this Agreement or any agreement prepared or to be prepared pursuant to or in connection with this Agreement shall not be construed against any one party because of the draftsmanship. The Agreement shall be interpreted in a neutral fashion consistent with the intent of the parties as stated herein.

f. Severability. In the event that any court shall finally hold that any other provision stated in this Agreement constitutes an unreasonable restriction upon the Disclosee,

the Disclosee hereby expressly agrees that the provisions of this Agreement shall not be rendered void, but shall apply to such other extent as such court may judicially determine or indicate constitutes a reasonable restriction under the circumstances involved. The Disclosee agrees that it shall forthwith comply with any covenant as so modified, which is fully enforceable to the extent permitted by applicable law. The obligations of the Disclosee to the Company and Franchisor are in addition to, and not in lieu of, any additional or more restrictive obligations the Disclosee may have to the Company and/or Franchisor in any other agreement.

g. Time. In the event the Company and/or Franchisor should bring any legal action or other proceeding for the enforcement of this Agreement, the time for calculating the term of the restrictions herein shall not include the period of time commencing with the filing of legal action or other proceeding to enforce the terms of this Agreement hereof through the date of final judgment or final resolution, including all appeals, if any, of such legal action or other proceeding.

h. Modification of Agreement and Merger. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof. This Agreement may not be supplemented, modified or revised in any manner except by a single writing signed by the Disclosee, the Company and Franchisor. There are no prior or contemporaneous oral promises, representations or agreements not set forth herein inducing entry into this Agreement and all prior negotiations, discussions, statements and representations are merged into this Agreement. The provisions of this paragraph cannot be modified by conduct, oral agreement or written agreement, unless signed by the Disclosee, the Company and Franchisor.

i. Authority to Sign. By signing this Agreement, each party represents and warrants to all other parties that its execution of this Agreement is duly authorized in accordance with applicable laws relating to such parties, that this Agreement is fully enforceable according to its terms against such executing party and that the individual executing on any corporation's behalf has the requisite power and authority to do so.

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

Disclosee: _____
Print name

_____
Signature

The Company: _____

_____
By:
As:

Exhibit C to Franchise Agreement

ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO
FLSC RECYCLING, LLC ("PAYEE")

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. The undersigned agrees to select the option for automatic payments in Payee's payment and invoicing program. It is agreed that Depository's rights with respect to each such debit shall be the same with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty days prior written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken according to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose for payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee under the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository (full name of bank and address): _____

_____

Name of Depositor: _____

Designated Bank Acct. No.: _____
(Please attach one voided check for the above account)

Bank Routing Number: _____

Principal Business Address: _____

Phone #: _____

Fax #: _____

Name of Franchisee/Depositor (please print): _____

By: _____
Signature and Title of Authorized Representative

Date: _____

Exhibit D to Franchise Agreement

NATIONAL BUYER PROGRAM ADDENDUM

This National Buyer Program Addendum ("Addendum") is made and entered into this ____ day of _____, 20___ (the "Effective Date"), by and between FLSC RECYCLING, LLC ("Franchisor") and _____ ("Franchisee").

RECITALS

WHEREAS, on _____, 20____, Franchisor and Franchisee entered into that certain Clothes Bin Franchise Agreement ("Franchise Agreement"), pursuant to which Franchisee was granted the right to operate a Clothes Bin franchise (the "Franchised Business") in the territory known as _____("Territory"), in strict accordance with the terms of the Franchise Agreement;

WHEREAS, pursuant to Section 5.2 of the Franchise Agreement, Franchisee wishes to participate in Franchisor's National Buyer Program, pursuant to which Franchisee may sell its collected clothes, shoes and textiles to Franchisor or its affiliate, at Franchisor's or its affiliate's rates, which may change frequently depending on market conditions and other factors, and in accordance with Franchisor's procedures set forth in Franchisor's Confidential Operations Manual, or otherwise; and

WHEREAS, Franchisor has agreed to Franchisee's participation in the National Buyer Program, subject to, and in accordance with, the terms and conditions set forth below.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and conditions set forth below, and their performance, Franchisor and Franchisee hereby agree:

1. **National Buyer Program**. Provided that Franchisee is in compliance with the Franchise Agreement, this Addendum and any other agreements with Franchisor, Franchisee may participate in Franchisor's National Buyer Program and have the option to sell Franchisee's collected clothes, shoes and textiles to Franchisor (or its affiliate) through the National Buyer Program at the rates offered by Franchisor (or its affiliate), and in accordance with any of Franchisor's buyers' policies and procedures and Franchisor's procedures set forth in Franchisor's Confidential Operations Manual ("Manual"). Franchisee agrees to comply with all of Franchisor's buyers' policies and procedures, as well as Franchisor's policies and procedures relating to the sale of Franchisee's collected clothes, shoes and textiles through the National Buyer Program, including, but not limited to, policies and procedures for the collection, weight verification, drop-off, trailer transfer, pick-up and/or delivery of Franchisee's collected clothes, shoes and textiles, as set forth in the Manual or otherwise.

2. **Prohibition Against Wet Clothes or Sorting or Altering Collected Clothes**. Franchisee agrees that it shall only sell to Franchisor (or its affiliate) the clothes, shoes and textiles collected from the Bins at the Bin Locations, and shall not sell to Franchisor (or its affiliate) any trash, wet, mildewed or water damaged clothes, shoes and textiles, or any wet bags collected due to the likelihood of mold and mildew. Franchisee shall not sort, alter or remove any items of the collected clothes, shoes and textiles at any time. Nor shall Franchisee add any additional items not originally collected from the Bins to the collected clothes, shoes and textiles sold to Franchisor (or its affiliate) at any time. Franchisee understands and agrees that Franchisor (or its affiliate) may deduct from the purchase price for poundage that Franchisor (or its affiliate)

deems as trash, wet, mildewed or water damaged or if there are hard goods (known as "bric-a-brac") in Franchisee's load.

3. **Trailer Load Minimum Weight**. Due to shipping costs, Franchisee understands and agrees that Franchisor (or its affiliate or buyers) will establish a minimum weight for each trailer load of collected clothes, shoes and textiles sold to Franchisor (or its affiliate) and will deduct from the purchase price if Franchisee's trailer load is below the minimum weight. Generally, Franchisee's trailer load must be at least 38,000 pounds, or such other minimum weight as Franchisor may establish from time to time in the Manual or otherwise. If the weight of Franchisee's trailer load is below Franchisor's then-current required minimum weight, then Franchisor will charge Franchisee, and deduct from the final sales payment made to Franchisee for the load, up to twenty cents ($0.20) per pound that Franchisee's trailer weight load was below the then-current required minimum weight.

4. **Transferring of Load**. Franchisee understands and agrees that Franchisor (or its affiliate or buyers) will establish a maximum time for Franchisee to transfer a load of collected clothes, shoes and textiles from its storage trailer to the buyer's shipment trailer and will deduct from the purchase price if Franchisee takes more than the maximum time to transfer the load. Depending on the Franchisor's buyer and the freight company used when selling through the National Buyer Program, Franchisee shall have up to two (2) or four (4) hours to transfer its load of collected clothes, shoes and textiles from its storage trailer to the shipment trailer for pickup and delivery to Franchisor or its buyers. Franchisee is solely responsible for transferring loads from its storage trailer to the shipment trailers, including all labor and any labor costs. If Franchisee takes more than two (2) or four (4) hours to complete the transfer of its load, then Franchisor will charge Franchisee its then-current fee, not to exceed One Hundred Dollars ($100) per hour, for each hour beyond the first two (2) or four (4) hours that it takes Franchisee to complete the transfer. If Franchisee uses road-worthy trailers for its collected clothes, shoes and textiles, then Franchisee may not have to transfer loads to another trailer for shipment.

5. **Shipping**. Franchisee may use its own third party freight companies, both traditional and/or application based platform companies (i.e. Uber Freight), to ship loads of collected clothes, shoes and textiles so long as such companies are first approved by Franchisor and have adequate, proper insurance as determined by Franchisor.

6. **Franchisor's Buyers**. In addition to Franchisee's non-competition obligations set forth in the Franchise Agreement, for a period of three (3) years after the expiration or termination of the Franchise Agreement, Franchisee agrees that it shall not, directly or indirectly, use or work with any buyer of Franchisor (or its affiliate), or any buyer that Franchisee sold to through the National Buyer Program, to sell clothes, shoes and textiles to or to compete with Franchisor and/or its Clothes Bin franchisees. During the term of the Franchise Agreement, Franchisee shall also not sell clothes, shoes and textiles to any buyer of Franchisor, or any buyer that Franchisee sold to through the National Buyer Program.

7. **Franchisor's Right to Terminate Franchisee's Participation in the National Buyer Program**.

A. In addition to all other remedies available to Franchisor under this Addendum, the Franchise Agreement or at law, Franchisor shall have the right to immediately terminate Franchisee's participation in the National Buyer Program if:

(i) Franchisor (or its affiliate or buyers) finds, or otherwise has good reason to

suspect, that Franchisee has sorted, altered or removed any items of, or has added any items not originally collected from the Bins to, the collected clothes, shoes and textiles in any batch sold to Franchisor (or its affiliate or buyers), or if any such batch contains wet, mildewed or water damaged clothes, shoes and textiles, or any wet bags or trash;

(ii) the weight of Franchisee's trailer load sold is below the then-current required minimum weight on two (2) or more occasions;

(iii) Franchisee is in default of the Franchise Agreement or violates the terms of this Addendum;

(iv) Franchisor's buyers complain about Franchisee or Franchisee's collected clothes, shoes and textiles on two (2) or more occasions; or

(v) Franchisor's buyers refuse to purchase Franchisee's collected clothes, shoes and textiles due to Franchisee's conduct.

B. In the event Franchisor (or its affiliate or buyers) finds that Franchisee has sorted, altered or removed any items of, or has added any items not originally collected from the Bins to, the collected clothes, shoes and textiles in any batch sold to Franchisor (or its affiliate), or if any such batch contains wet or water damaged clothes, shoes and textiles, or any wet bags, Franchisee shall refund Franchisor, upon demand, any and all amounts that Franchisor paid to Franchisee for the purchase of Franchisee's clothes, shoes and textiles that were sorted, altered, or that included additional or wet or water damaged clothes, shoes and textiles or wet bags, and Franchisee will not receive any payment for the sale of such clothes. Nothing in this Section shall be a waiver of any other remedy available to Franchisor under this Addendum, the Franchise Agreement or at law.

8. **Franchisor's Right to Cancel and Terminate the National Buyer Program**. Notwithstanding anything in this Addendum to the contrary, Franchisor reserves the absolute right to cancel and terminate the National Buyer Program at any time for any reason whatsoever.

9. **Payments**. Franchisee understands and agrees that Franchisor (or its affiliate) will use its best efforts to resell Franchisee's collected clothes, shoes and textiles and that Franchisee may or may not receive the same amount that Franchisor (or its affiliate) receives from its buyers. Franchisee further acknowledges and agrees that Franchisor (or its affiliate) may or may not make a profit on the resale of Franchisee's collected clothes, shoes and textiles, depending on numerous factors and circumstances. Franchisor will make an offer to Franchisee for its collected clothes, shoes and textiles, which Franchisee is free to accept or reject. Franchisee further agrees that Franchisor will have the right to set off all amounts due from Franchisee under the Franchise Agreement against any such payments due to Franchisor.

10. **Force Majeure**. Franchisor will not be liable by reason of any failure or delay in the performance of its obligations hereunder on account of border issues, COVID-19 or other pandemic lockdowns, weather events, war, intervention by civil or military authorities or government, insurrection or other civil commotion, governmental orders, or other cause which is beyond Franchisor's reasonable control.

11. **General Provisions**.

A. Except as specifically amended herein, the Franchise Agreement including all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect, and are hereby ratified and confirmed. The execution, delivery and effectiveness of this Addendum shall not operate as a waiver of any right, power or remedy of Franchisor, nor constitute a waiver of any provision of the Franchise Agreement, or any other documents, instruments or agreements executed and/or delivered under or in connection therewith.

B. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Franchise Agreement.

C. If there is any conflict between the Franchise Agreement and this Addendum, the terms of this Addendum shall apply. Except as specifically amended herein, the Franchise Agreement, as well as all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect, and are hereby ratified and confirmed.

D. Any default or breach by Franchisee of the Franchise Agreement will be deemed a default under this Addendum, and any default or breach of this Addendum by Franchisee will be deemed a default or breach by Franchisee under the Franchise Agreement.

E. This Addendum represents the entire understanding and agreement between the parties with respect to the subject matter hereof, and supersedes all other negotiations, understandings and representations, if any, made by and between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied herein are of any force and effect.

F. The provisions of this Addendum may be amended, supplemented, waived or changed only by a written document signed by the party as to whom enforcement of any such amendment, supplement, waiver or modification is sought and making specific reference to this Addendum.

G. All of the terms and provisions of this Addendum, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns.

H. The provisions of the Franchise Agreement pertaining to dispute resolution—including arbitration, governing law, and jurisdiction and venue—are incorporated herein and apply with equal force to the terms and conditions of this Addendum as if fully set forth herein.

I. No waiver of any of the provisions of this Addendum shall be deemed to constitute a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing or future waiver of the same provision. No waiver shall be binding unless executed in writing by the party making the waiver.

J. Franchisee acknowledges that its legal counsel has reviewed this Addendum and that Franchisee is fully informed about the contractual terms of this Addendum.

K. This Addendum may be executed in counterparts, each of which shall constitute

an original and all of which when taken together shall constitute one and the same instrument. PDF or facsimile signatures shall be given the same force and effect as originals.

L. The Recitals contained at the beginning of this Addendum are incorporated herein.

M. Each party to this Addendum represents and warrants that the individuals executing this Addendum are duly authorized to so act and it is the intent of each party to be bound to this Addendum by the signing hereof.

IN WITNESS HEREOF, the Parties have executed this Addendum as of the Effective Date above.

FRANCHISOR: FLSC Recycling, LLC	FRANCHISEE: _____
By: _____	By: _____
Name: _____	Name: _____
As its: _____	As its: _____

Exhibit E to Franchise Agreement
GUARANTY

In consideration of the execution by FLSC RECYCLING, LLC ("Franchisor") of the Clothes Bin Franchise Agreement (the "Franchise Agreement"), dated the ____ day of _____, 20___, between Franchisor and _____("Franchisee") and for other good and valuable consideration, including Franchisor's execution of or consent to the transfer of the Franchise Agreement, each of the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement, including, but not limited to, the confidentiality, non-competition, non-solicitation and indemnification provisions, the Promissory Note (if applicable), and in any other agreement(s) by and between Franchisee and Franchisor.

If more than one (1) person has executed this Guaranty, the term "the undersigned", as used herein, shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by each and every covenant, term, condition, agreement and undertaking contained and set forth in said Franchise Agreement, the Promissory Note and any other agreement(s) by and between Franchisee and Franchisor, and agree that this Guaranty shall be construed as though the undersigned and each of them executed agreement(s) containing the identical terms and conditions of the Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

The undersigned hereby agree, furthermore, that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (a) any term, covenant or condition of the Franchise Agreement or Promissory Note may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Franchise Agreement or Promissory Note as so amended, compromised, released or altered; (b) any guarantor of or party to the Franchise Agreement or Promissory Note may be released, substituted or added; (c) any right or remedy under the Franchise Agreement, the Promissory Note, this Guaranty or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (d) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or Promissory Note, or any other person.

Should Franchisee be in breach or default under the Franchise Agreement, the Promissory Note or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Franchise Agreement or the Promissory Note, or any others of the undersigned.

Notice to or demand upon Franchisee or any of the undersigned shall be deemed notice to or demand upon Franchisee and all of the undersigned, and no notice or demand need be made to or upon any or all of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned shall not relieve any other Guarantors from liability hereunder, under the Franchise Agreement, the Promissory Note or under any other

agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Franchise Agreement, the Promissory Note or any other agreement(s) by and between Franchisee and Franchisor, shall in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guaranty shall inure to the benefit of the Franchisor, its successors and assigns. This Guaranty may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

Guarantors agree to pay all of Franchisor's reasonable attorneys' fees and costs incurred in any collection or attempt to collect amounts due or to enforce provisions of the Franchise Agreement or this Guaranty.

This Guaranty shall be governed by and construed in accordance with the laws of the State of Florida. Franchisor may enforce its rights regarding this Guaranty in the courts of Miami-Dade County, Florida, to which venue and jurisdiction Guarantors hereby expressly consent and agree. Guarantors each irrevocably consent and submit to the jurisdiction and venue of such courts and agree to participate and be bound by the arbitration provisions of the Franchise Agreement.

Should any one (1) or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty effective as of the date of the Franchise Agreement.

Dated:_____ _____
(Signature)

_____
(Print Name)

Dated:_____ _____
(Signature)

_____
(Print Name)

Dated:_____ _____
(Signature)

_____
(Print Name)

Exhibit F to Franchise Agreement
SECURITY AGREEMENT

In consideration of the execution by Franchisor of the Clothes Bin Franchise Agreement (the "Franchise Agreement"), dated the _____ day of _____,_____, between FLSC RECYCLING, LLC (“Secured Party”) and _____ ("Debtor"), and for other good and valuable consideration, the Parties hereby agree as follows:

1. Background.

Secured Party, as Franchisor, and Debtor, as Franchisee, are parties to the Franchise Agreement and may also be parties to a Promissory Note, pursuant to which, among other things, Debtor is obligated to pay, from time to time, certain sums to Secured Party. In order to induce Secured Party to enter into the Franchise Agreement and, if applicable, the Promissory Note, Debtor, among other things, is entering into this Security Agreement pursuant to which Debtor’s payment and performance of all obligations under the Franchise Agreement (and, if applicable, the Promissory Note) are secured on the terms and conditions hereinafter provided for. Capitalized terms, which are defined in the Franchise Agreement, shall have the same meaning herein.

2. Security Interest.

To secure the payment and performance by Debtor of all obligations and liabilities under the Franchise Agreement (and, if applicable, the Promissory Note) (such payment and performance of such obligations and liabilities being hereinafter collectively referred to as the “Obligations”), Debtor shall and hereby does grant, convey, assign and transfer to Secured Party, a security interest in and to the Franchise Agreement, all of the Bins, the property contained in the Bins, and any equipment, signs and other appurtenances or property bearing any of the Proprietary Marks used in the operation of Debtor’s Clothes Bin business (the “Collateral”).

3. Default.

3.1 Definitions. The term “Event of Default,” as used herein, shall mean the occurrence and continuation of any one or more of the following events:

(a) Any failure of Debtor to promptly and faithfully pay, observe and perform, whey due, any of the Obligations;

(b) If Debtor becomes insolvent, commits an act of bankruptcy, files a voluntary petition in bankruptcy, or an involuntary petition in bankruptcy is filed, or a permanent or temporary receiver or trustee for the Franchised Business, or all or substantially all of the Debtor’s property is appointed by any court and such appointment is not actively opposed through legal action, or Debtor makes an assignment or arrangement for the benefit of creditors, or calls a meeting of creditors, or Debtor makes a written statement to the effect that he, she or it is unable to pay his, her or its debts as they become due, or a levy of execution is made upon Debtor, or an attachment or lien outstanding with respect to the Bins or Franchised Business for thirty (30) days, unless the attachment or

lien is being duly contested in good faith by Debtor, and Secured Party is so advised in writing;

(c) If Debtor is a corporation, partnership, joint venture, or other legal entity, and any action is taken which purports to merge, consolidate, dissolve, or liquidate Debtor without the prior written consent of Secured Party.

3.2 Remedies. Upon the occurrence of an Event of Default, all amounts payable to Secured Party shall become immediately due and payable and Secured Party shall have all the rights and remedies of a secured party under the Uniform Commercial Code as in effect in the state or states in which the Collateral may be located, including the right to enter upon the Bin Locations peaceably and remove all Collateral. Secured Party shall give Debtor reasonable notice of the time and place of any public or private sale or other intended disposition of all of any particular Collateral, as the case may be. Debtor agrees that the requirement of reasonable notice shall be met if notice is mailed to Debtor at its address listed in Section 21 of the Franchise Agreement not less than five (5) business days prior to the sale or other disposition. Expenses of retaking, holding, preparing for sale, selling or the like, shall include, without limitation, Secured Party's reasonable attorneys' fees and other legal expenses. Secured Party's rights and remedies, whether pursuant hereto or pursuant to the Uniform Commercial Code or any other statute or rule of law conferring rights similar to those conferred by the Uniform Commercial Code, shall be cumulative and not alternative.

4. Notices.

Any notice, request or other communication to either party by the other as provided for herein shall be given in writing and shall be deemed given on the date the same is: (i) actually received; or (ii) mailed by overnight mail or certified or registered mail, return receipt requested, postage prepaid and addressed to the addresses set forth in Section 21 of the Franchise Agreement. The person and the place to which notices or copies of notices are to be mailed to either party may be changed from time to time by such party by written notice to the other party.

5. Applicable Law.

This Security Agreement shall be governed by and interpreted under the laws of the State of Florida, without regard to the principles of conflict of laws thereof.

6. Miscellaneous.

6.1 This Security Agreement shall inure to the benefit of, and shall be binding upon the respective successors, assigns and legal representatives of the parties hereto.

6.2 The captions used herein are inserted for reference purposes only and shall not affect the interpretation or meaning of this Security Agreement.

6.3 Debtor hereby authorizes Secured Party, from time to time, to file financing

statements in such form as may be necessary to perfect the security interest in the Collateral in any or all pertinent jurisdictions and in this regard, to execute said financing statements for itself (as secured party) and for Debtor (as debtor), as Debtor's agent. Upon Secured Party's request, Debtor shall execute any such financing statement as debtor.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Security Agreement as of the day and year first above written.

SECURED PARTY:
FLSC Recycling LLC

By:_____

_____
(print name)

As its: _____

DEBTOR:

_____

By: _____

_____
(print name)

As its: _____

EXHIBIT C

SAMPLE GENERAL RELEASE

General Release Agreement

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20__ by and between FLSC Recycling, LLC, a Florida limited liability company having its principal place of business located at 3911 SW 47th Avenue, Suite 903, Davie, Florida 33314 (the "Franchisor"), and _____ residing at _____ ("Releasor"), and the parties, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are listed below, do agree as follows:

1. **Release by Releasor**:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Florida law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs, and said action must be filed in the State of Florida.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness: RELEASOR:

_____ _____

Witness: FLSC Recycling, LLC

_____ By:_____

Name:_____

Title:_____

EXHIBIT D

LIST OF CURRENT FRANCHISEES

List of Current Franchisees Open and Operating (as of December 31, 2023):

Franchisee	**Territory**	**Business Number**
Arbor Retirement, LLC Contact: Mason Myers *This franchisee is a Manager of our parent, Recycling Brands, LLC	Scottsdale, Arizona	480-744-6792
Magnus Recycling, LLC Contact: Yeong-Sae Kim	San Francisco, California	408-444-7450
CB Colorado, LLC Contact: Matt Streelman	Golden, Colorado	720-257-9335
Worldwide Sales, LLC Contact: Josh Markowicz	Pueblo, Colorado	719-602-1739
Green Threads LLC Contact: Dustin Yoder	The State of Delaware	302-265-0256
Textile Recycling, Inc. Contact: Joe Berardi	Daytona Beach, Florida	216-513-8864
Textile Recycling, Inc. Contact: Joe Berardi	Jacksonville, Florida	216-513-8864
Melbourne Textile Recycling, LLC Contact: Mark Ayers	Melbourne, Florida	321-385-7871
Troutman Recycling, LLC Contact: Walter Troutman	Naples, Florida	941-208-2239
Dashco Enterprises, Inc. Contact: David Coleman	Marietta, Georgia	404-382-7399
Dashco Enterprises, Inc. Contact: David Coleman	Winder, Georgia	404-382-7399
Brad Burtnette	Des Moines, Iowa	515-344-3225
M&M Textile Recycling, LLC Contact: Mark Mansheim	Overland Park, Kansas	913-353-5203

Simply Recycling, LLC Contact: Clint Copes	Shreveport, Louisiana	318-517-6257
Elizabeth Nedy	Gaithersburg, Maryland	301-323-8497
For This Purpose Recycling, Inc. Contact: Chuck Hoskins	St. Louis – Fenton, Missouri	314-499-8189
A & B Recycling Services, LLC Contact: Mark Fredrickson	Lincoln, Nebraska	402-885-1280
A & B Recycling Services, LLC Contact: Mark Fredrickson	Omaha, Nebraska	402-885-1280
Advanced Climate Resources LLC Contact: Kenneth Bruder, Jr.	Huntington Station, New York	631-629-2191
Queen City Bins, LLC Contact: Kristin Smith	Charlotte, North Carolina	704-584-9316
Double Legacy LLC Contact: Greg Duell	Durham, North Carolina	919-355-8015
MJHowick Inc. Contact: Mike Howick	Lima, Ohio	419-547-5512
MJHowick Inc. Contact: Mike Howick	Sandusky, Ohio	419-547-5512
MJHowick Inc. Contact: Mike Howick	Toledo, Ohio	419-547-5512
Lowcountry Textile Recycling, LLC Contact: Mary Anna Lewis	Charleston, South Carolina	843-972-3284
The Green Box Co. Contact: Melissa Swafford	Chattanooga, Tennessee	423-347-3098
Greenworks Recycling, Inc. Contact: Andy Loberger	Arlington, Texas	817-989-9457
Lansdell Recycling, Inc. Contact: Tom Lansdell	Austin, Texas	512-290-3041
Lansdell Recycling, Inc. Contact: Tom Lansdell	Austin – San Marcos, Texas	512-290-3041
Archer Recycling, Inc. Contact: Jaclyn Archer	Dallas-Duncanville, Texas	817-888-8949

Greenworks Recycling, Inc. Contact: Andy Loberger	Dallas-Irving, Texas	817-989-9457
Greenworks Recycling, Inc. Contact: Andy Loberger	Denton, Texas	817-989-9457
Greenworks Recycling, Inc. Contact: Andy Loberger	Fort Worth, Texas	817-989-9457
Greenworks Recycling, Inc. Contact: Andy Loberger	San Antonio (East, North and West), Texas	817-989-9457
H-Town Fill The Bins LLC Contact: Christopher Szabo	SW Houston, Texas	832-713-6702
Greenworks Recycling, Inc. Contact: Andy Loberger	North Richland Hills, Texas	817-989-9457
Demaria Consortium, Inc. Contact: Bryan DeMaria	Plano, Texas	469-573-0889
National Bins LLC Contact: Sukhminder Singh	West Houston, Texas	832-272-0277

List of Current Franchisees, but Not Yet Open and Operating (as of December 31, 2023):

Franchisee	**Territory**	**Business Number or E-Mail Address**
Gabriel Thorn	Birmingham, Alabama	205-201-0724
Skye Root	Fayetteville, Arkansas	918-200-9155
Stacy Van Buren	Denver, Colorado	720-230-6948
Michael Barker	Orlando, Florida	407-278-8783
Chris Wolfe	St. Petersburg, Florida	727-210-5134
Jack Cyr	Fall River, Massachusetts	508-257-1393
Michael Chase	Ann Arbor, Michigan	734-210-0884
Skye Root	Springfield, Missouri	918-200-9155

Joseph Arico	St. Charles, Missouri	636-206-6076
Bruce Buttles	Gastonia, North Carolina	704-251-9981
Srinivas Saranu	High Point, North Carolina	704-237-0664
Emily Principato	Akron, Ohio	330-203-1388
Skye Root	Tulsa, Oklahoma	918-200-9155
Anthony Biechy	Allentown, Pennsylvania	610-829-9134
Seth Carnes	Knoxville, Tennessee	865-217-6248
Eliakim Garcia	Brownsville, Texas	956-224-9105
Jeff Elms	NE Houston, Texas	713-309-6254
Jeff Elms	E. Houston, Texas	713-309-6254
Chris Baber	Richmond-Williamsburg, Virginia	804-223-2467

EXHIBIT E

LIST OF FORMER FRANCHISEES

Below are the franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

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

Former Franchisee	**Last Known City/State**	**Business Number or E-Mail Address**
MassReuses, Inc. Contact: Reshma Geffken*	Cambridge, Massachusetts	888-605-0051

***** This former franchisee did not renew.

EXHIBIT F

FINANCIAL STATEMENTS

FLSC RECYCLING, LLC D/B/A CLOTHES BIN

Financial Statements
and
Independent Auditor's Report

For the Years Ended December 31, 2023 and 2022

FLSC Recycling, LLC d/b/a Clothes Bin

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Independent Auditor's Report

The Member
FLSC Recycling, LLC d/b/a Clothes Bin
Davie, Florida

Opinion

We have audited the accompanying financial statements of FLSC Recycling, LLC d/b/a Clothes Bin (a Florida Limited Liability Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FLSC Recycling, LLC d/b/a Clothes Bin as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years ended December 31, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FLSC Recycling, LLC d/b/a Clothes Bin and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 11 to the financial statements, there was a correction to the opening member's equity balance for the year ended December 31, 2022. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FLSC Recycling, LLC d/b/a Clothes Bin's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FLSC Recycling, LLC d/b/a Clothes Bin's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FLSC Recycling, LLC d/b/a Clothes Bin's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Hancock Askew & Co, LLP

Tampa, Florida
February 15, 2024

FLSC Recycling, LLC d/b/a Clothes Bin

Balance Sheets

December 31,		**2023**		2022
ASSETS				
Current assets				
Cash	**$**	**890,588**	**$**	311,942
Accounts receivable, net		**328,015**		47,775
Accounts receivable, related party		**369,550**		294,908
Notes receivable, current portion		**32,396**		-
Inventory		**53,469**		94,936
Prepaid expenses		**240,209**		149,269
Contract assets, commissions, current portion		**101,200**		23,000
Total current assets		**2,015,427**		921,830
Furniture and equipment, net		**14,882**		3,533
Other assets				
Notes receivable, net of current portion		**32,461**		-
Intangible assets, net		**121,382**		179,185
Security deposit		**4,064**		4,064
Contract assets, commissions, net of current portion		**841,584**		183,792
Total other assets		**999,491**		367,041
Total assets	**$**	**3,029,800**	**$**	1,292,404
LIABILITIES AND MEMBER'S EQUITY				
Current liabilities				
Accounts payable and accrued expenses	**$**	**197,694**	**$**	48,204
Contract liabilities		**1,708,924**		172,795
Long-term debt, current portion		**15,000**		15,000
Note payable - EIDL, current portion		**8,772**		8,772
Total current liabilities		**1,930,390**		244,771
Long-term liabilities				
Long-term debt, net of current portion		**44,902**		58,074
EIDL loan, net of current portion		**141,228**		141,228
Total long-term liabilities		**186,130**		199,302
Total liabilities		**2,116,520**		444,073
Member's equity		**913,280**		848,331
Total liabilities and member's equity	**$**	**3,029,800**	**$**	1,292,404

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

FLSC Recycling, LLC d/b/a Clothes Bin

Statements of Income and Changes in Member's Equity

For the years ended December 31,	**2023**	2022
Revenues		
Franchise fees	**$ 510,190**	$ 168,800
Sales, net	**738,986**	612,249
Royalties and technology fees	**625,867**	611,784
Total revenues	**1,875,043**	1,392,833
Cost of revenues	**593,485**	457,531
Gross profit	**1,281,558**	935,302
Operating expenses		
General and administrative	**1,183,842**	766,916
Advertising	**41,351**	51,031
Depreciation and amortization	**70,576**	23,549
Total operating expenses	**1,295,769**	841,496
Income from operations	**(14,211)**	93,806
Other income (expenses)		
Interest income	**11,196**	-
Employee retention credits	**-**	9,433
Interest expense	**(6,788)**	(14,741)
Other income	**74,752**	-
Other expense	**-**	(1,029)
Total other income (expenses), net	**79,160**	(6,337)
Net income	**64,949**	87,469
Member's equity - beginning of year, as previously reported	**848,331**	621,797
Prior period adjustment (Note 9)	**-**	(104,160)
Member's equity - beginning of year, restated	**848,331**	517,637
Member's contribution	**-**	243,225
Member's equity - end of year	**$ 913,280**	$ 848,331

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

FLSC Recycling, LLC d/b/a Clothes Bin

Statement of Cash Flows

For the years ended December 31,		**2023**		2022
Cash flows from operating activities				
Net income	**$**	**64,949**	$	87,469
Adjustments to reconcile net income to net cash				
provided by (used in) operating activities				
Depreciation and amortization		**70,576**		23,549
Amortization of imputed interest included in interest expense		**1,828**		574
Bad debt expense		**126,828**		37,338
(Increase) decrease in assets				
Accounts receivable		**(407,068)**		164,022
Accounts receivable, related party		**(74,642)**		(209,808)
Inventory		**41,467**		(3,902)
Prepaid expenses		**(90,940)**		85,996
Intangible assets, net		**(8,050)**		(26,350)
Security deposits		**-**		(577)
Contract assets, commissions		**(735,992)**		(138,392)
Increase (decrease) in liabilities				
Accounts payable and accrued expenses		**149,490**		(77,780)
Contract liabilities		**1,536,129**		(83,749)
Net cash provided by (used in) operating activities		**674,575**		(141,610)
Cash flows from investing activities				
Advances on notes receivable		**(80,298)**		-
Payments received on notes receivable		**15,441**		-
Purchase of furniture and fixtures		**(16,072)**		-
Net cash used in investing activities		**(80,929)**		-
Cash flows from financing activities				
Payments on long-term debt		**(15,000)**		(2,500)
Member's contributions		**-**		243,225
Net cash (used in) provided by financing activities		**(15,000)**		240,725
Net increase in cash		**578,646**		99,115
Cash - beginning of year		**311,942**		212,827
Cash - ending of year	**$**	**890,588**	$	311,942
Supplemental schedule of non-cash investing and financing activity				
Inventory and intangible assets financed with note payable and forgiveness of note receivable	**$**	**-**	$	150,086
Supplemental disclosure of cash flow information				
Cash paid for interest	**$**	**17,930**	$	3,599

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

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

FLSC Recycling, LLC d/b/a Clothes Bin (the Company) operates a business of selling franchises to independently owned recycling companies. The Company was organized in December 2014 as a Florida limited liability company and opened its first franchise in November 2016. On July 1, 2021, as a result of a reorganization and equity purchase transaction, Recycling Brands, LLC became the parent of FLSC Recycling, LLC d/b/a Clothes Bin. The Company does not have any predecessors.

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

The Company maintains cash balances at a financial institution, which at various times during the year may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). Accounts at each institution are insured by the FDIC up to $250,000. The Company believes it is not exposed to any significant credit risk on cash.

Revenue and Recognition

The Company generates revenue from the sale of franchise licenses under various agreements. The initial franchise fee is due at signing and is earned based on the recognition of specific performance obligations. The Company generates revenue from royalty and BLIP® technology fees which are recognized when collected. From time to time the Company may charge various other fees as outlined in the Franchise Disclosure Document. See Note 2, Revenue from Contracts with Customers for further information regarding implementation and disclosures.

Furniture and Equipment

The Company's furniture and equipment are recorded at cost and depreciated using the straight-line method based upon the estimated useful life, generally three to ten years. Furniture and equipment are depreciated over three to ten years. For the years ended December 31, 2023 and 2022, depreciation expense totaled $4,723 and $5,014, respectively.

1. Nature of Operations and Summary of Significant Accounting Policies (cont.)

Accounts Receivable

Accounts receivables are recorded at the invoiced amount. Payments of accounts receivable are allocated to the specific invoices on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The Company does not require collateral from its customers. The Company estimates an allowance for credit losses as a percentage of outstanding accounts receivable based on various factors, including historical experience, current economic conditions and future expected credit losses and collectability trends. The Company will periodically adjust this estimate when the Company becomes aware of a specific customer's inability to meet its financial obligations (e.g., bankruptcy filing) or as a result of changes in the overall aging of accounts receivable.

Inventory

Inventories consist primarily of finished goods and are stated at the lower of cost (average cost method) or market value.

Intangible Assets

Intangible assets consist mainly of capitalized website design costs, reacquired franchise rights and reacquired territory rights. Intangible assets are amortized using the straight-line method over the estimated useful lives of the assets which range from 2 to 15 years.

In developing assumptions about the renewal or extension used to determine the useful life of intangible assets, the Company first considers its own historical experience in renewing or extending similar arrangements. These assumptions are adjusted for entity-specific factors. In the absence of that experience, the Company considers the assumptions that market participants would use about renewal or extension, adjusted for entity-specific factors.

Impairment of Long-Lived Assets

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets consist primarily of property, plant, and equipment and intangible assets. Recoverability of assets is measured by a comparison of the carrying amount of an asset group to future net cash flows expected to be generated by the asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. For the years ended December 31, 2023 and 2022, the Company did not recognize any impairment of long-lived assets.

Advertising Costs

Advertising and marketing costs are charged to operations in the year incurred. Advertising and marketing costs on behalf of the franchisees were $41,351 and $51,031 for the years ended December 31, 2023 and 2022, respectively.

1. Nature of Operations and Summary of Significant Accounting Policies (cont.)

Income Taxes

The Company is a limited liability company treated as a partnership for federal and state income tax reporting purposes. As such, the Company does not pay income taxes on its taxable income. Instead, the members are liable for individual income taxes on their respective shares of the Company's taxable income. Accordingly, no provision or liability for income tax is reflected in these financial statements. Effective July 1, 2021, the Company is a wholly owned single member limited liability company and is a disregarded entity for U.S. federal and state income tax purposes, and all of its income and expenses are reported on the Member's tax return. Management does not believe there are any uncertain tax positions as of December 31, 2023 and 2022.

Limited Liability Company

Since the Company is a limited liability company, no Member, manager, agent, or employee of the Company shall be personally liable for the debt, obligations, or liabilities of the entity, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other Member, manager, agent, or employee of the entity, unless the individual has signed a specific personal guarantee.

As a limited liability company, the member's liability is limited to the amounts reflected in their respective member equity account.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued Accounting Standard Update (ASU) No. 2016-13, Financial Instruments – Credit Losses (Topic 326). The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL Methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to-maturity securities, and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. The Company adopted ASC 326 using the prospective transition approach.

Reclassifications

Certain reclassifications were made to the 2022 accompanying financial statements to conform to the 2023 presentation. These reclassifications had no effect on the reported results of operations.

2. Revenue From Contracts With Customers

In January 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2021-02, Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) (ASU 2021-02). This ASU provides a practical expedient to ASU 2014-09 Revenue from Contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

2. Revenue From Contracts With Customers (cont.)

Franchise Fees

The Company recognizes initial franchise fees once the pre-opening services including, but not limited to, training and approval of signage, advertising, products, and supplies have been performed. The pre-opening service performance obligation is recognized at a point in time when the initial training program has been completed.

Sales, Net

Sales, net represents revenue from facilitating the sale of textiles collected by franchisees with third parties through its National Buyer Program (NBP) and sales of bins to franchisees.

Costs associated with the NBP are netted against the sales as the Company acts as an agent in these transactions. The net balance of the fees received from the third parties and amount paid to the franchisees are revenues recognized at a point in time, which is the point when the textiles are delivered.

Franchisees are required to purchase an initial package of twenty (20) bins from the Company prior to commencing operations. Additional bins may be purchased in sets of either ten (10) or twenty (20) bins at the franchisees request. Revenue from sales of bin packages are recorded at the point in time the bins have been delivered to the franchisee.

Variable Consideration

The franchise agreement contains variable considerations in the form of royalty and technology fees. These fees are based on the number of bins purchased by the franchisee and are recorded weekly as revenue as the services are delivered because the variable payment relates specifically to the performance obligation of using the bin. Fees are charged at the earlier of when bins are delivered or 120 days after they are ordered. These fees are recognized over the life of the franchise agreement as the performance obligation is fulfilled and are recorded in royalties and technology fees on the statements of income and changes in member's equity.

Contract Assets and Liabilities

Contract assets consist of commissions paid to facilitate the franchise sale and are amortized over the expected customer life which includes the franchise license period.

Contract liabilities from franchise agreements are a result of the collection of the franchise fee when the franchise agreement is signed but performance obligations have not yet been performed. Contract liabilities from bin package sales are a result of payments received from franchisees for bins purchased that have not yet been delivered.

3. Forgiveness of Note Receivable

During the year ended December 31, 2022, the Company and a franchisee terminated a franchise agreement. As part of the termination, the Company forgave the remaining balance of the note receivable from the franchisee of $75,086 in exchange for transfer of ownership of the territory and franchise rights.

4. Notes Receivable

From time to time, the Company lends funds to franchisees. These notes include interest up to 7%. The balance of notes receivable at December 31, 2023 was $64,857. There was no note receivable balance at December 31, 2022.

5. Allowance for Credit Losses

The following table summarizes the Company's allowance for credit losses for trade accounts receivable, which is included in accounts receivable, net in the accompanying balance sheets, for the year-ended December 31, 2023, the initial year of adoption of the new CECL standard:

Allowance for Credit Losses		**2023**
Balance, January 1, 2023	**$**	**-**
Adoption of CECL		**116,473**
Balance, December 31, 2023	**$**	**116,473**

6. Intangible Assets

Identified intangible assets at December 31, 2023 and 2022, net of accumulated amortization, consisted of the following:

December 31,		**2023**		2022
Franchise and Territory Rights (useful life 2 years)	**$**	**-**	$	82,721
Trademarks (indefinite useful life)		**37,928**		35,420
Website Development (useful life 10 years)		**20,124**		20,124
Technology and Other (useful life 15 years)		**103,756**		86,844
		161,808		225,109
Less accumulated amortization		**(40,426)**		(45,924)
Intangible assets, net	**$**	**121,382**	$	179,185

Amortization expense related to intangible assets during the years ended December 31, 2023 and 2022 was $15,182 and $18,535, respectively, and is included in depreciation and amortization on the statements of income and changes in member's equity.

7. Note Payable

During the year ended December 31, 2022, the Company entered into a $75,000 note payable with a franchisee in exchange for inventory and to purchase franchise and territory rights. The franchise and territory rights are recorded in intangible assets, net on the balance sheets and are being amortized over the remaining term of the initial franchise agreement. During the year ended December 31, 2023, these franchise and territory rights were sold and are no longer included in intangible asset. See Note 8 for the terms of the note payable.

8. Long-Term Debt

In July 2020, the Company secured a $150,000 loan from the SBA Disaster Program (EIDL) with a term of 30 years, an interest rate of 3.75% and monthly payments of $731 beginning in January 2023.

8. Long-Term Debt (cont.)

On September 15, 2022, the Company entered into a $75,000, interest free note payable with a former franchisee, payable in monthly installments of $1,250, with an original maturity of September 2027. To reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 3.66%, which was the 5-year risk free rate as of September 15, 2022.

9. Related Party Transactions

A vendor related through common ownership participates in the NBP. During the years ended December 31, 2023 and 2022, the Company facilitated approximately $1,299,000 and $1,787,000, respectively, in sales of textiles with the related party through the NBP, which is reported in sales, net on the statements of income and changes in member's equity and is reported net of the associated cost of the textiles.

The Company has an agreement with another related party who provides management and administrative services. During the years ended December 31, 2023 and 2022, the Company paid $468,610 and $428,286, respectively, to the related party for these services.

At December 31, 2023 and 2022, $369,550 and $294,908, respectively, was receivable from the related party.

10. Contingency

In 2022, the Company filed a claim for past due royalty fees, lost future royalty fees, travel costs, and legal costs against one of its franchisees in the amount of $71,462. In June 2023, the Company was awarded $49,675 in a default judgement, which is recorded in other income in the statements of income and changes in member's equity. In January 2024, an additional $20,717 was awarded to cover attorney's fee and other costs and is included in other income in the statements of income and changes in member's equity and in accounts receivable on the balance sheets.

11. Prior Period Adjustment

Member's equity as of January 1, 2022 has been adjusted for errors made in the prior year discovered during 2022 related to the accounting for certain intangible assets, which were historically recorded and amortized under the income tax method of accounting, and related to expensing commissions payments that should be capitalized. The correction has no effect on the results of the current year's operations; however, the cumulative effect of the correction decreased beginning member's equity by $104,160.

12. Subsequent Events

Subsequent events were evaluated and disclosed through February 15, 2024, the date the financial statements were available to be issued.

FINANCIAL STATEMENTS

FLSC RECYCLING, LLC

FOR THE YEARS ENDED
DECEMBER 31, 2021 and 2020

FLSC RECYCLING, LLC
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

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ARIE A. TAYKAN & COMPANY, CPA's
ACCOUNTANTS & ADVISORS

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INDEPENDENT AUDITORS' REPORT

Members
FLSC Recycling, LLC
Davie, Florida

We have audited the accompanying financial statements of FLSC Recycling, LLC, Florida Partnership, which comprise of the balance sheet, as of December 31, 2021 and 2020, and the related statements of operations and members' capital and cash flows for the years then ended and the related notes to the financial statements.

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

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheet as of December 31, 2021 and 2020, and the related statements of operations and members' capital and cash flows for the years then ended and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America.

Arie A. Jayson & Company, CPA

Coral Springs, Florida
March 3, 2022

FLSC RECYCLING, LLC
BALANCE SHEET
DECEMBER 31, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS:		
Cash in bank	$ 212,827	$ 161,463
Accounts receivable	328,918	114,195
Inventory at cost	23,669	4,615
Prepaid expenses	255,389	16,899
Loan receivable-affiliated company	80,328	254,617
Total Current Assets	901,131	551,789
FURNITURE AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION OF $16,614	8,547	12,813
START-UP COST AND INTANGIBLE ASSETS, NET OF ACCUMULATED AMORTIZATION OF $143,941	241,085	267,181
SECURITY DEPOSITS	3,487	4,430
	$ 1,154,250	$ 836,213

LIABLITIES AND MEMBERS' CAPITAL

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 125,909	$ 172,204
Customers' deposits	196,554	63,395
Deferred income	59,990	-
Current portion of long-term debt	3,655	13,331
Total Current Liabilities	386,108	248,930
LOAN PAYABLE - MEMBERS	-	259,026
LONG-TERM DEBT, NET OF CURRENT PORTION	146,345	150,000
MEMBERS' CAPITAL	621,797	181,912
	$ 1,154,250	$ 839,868

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

FLSC RECYCLING, LLC
STATEMENT OF OPERATIONS AND MEMBERS' CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	2021	2020
REVENUES:		
Franchise fees	$ 222,000	$ 350,826
Sales	2,210,439	1,030,242
Royalties	329,779	325,163
	2,762,218	1,706,231
COST OF REVENUES	2,017,690	956,853
GROSS PROFIT	744,528	749,378
OPERATING EXPENSES:		
General and administrative	504,298	347,034
Advertising	82,679	21,784
Interest	292	27,804
Depreciation and amortization	38,680	29,737
	625,949	426,359
	118,579	323,019
OTHER INCOME (EXPENSES):		
Franchise Covid-19 support	-	(225,967)
Forgiveness of debt - SBA	72,137	62,137
	72,137	(163,830)
NET INCOME	190,716	159,189
MEMBERS' CAPITAL - BEGINNING OF YEAR	181,912	21,955
CAPITAL CONTRIBUTIONS	400,000	-
DISTRIBUTIONS PAID	(150,831)	-
PRIOR YEAR ADJUSTMENT	-	768
MEMBERS' CAPITAL - END OF YEAR	$ 621,797	$ 181,912

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

FLSC RECYCLING, LLC
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	2021	2020
OPERATING ACTIVITIES:		
Net income	$ 190,716	$ 159,189
Adjustment to reconcile net income to		
Net cash provided in operating activities:		
Depreciation and amortization	38,680	29,737
Increase in accounts receivable	(214,723)	(79,769)
Increase in inventory	(19,054)	(454)
Increase in prepaid expenses	(238,490)	139,067
Decrease in accounts payable and accrued expenses	(46,598)	14,809
Increase in customers' deposits	133,159	(78,800)
Increase in deferred income	59,990	(189,326)
Net Cash (used) by Operating Activities	(96,320)	(5,547)
INVESTING ACTIVITIES:		
payment of goodwill and trademark-net	(8,015)	(17,801)
Collection of security deposits	943	-
Net Cash (used) by Investing Activities	(7,072)	(17,802)
FINANCING ACTIVITIES:		
Proceeds from SBA	-	150,000
Capital contributions	400,000	-
Distributions made	(150,831)	-
Payments to finance companies	(9,676)	(95,743)
Pay off loan from members	(259,026)	(105,673)
Collection from affiliated company	174,289	31,359
Net Cash provided (used) by Financing Activities	154,756	(20,057)
NET INCREASE (DECREASE) IN CASH	51,364	(43,406)
CASH AT BEGINNING OF THE YEAR	161,463	204,869
CASH AT END OF THE YEAR	$ 212,827	$ 161,463

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

FLSC RECYCLING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

A. ORGANIZATION AND BUSINESS

FLSC Recycling, LLC (the "Company") operates a business of selling franchises to independently owned recycling companies. The Company was organized in December 2014 as a Florida limited liability company, and opened its first franchise in November 2016. On July 1st, 2021, as a result of a reorganization and equity purchase transaction, Recycling Brands, LLC became the parent of FLSC Recycling, LLC. FLSC Recycling, LLC does not have any predecessors.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Company grants franchises to private operations in exchange for an initial franchise fee and will receive royalties and BLIP® technology fees based on a weekly flat fee per bin.

The Company recognizes franchise fees as income when earned. Services provided by the Company under franchise including delivering complete bin packages, including but not limited to bin signage and computer software and hardware, performing Bin Placement Services and optional Bin Location Services. Royalties and BLIP technology fees are based on a weekly flat fee per bin and will be recognized as income. agreements include delivering complete bin packages

The franchisees will incur their own costs and sign their own leases with respect to rent and security deposits and any other direct or indirect costs.

Estimates and Assumptions

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Accounts Receivables

The Company, in an effort to support all operating franchisees in good standing throughout the COVID-19 pandemic, forgave $11,178 of royalty, BLIP® and other support fees in 2021. The Company considers its accounts receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

FLSC RECYCLING, LLC
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Depreciation and Amortization.

The Company's furniture and equipment are recorded at cost and depreciated using the straight-line method based upon the estimated useful life. The Company's start-up cost and intangible assets are amortized using the straight-line method over fifteen years.

C. LOAN RECEIVABLE – AFFILIATE

At December 31, 2021 the Company has a balance of $80,323 due from an affiliate owned by the Company's members. The loan is non-interest. The Company anticipates to collect the full amount in 2022.

D. SHORT-TERM DEBT

At December 31, 2021, all installment loans were paid in full. Interest for 2021 totaled $292.

E. LONG-TERM DEBT

In September 2020, the Company secured a $150,000 loan from the SBA Disaster Program (EIDL) with an interest rate of 3.75%. Monthly payments of $731 commence in July 2022 for thirty years. Furthermore, on June 24, 2021, the Company received a forgivable SBA loan advance of $10,000, however, the company did not increase their SBA loan amount as of December 31, 2021. The loan is guaranteed by the Company, but is not personally guaranteed by the members.

FLSC RECYCLING, LLC
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

F. MEMBERS' CAPITAL

Through December 31, 2021, the Company has received capital of $100,000 from two unrelated members and one related member, and $400,000 of private equity capital, for a total paid-in capital amount of $700,000. In accordance with the previous subscription agreements, each preferred member received in exchange a 1% member-ownership interest in the Company. The subscription agreements furthermore called for cumulative preferred returns, payable as distributions to the investors accrued at the rate of 10% per annum, payable prior to any other member's distributions upon the attainment of profitable operations and other metrics by the company. All accrued preferred distributions and redemptions were paid in full in July 2021, and as a result of the reorganization and equity purchase transaction in July 2021, the preferred returns ceased. As of July 2021, FLSC Recycling, LLC is a wholly owned subsidiary of Recycling Brands, LLC.

G. COMMITMENT

On July 2, 2017 the Company amended their lease of office and warehouse space through August 31, 2021, and an affiliate company renewed the lease for an additional three years in September 2021. The monthly rental of $8,047 is split with the affiliated company (see note C). The Company is also liable for its pro-rata share of the operating expenses. Net rent expense for 2021 was $14,805.

H. FORGIVENESS OF DEBT - SBA

In 2020, infections of the coronavirus ("COVID-19") had become pandemic with persons testing positive in all fifty states and the District of Columbia. With the possibility of widespread infection in the United States and abroad, national, state and local authorities have recommended social distancing and imposed or are considering quarantine and isolation measures on large portions of the population, including mandatory business closures. The Company has been classified as an essential business in jurisdictions that have implemented quarantines to date, which has allowed the Company to remain open. Other economic effects of the COVID-19 pandemic are difficult to predict and may adversely impact the results of operations or business conditions.

On January 21, 2021, the Company executed an SBA loan of $72,137 under the Paycheck Protection Program ("PPP") authorized by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") that was signed into law on March 27, 2020. The loan begins accruing interest at a rate of 1% on the effective date, if applicable. Under the PPP, loan funds are eligible for forgiveness to the extent they are used to cover certain payroll, rent, and utility costs and if the Company retains employees during a specified period. The Company received its Notice of Paycheck Protection Program Forgiveness Payment on July 7, 2021 in the amount of $72,137.

EXHIBIT G

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EXHIBIT H

NON-DISCLOSURE AGREEMENT
(To be executed prior to attendance at Discovery Day)

This Non-Disclosure Agreement ("Agreement") is made and entered into this ____ day of _____, 20___ (the "Effective Date"), by and between FLSC Recycling, LLC ("Franchisor"), and _____ ("Prospective Franchisee").

RECITALS

A. WHEREAS, Franchisor is the franchisor of the Clothes Bin franchise system;

B. WHEREAS, Prospective Franchisee is a prospective franchisee of Franchisor, and wishes to attend Franchisor's Discovery Day to learn more information about the Clothes Bin franchise system;

C. WHEREAS, as part of Discovery Day, the Prospective Franchisee will receive access to and review certain confidential information of the Franchisor. As a condition to receiving such information, the Prospective Franchisee agrees to treat confidentially such information and any other proprietary information which Franchisor furnishes to Prospective Franchisee or to which Prospective Franchisee is afforded access.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed that:

TERMS AND CONDITIONS

1. Recitals. The recitals contained herein are true and correct and are incorporated herein by reference.

2. Confidential Information. As used in this Agreement, "Confidential Information" means and includes any and all information, data, documents or materials provided or made available by the Franchisor to the Prospective Franchisee, in whatever form (*e.g.*, printed, written, oral, recorded, electronic, etc.) and by whatever mode (*e.g.*, company presentation, slide show, video, film, facility tour, meeting, interview, telephone conference or call, e-mail, provision of documents, etc.) in which it is communicated, recorded or maintained, that contains or otherwise reflects information concerning the Franchisor, its affiliates or its business, including but not limited to, its and its affiliates' operations, plans, designs, layouts, specifications, operational procedures, formulas, trade secrets, price lists, programs, technology, proprietary software, markets, techniques, services, products, prospects, employees, owners, customers, suppliers, buyers, partners, or financial condition. The term "Confidential Information" also includes all manuals of the Franchisor, reports, analyses, memos, notes or other information prepared or otherwise obtained by the Prospective Franchisee which are based on or derived from, or which

contain or reflect, any Confidential Information, regardless of the form in which such information is communicated, recorded or maintained.

Confidential Information shall not include information otherwise described above that the Prospective Franchisee can establish: (a) is or becomes generally available to or known by the public (other than as a result of a disclosure directly or indirectly by the Prospective Franchisee or any of its employees, agents or advisors); (b) is or becomes available to the Prospective Franchisee or any of its employees, agents or advisors on a non-confidential basis from a source other than the Franchisor, provided that such source is not and was not bound by a confidentiality and/or nondisclosure agreement with, or have other similar obligations to, the Franchisor; or (c) has been independently acquired or developed by the Prospective Franchisee or any of its employees, agents or advisors without violating any of its obligations under this Agreement.

3. Confidentiality. The Confidential Information shall be held and treated by the Prospective Franchisee in utmost and strictest confidence. The Confidential Information shall not, without the prior written consent of the Franchisor, be disclosed by the Prospective Franchisee in any manner whatsoever, in whole or in part. The Confidential Information shall not be used by the Prospective Franchisee other than for the specific purpose of considering whether to purchase a Clothes Bin franchise. The Prospective Franchisee agrees to restrict circulation of Confidential Information within its own organization to those partners and advisors who need to receive such Confidential Information in order for the Prospective Franchisee to decide whether he or she will purchase a Clothes Bin franchise. Each partner or advisor of the Prospective Franchisee to whom Confidential Information is disclosed shall be obligated to hold said information in confidence and otherwise to comply with the terms of this Agreement. The Prospective Franchisee shall diligently monitor all access to Confidential Information, and upon request by the Franchisor, the Prospective Franchisee shall promptly furnish a list of individuals with access to the Confidential Information.

In the event that the Prospective Franchisee becomes legally compelled or required to disclose any of the Confidential Information to a third party by order of a court or other authority of competent jurisdiction, the Prospective Franchisee shall provide the Franchisor with notice as far in advance as practicable so that the Franchisor may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement, in the sole discretion of the Franchisor. In any event, the Prospective Franchisee will furnish only that portion of the Confidential Information which it is legally required to furnish.

The Prospective Franchisee shall immediately advise the Franchisor in writing if it learns of any unauthorized use or disclosure of Confidential Information by the Prospective Franchisee, its employees, agents or advisors.

4. Ownership and Return of Information. The parties acknowledge and agree that all Confidential Information disclosed is confidential and proprietary to the Franchisor and shall remain the exclusive property of the Franchisor. At the request of the Franchisor, the Prospective Franchisee shall promptly return or destroy any and all Confidential Information including all copies thereof, on any storage medium whatsoever, in its possession or in the possession of any of its employees, agents or advisors and will not retain any copies or other reproductions in whole or in part of such material.

5. Remedies. The parties acknowledge that unauthorized disclosure or use of the Confidential Information may cause the Franchisor irreparable harm and significant injury that may be difficult to ascertain. Accordingly, the parties understand and agree that, in addition to any other rights including the right to damages, the Franchisor shall be entitled to equitable relief, including injunction, in the event of any breach of this Agreement. The Prospective Franchisee shall be responsible and held liable for any breach of this Agreement by its employees, agents, contractors or other representatives.

6. Representations. The Prospective Franchisee understands and agrees that the Franchisor, nor its affiliates, agents, advisors or representatives: (i) have made or make any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information (or any portion thereof); or (ii) shall have any liability whatsoever to the Prospective Franchisee (or any of its employees, partners, agents, representatives or affiliates) relating to or resulting from any errors in, or omissions from, the Confidential Information, unless otherwise set forth in a separate written agreement between the parties.

7. Survival. The confidentiality provisions of this Agreement shall survive and apply whether or not the Prospective Franchisee purchases a Clothes Bin franchise and enters into a franchise agreement.

8. Miscellaneous

a. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Notwithstanding the foregoing, the Prospective Franchisee shall not assign its rights or obligations under this Agreement.

b. Non-waiver. No delay or failure by either party to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right, unless otherwise expressly provided herein. No waiver of any provisions of this Agreement shall be effective unless it is in writing, signed by the party against whom it is asserted and any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

c. Attorney's Fees, Costs and Expenses. In any action or proceeding to enforce this Agreement, including any appeals or post judgment proceedings, the prevailing party shall be entitled to recover from the other party the reasonable attorneys' fees, court costs, filing fees, publication costs and other expenses incurred by the prevailing party in connection therewith.

d. Venue, Jurisdiction and Governing Law. The Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Florida. Venue for any litigation involving or relating to this Agreement shall be Miami-Dade County, Florida. The parties agree to submit to the exclusive jurisdiction of the courts of Miami-Dade County, Florida for any such litigation.

e. Rule of Construction. The terms and conditions set forth in this Agreement are the product of mutual draftsmanship and/or review by the parties hereto, each having the opportunity to be represented by counsel. Any ambiguities in this Agreement or any agreement prepared or to be prepared pursuant to or in connection with this Agreement shall not be construed against any one party because of the draftsmanship. The Agreement shall be interpreted in a neutral fashion consistent with the intent of the parties as stated herein.

f. Notices. Any notice, request, demand, instruction, or other communication to be given to any party to this Agreement, shall be in writing and shall be sent either by: registered or certified mail; hand delivery; by Federal Express or other reputable courier service, and shall be deemed delivered upon receipt of said notice. Unless and until written notice of a change of address is given in writing and received, the addresses as provided on the signature pages herein shall be deemed to continue in effect for all purposes. The addresses for the purposes of this section may be changed by giving written notice hereunder.

g. Modification of Agreement and Merger. This Agreement, including any exhibits attached hereto and made part hereof, constitutes the entire agreement of the parties with respect to the subject matter hereof. This Agreement may not be supplemented, modified or revised in any manner except by a single writing signed by all parties hereto, no additional consideration required. There are no prior or contemporaneous oral promises, representations or agreements not set forth herein inducing entry into this Agreement and all prior negotiations, discussions, statements and representations are merged into this Agreement. The provisions of this paragraph cannot be modified by conduct, oral agreement or written agreement, unless signed by all parties hereto.

h. Authority to Sign. By signing this Agreement, each party represents and warrants to all other parties that its execution of this Agreement is duly authorized in accordance with applicable laws relating to such parties, that this Agreement is fully enforceable according to its terms against such executing party and that the individual executing on any corporation's behalf has the requisite power and authority to do so.

i. Severability. In the event that any court shall finally hold that any other provision stated in this Agreement constitutes an unreasonable restriction upon the Prospective Franchisee or is invalid, the Prospective Franchisee hereby expressly agrees that the provisions of this Agreement shall not be rendered void, but shall apply to such other extent as such court may judicially determine or indicate constitutes a reasonable restriction under the circumstances involved. The Prospective Franchisee agrees that it shall forthwith comply with any covenant as so modified, which is fully enforceable to the extent permitted by applicable law. The obligations of the Prospective Franchisee to Franchisor are in addition to, and not in lieu of, any additional or more restrictive obligations the Prospective Franchisee may have to the Franchisor in any other agreement

[Signature on following page]

[Signature Page to Non-Disclosure Agreement]

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

Franchisor:
FLSC Recycling, LLC

_____
By: _____
As: _____

Prospective Franchisee:

By: _____

Print Name: _____

Address: _____
_____
_____

EXHIBIT I

PROMISSORY NOTE

PROMISSORY NOTE

$_____ **_____**
Amount Date

FOR VALUE RECEIVED, the undersigned, _____, jointly and severally if more than one (collectively, the "Maker"), unconditionally promises to pay to the order of **FLSC RECYCLING LLC** ("Lender"), a Florida limited liability company with its principal office located at 3911 SW 47th Avenue, Suite 903, Davie, Florida 33314, or at such other place as may be designated in writing by Lender, the principal sum of **_____ AND 00/100 DOLLARS ($_____.00)**, plus interest from the date hereof at an annual rate of nine percent (9%), payable as follows:

1. The payment on this Promissory Note ("Note") shall be made by check or wire transfer (as specified by Lender) payable to Lender at the address set forth above or at such other address as Lender shall designate to the Maker in writing. Payment shall be made is U.S. Dollars.

2. Beginning on _____, 20___, and on the first day of each calendar month thereafter, through and including _____, 20___ (the "Maturity Date"), Maker shall make _____ weekly payments of principal and interest on the outstanding principal balance hereof at the interest rate set forth above, as set forth in the attached payment schedule or in equal monthly installment payments of $_____ each. The outstanding principal amount hereof, together with all accrued but unpaid interest, shall be due and payable in full on the Maturity Date. All payments made hereunder will first be applied to accrued and unpaid interest and then to the unpaid principal balance. All payments due hereunder shall be made by Maker on the dates set forth above without a payment and/or interest statement. Lender's failure to provide Maker with a payment and/or interest statement shall in no way affect or limit Maker's obligations to pay such amounts in accordance with the terms and conditions set forth herein.

3. The Maker may prepay part or the entire principal amount plus interest then accrued thereon at any time without notice or penalty.

4. The occurrence of any one of the following events shall constitute an event of default hereunder ("Event of Default"): (a) if the Maker fails to make any payments of principal or interest on this Note when due and payable as provided in Section 1 of this Note; (b) if the Maker materially breaches the Franchise Agreement between the Maker and Lender (the "Franchise Agreement"); (c) the Franchise Agreement is terminated for any reason; or (d) the filing by or against the Maker, or any guarantor of this Note, a petition under the United States bankruptcy code or under any other insolvency law or law providing for the relief of debtors, including, without limitation, a petition for reorganization, agreement or extension; or (e) the making of an assignment of a substantial portion of the Maker's assets for the benefit of creditors, appointment of a receiver or trustee for the Maker or for any of the Maker's assets, institution by or against the Maker of any other type of insolvency proceeding or other proceeding contemplating settlement claims against or winding up of the affairs of the Maker or a transfer of a material portion of the Maker's assets or inventory not in the ordinary course of business.

5. Upon the occurrence of an Event of Default, (a) Lender may, at its option and by written notice to the Maker, declare the entire unpaid principal balance of this Note, together with all accrued but unpaid interest, immediately due and payable, regardless of any prior forbearance; (b) interest shall accrue at a rate equal to the lesser of eighteen percent (18%) per annum or the highest maximum rate permitted under applicable law (the "Default Rate"), and (c) exercise any and all rights and remedies available to Lender under applicable law. The rights and remedies of Lender under this Note shall be cumulative. Failure of Lender for any period of time or on more than one occasion, to exercise its option to accelerate the Maturity Date shall not constitute a waiver of the right to exercise the same at any time during the continued existence of an Event of Default or any subsequent Event of Default.

6. All costs incurred by Lender in enforcing this Note, in collection of sums due Lender from Maker under this Note, and in connection with the Lender's exercise of any or all of its rights and remedies under this Note, shall be paid by Maker, including, without limitation, reasonable attorneys' fees and costs through all trials, appeals and proceedings.

7. No waiver that Lender may give will be applicable except in the specific instance in which it is given. The Maker hereby waives presentment for payment, demand, notice of dishonor, protest of any dishonor, notice of protest, protest of this Note and any and all other notices or demands in connection with this Note. All amounts payable hereunder shall be made without deduction by way of set-off, counterclaim or otherwise.

8. This Note may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

9. Every provision of this Note is intended to be severable. If any term or provision hereof is declared by a court of competent jurisdiction to be illegal, invalid or unenforceable for any reason whatsoever, such illegality, invalidity or unenforceability shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

10. This Note shall be governed by the laws of the State of Florida. Any dispute arising under this Note must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be arbitrated in accordance with the then-current the Federal Rules of Civil Procedure and the Federal Rules of Evidence. The arbitration must take place in Miami, Florida. Any arbitration must be resolved on an individual basis and not joined as part of a class action of the claims of other parties. The decision of the arbitrators will be final and binding.

11. THE MAKER AND THE LENDER EACH WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THE NEGOTIATION, EXECUTION OR DELIVERY OF THIS NOTE OR ANY RELATED DOCUMENT, THE PAYMENT AND PERFORMANCE OF ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OR THE ENFORCEMENT OF ANY RIGHT OR REMEDY DESCRIBED HEREIN, OR ANY CLAIM, DEFENSE, SETOFF OR COUNTERCLAIM ARISING OR ASSERTED IN CONNECTION WITH THIS NOTE.

12. The principal owner(s) of the Maker (if an entity),

_____, jointly and severally if more than one (collectively, the "Guarantor"), hereby unconditionally and irrevocably guarantees to the Lender, its successors and assigns, the payment and performance of all obligations of the Maker to the Lender under this Note, and any amendments or modifications thereof ("Guaranty"). Guarantor agrees that: (a) this is a guaranty of payment and not of collection, and that the Lender can proceed directly against Guarantor personally without seeking to collect from the Maker; and (b) Guarantor hereby waives presentment for payment, demand, notice of dishonor, protest of any dishonor, notice of protest, protest of this Note and any and all other notices or demands in connection with this Note. This Guaranty survives the bankruptcy of the Maker and binds Guarantor's administrators, successors and assigns. All obligations under this Guaranty continue even if the Maker becomes insolvent or bankrupt or is discharged from bankruptcy and Guarantor agrees not to seek to be repaid by the Maker in that event. Guarantor's obligation is to pay all amounts owed by the Maker to the Lender under this Note.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date set forth above.

THE MAKER: _____

By: _____

As: _____

GUARANTOR(S):

By: _____

By: _____

By: _____

EXHIBIT J

STATE ADDENDA

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of California:

1. 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.

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

2. The following statement is added to Item 3:

Neither FLSC Recycling, LLC, nor any person in Item 2 of the Disclosure Document is subject to any currently effective order or any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. 8.78(a) et seq., suspending or expelling such persons from membership in such association or exchange.

3. The highest interest rate allowed by law in California for late payments is 10% annually.

4. The following statements are added to Item 17:

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

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

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

IV. The franchise agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

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

VI. California Corporations Code, Section 31125 requires us to give you a Disclosure Document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

VII. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Website:

www.ClothesBinFranchise.com
www.FillTheBins.com

OUR WEBSITES HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THESE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of Illinois:

1. Any releases that the franchisor requests that you sign must conform with the Illinois Franchise Disclosure Act.

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

3. Franchisee's rights upon termination and non-renewal are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following provisions will supersede and apply to all franchises offered and sold under the laws of the State of Maryland, to residents of Maryland and franchises to be operated in Maryland:

1. Item 17 is amended by adding the following language after the table:

(a) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 1010 et seq.).

(b) The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

(d) You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of Minnesota:

1. Item 6, Other Fees, "Charge for returned ACH or nonpayment due to "Insufficient Funds" or otherwise," shall be amended to change the fee amount to $30.00.

2. Item 13, Trademarks, shall be amended by the addition of the following:

In compliance with Minn. Stat. § 80C.14, Subd. 1(g), the franchisor will indemnify you against liability to third parties resulting from claims by third parties that your use of the Proprietary Marks infringes upon the trademark rights of the third party. The franchisor will not indemnify you against the consequences of your use of the Proprietary Marks except in accordance with the requirements of the Franchise Agreement, and as the condition to such indemnification, you must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor will have the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

3. Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by adding the following:

Minnesota Franchise Act, Minn. Stat. § 80C.21, and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in this Franchise Disclosure Document or the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including specifically Chapter 80C.17, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Rule 2860.4400(D) prohibits the franchisor from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

Minn. Rule 2860.4400(D), among other things, prohibits the franchisor from requiring you to waive your rights to a jury trial or to consent to liquidated damages, termination penalties, or judgment notes.

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of New York:

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

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

2. The following is to be added at the end of Item 3 of the Franchise Disclosure Document:

Item 3. Litigation

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in

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

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

> However, to the extent required by appliable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**," and Item 17(w), titled "**Choice of law**":

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

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NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of North Dakota:

1. Item 17 of the Disclosure Document is amended as follows:

    a. Franchisee shall not be required to sign a general release as a condition of renewal.

    b. Franchisee is not required to consent to termination or liquidated damages.

    c. The North Dakota Securities Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

    d. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.

    e. Franchisee is not required to consent to the jurisdiction of courts in Florida.

    f. The franchise agreement will be governed by North Dakota law. Nothing in the Disclosure Document or franchise agreement requires Franchisee to waive its rights under North Dakota law.

Franchisee is not required to waive its right to a trial by jury and is not required to consent to a waiver of exemplary and punitive damages.

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of Rhode Island:

1. The following statements are added to Item 17.v.:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restriction jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of Virginia:

1. The following statements are added to Item 17.h.:

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

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 document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

California	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
Virginia	
Wisconsin	April 11, 2024

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

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 FLSC Recycling, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York and Rhode Island require 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.]

[Michigan, Oregon and Wisconsin require 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 FLSC Recycling, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Marc Douglas, Nick Boariu and Christopher Brown, FLSC Recycling, LLC, 3911 SW 47th Avenue, Suite 903, Davie, Florida 33314; Telephone 844.FLL.BINS (844.355.2467), and: _____ [*Any other franchise seller involved in a particular franchise transaction must be disclosed here before the Disclosure Document is given to the prospective franchisee.]*

Issuance date: April 8, 2024.

FLSC Recycling, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated April 8, 2024 that included the following Exhibits:

A.	State Agencies/Agents for Service of Process	F.	Financial Statements
B.	Franchise Agreement and Exhibits	G.	Operations Manual Table of Contents
C.	General Release	H.	Non-Disclosure Agreement
D.	List of Current Franchisees	I.	Promissory Note
E.	List of Former Franchisees	J.	State Addenda

Date: _____ _____

(Do not leave blank) Signature of Prospective Franchisee

_____

Print Name

You may return the signed receipt either by signing, dating, and mailing it to FLSC Recycling, LLC at 3911 SW 47th Avenue, Suite 903, Davie, Florida 33314 or e-mailing it to Info@ClothesBinFranchise.com.

Receipt

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(Do not leave blank) Signature of Prospective Franchisee

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Print Name

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