FRANCHISE DISCLOSURE DOCUMENT
KEI FRANCHISING CORP.
(a California corporation)
36343 W. Cartegna Lane
Maricopa, Arizona 85138
1-888-878-8837
E-mail Address: info@keiwindows.com
www.keiwindows.com

We offer a franchise to sell commercial and residential window cleaning services. We offer six sizes of franchise plans (Plan A, Plan B, Plan C, Plan D and Plan E).

Plan	Total Investment Necessary to Begin Operations:	Amount That Must Be Paid to Franchisor
A	$20,090 to $30,025	$13,000
B	$28,090 to $38,025	$21,000
C	$20,090 to $40,025	$23,000
D	$38,090 to $48,025	$31,000
E	$12,000 TO $22,000	$5,200
F	$20,000 to $30,000	$13,200

This disclosure document ("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 any affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Donald L. Black, 36343 W. Cartegna Lane, Maricopa, Arizona 85138, and (**888-878-8837**).

The terms of your franchise agreement will govern your franchise relationship. Do not rely upon the Disclosure Document alone to understand your franchise agreement. Read all of your franchise agreement and related documents carefully. You should review your franchise agreement and this Disclosure Document with an advisor, such as an attorney or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you to make an informed decision. 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 webpage at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

Date of Issuance: February 12, 2018.

STATE COVER PAGE

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

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

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

Please consider the following **RISK FACTORS** before you purchase this franchise:

1. THE FRANCHISE AGREEMENT CONTAINS A MANDATORY BINDING ARBITRATION CLAUSE. LEGAL PROCEEDINGS WILL TAKE PLACE IN THE COUNTY IN WHICH OUR THEN-CURRENT HEADQUARTERS IS LOCATED, AND THAT MAY COST YOU MORE, AND BE LESS CONVENIENT. YOU AND WE WILL GENERALLY BEAR EACH OF OUR OWN COSTS IN ANY DISPUTE. THE FRANCHISE AGREEMENT PROVIDES THAT THE LAWS OF THE STATE WHERE YOUR FRANCHISE IS LOCATED GOVERN THE AGREEMENT. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. YOU MAY WANT TO CONSULT AN ATTORNEY REGARDING COMPARISON OF THESE LAWS.

2. THE FRANCHISE AGREEMENT REQUIRES THAT THE FRANCHISEE MAINTAIN A QUALITY LEVEL OF WINDOW CLEANING SERVICES. LOSS OF 10% OR MORE OF THE NUMBER OF COMMERCIAL ACCOUNTS IN ANY GIVEN 12 MONTH PERIOD, AS A DIRECT RESULT OF YOUR POOR SERVICE, MAY RESULT IN THE YOUR LOSS OF THE FRANCHISE.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

The Effective Date of this Disclosure Document is ____________________, 2018.

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EXHIBITS

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

The Franchisor, Business Form, Names, Address

The Franchisor is KEI Franchising Corp., a California corporation. For ease of reference, KEI Franchising Corp. will be referred to as "KEI," "we," "us," or "our." We will refer to the person or entity that buys the franchise as "you" and "your" throughout this franchise disclosure document (the “Disclosure Document”). If a corporation, limited liability company or partnership buys the franchise, “you” includes the franchisee’s individual owners. Capitalized terms not defined in this Disclosure Document have the meaning described in the KEI Franchising Corp. Franchise Agreement (“Franchise Agreement” or “Agreement”) attached as Exhibit A to this Disclosure Document.

We incorporated in the state of California on September 10, 2002. We began offering KEI franchises on January 6, 2003. We are a family held business, owned by Donald Black, and his son, James Black. Our corporate headquarters are located at, and our principal business address is 36343 W. Cartegna Lane, Maricopa, Arizona 85138. Donald Black owned and operated a window cleaning business as a sole proprietor under the names “Don Black’s Janitorial” and “Don Black’s Window Cleaning” for over 24 years. James Black owned and operated a janitorial business including window cleaning and restroom sanitation services as a sole proprietor, under the name of Jim Black’s Janitorial, which was established in 1995. Don Black’s and James Black’s sole proprietorship businesses are our predecessor companies because Donald Black and James Black transferred the assets of their respective business operations to KEI in November 2002. We provide window-cleaning services under the name “KEI® Window Cleaning.”

Neither Donald Black nor James Black has offered franchises of any type for sale either personally or through any business entity. We do not have any affiliates.

Neither we, nor any predecessor business offers (or has offered) franchises in any other lines of business, but each has the right to do so.

Our agent in this state authorized to receive service of process is in Exhibit E.

Our Business and the Franchises Offered in This State

We offer and award qualified applicants a franchise to sell window-cleaning services, using the KEI® System, to low-rise commercial building tenants (not over 2 stories high and referred to in this Disclosure Document as “Commercial Accounts”), although franchisees may provide residential window cleaning services under the brand name as well (“Residential Business”). The Franchise granted to you is to operate a single KEI Center (the “Center”), from a single location to be approved by us, and to use the Marks and the KEI® System in the operation of that Center. We offer 6 franchise plans for sale: Plan A, Plan B, Plan C, Plan D, Plan E and Plan F. The primary differences among these plans are the Initial Franchise Fee, the Royalty Fees due, the Commercial Accounts volume and the amount of training to be provided by us.

We will continue to operate the same type of business being franchised for various purposes, including meeting our obligations to license initial accounts to franchisees according to their respective franchise plans, servicing initial accounts before licensing them to franchisees, and servicing national/special accounts.

The market for low-rise commercial building window cleaning services is nationwide, is developed and may be seasonal, depending on the geographic location of the franchise, and whether seasonal changes can impede sales and service (e.g., severe winter weather). The market competition is fragmented and typically includes single individuals and small businesses.

Although we are not aware of any licensing requirements other than city or county business licenses applicable to the services you will be providing, you must comply with all local, state and federal laws, including any business, retail sales, zoning and similar regulation and licensing requirements, and any applicable environmentally-related laws and/or regulations. We do not recommend that employees be hired, but recommend that you work your franchise operations on a full time basis. If you decide to hire employees, it is your sole responsibility, on an ongoing basis, to investigate and satisfy all employment, worker's compensation, insurance, corporate, tax and similar laws and regulations, since they vary from place to place, can change over time, and may affect the operation of your business.

The Payment Card Industry Data Security Standard ("**PCIDSS**") requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCIDSS applies to all merchants, regardless of size or number of transactions that accept, transmit or store any cardholder data.

You should consult with your attorney and local, state, and federal government agencies/authorities before buying your KEI® Franchise to determine all legal requirements that you must comply with and consider their effects on you and the cost of compliance.

This Disclosure Document sets forth the terms and conditions on which we currently offer franchises in this state. We reserve the right, in our sole discretion, to award, or not award, a KEI® franchise to you, regardless of the stage of the franchise award process, costs expended by you or otherwise. Also, there may be instances in which we will vary the terms on which we offer franchises to suit circumstances of a specific transaction.

This Disclosure Document contains a summary of various provisions of the Franchise Agreement and other documents, in relatively brief language and using "plain English," as required by state and federal law. We have summarized the main features of our program above and further information appears at appropriate points throughout this Disclosure Document. The descriptions in this Disclosure Document of various documents are for general informational purposes only. In many cases (in the interest of brevity and understandability) the Disclosure Document contains only excerpts or summaries of other documents. The actual provisions of these documents will control in all cases, and you should refer to the Franchise Agreement and other documents for more complete information. We strongly urge you to carefully review all documents, including a comparison to any prior Agreement if a replacement of an existing Franchise Agreement is involved, as well as this Disclosure Document. Consult with independent advisors who can provide legal, business and/or economic guidance, such as a lawyer and/or accountant.

Finally, we think it's important to mention the following business realities:

Any business venture involves risk of loss or failure. We don't have the ability to reliably make any promises, estimates, representations, guarantees or other assurances concerning your potential success as a KEI® franchisee. <u>We do not guarantee your success</u> or any level of profits (if any) or otherwise. Your possible success is primarily dependent on your personal business judgment, your sales ability and efforts as an independent business operator, as well as your proper use of the KEI® System. We are relatively new to franchising and our business model is still developing.

You should understand that every detail of your KEI franchise will be important not only to you, but also to us and to all KEI franchisees in order to develop and maintain uniform operating standards and to increase the demand for the products and services sold by KEI franchises. A fundamental requirement of your joining and remaining part of the KEI System will be your commitment to the operation of your KEI franchise in accordance with the KEI System Standards, which will be provided to you in your training and in the Manual (as defined in the Franchise Agreement). During the term of the Franchise Agreement, you must, at all times, develop and operate your KEI franchise in compliance with all KEI System standards, as we may modify them in the future.

ITEM 2 BUSINESS EXPERIENCE

President, CEO & CFO: DONALD L. BLACK

Donald Black has served as President and CEO since our inception. He assumed the role of CFO in January 2008. Mr. Black has over 30 years of experience in every aspect of the window cleaning business.

Corporate Secretary: JAMES ISRAEL BLACK

On November 1, 2002, James Black joined his father, Donald, in the operation of KEI, and has served as Corporate Secretary since our inception on September 10, 2002.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

On August 31, 2009, James Black, an officer of the Franchisor, filed a petition under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court, Eastern District California case number 09-38282 –C–7. The case was discharged by order of the same court on December 14, 2009.

With the exception of the above referenced case, no other bankruptcies are required to be disclosed in this Item.

ITEM 5 INITIAL FEES

We offer 6 franchise plans: “Plan A”, “Plan B,” “Plan C”, “Plan D”, “Plan E” and “Plan F”. The differences between each Plan are described on Page 1 of the Franchise Agreement and in this Disclosure Document in this Item and in Items 7 and 11. The Initial Franchise Fee for Plan A is $13,000, Plan B’s Initial Franchise Fee is $21,000.00, Plan C’s Initial Franchise Fee is $23,000.00, Plan D’s Initial Franchise Fee is $31,000.00, Plan E’s Initial Franchise Fee is $5,200 and Plan F’s Initial Franchise Fee is $13,200. The Initial Franchise Fee is payable in two (2) increments: For Plans A through D, a $10,000 non-refundable initial deposit is due upon signing the Franchise Agreement; the remaining fee is due for each plan on the first day you begin selling Products and Services to your Commercial Accounts in the agreed upon Territory and is not refundable. For Plans E and F, a $5,200 non-refundable initial deposit is due upon signing the Franchise Agreement; For Plan F, the remaining fee is due on the first day you begin selling Products and Services to your Commercial Accounts in the agreed upon Territory and is non-refundable.

The Initial Franchise Fee covers, among other things, an initial training program for you.

On the first day you begin selling Products and Services to your Commercial Accounts in your agreed upon Territory, we will have satisfied our obligation and met the conditions of your payment of the balance of the Initial Franchise Fee. Please see Items 11 and 12 of this Disclosure Document for more information on Commercial Account Revenues.

The deposits are entirely non-refundable.

The remainder of the Initial Franchise Fee is non-refundable except in the following circumstances:

If we decide that you have not successfully completed or are not making satisfactory progress in your initial training, then we may choose to cancel the Franchise Agreement and return to you the amount of the remaining Initial Franchise Fee actually paid by you, less $600.00 for each training day already completed before termination. If we do make that choice, then you must return all Manuals, sign a general release of claims and other documents we require. In no event will the initial deposits be returned to you.

Your Commercial Accounts Area is identified on Exhibit 2.2 of the Franchise Agreement. The boundaries of your Territory will be established within the Commercial Accounts Area. If you disagree with the Territory assigned to you; and you provide us with written notice of your disagreement within 15 days of your receipt of your Territory boundaries; and you and we are unable to arrive at a mutually acceptable Territory definition, we may choose to cancel all of our obligations under the Agreement, return the amount of the Initial Franchise Fee actually paid by you, less $600.00 for each training day already completed before termination. If we make that choice, then you must return all Manuals, sign a general release of claims and other documents we may require. In no event will the $10,000 non-refundable deposit be returned to you.

If the average gross monthly Commercial Accounts Revenue actually earned by you (whether or not collected) for the entire Protection Period is less than 80% of the average gross monthly Commercial Account Revenue for your applicable Franchise Plan, and you have paid the full Initial Franchise Fee and have not rejected any replacement Accounts, at our option, we will i) issue a royalty credit equal to the amount of any deficiency; or ii) terminate the Franchise Agreement and refund to you the Initial Franchise Fee paid by you to us, less the then current training fee which shall not be less than Eight Thousand Four Hundred Dollars ($8,400) for Plans A and B; and not less than Nine Thousand Six Hundred Dollars ($9,600) for Plans C and D; and not less than Seven Thousand Two Hundred Dollars ($7.200) for Plans E and F.

If we choose option ii), you would have to provide to us a General Release and comply with the post termination obligations of the Agreement. You would be able to keep any Gross Volume earned by you during the Protection Period. Gross Volume includes all Commercial Accounts Revenues, and

Residential Business Revenues, charges and/or other revenues which are, or could be, received or earned by you (and/or any Affiliate) by, at or in connection with your KEI Center; relating to the kinds of goods or services available now or in the future through a KEI Center and/or distributed in association with the Marks or the KEI System; relating to the operation of any Similar Business; with respect to, any tenants and/or subtenants of yours on the Premises (including rent and other lease payments); and/or with respect to any co-branding activities. All sales and/or billings, whether collected or not, will be included in Gross Volume, with no deduction for credit card or other charges. Gross Volume does not include sales tax collected and paid when due to the appropriate taxing authority and actual customer refunds, adjustments and credits.

As a condition to the awarding of any future or other franchise, or the renewal of this franchise and/or awarding of any successor franchise, or any assignment or transfer by you and/or any affiliate/owner of you, and/or any other applicable event described in the Franchise Agreement, you must sign a general release of claims in our current form. Our current form of General Release is attached to the Franchise Agreement as Exhibit 1.2.

ITEM 6 OTHER FEES

NAME OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Royalty[2]	$425 per month for Plans A, C and E; $300 per month for Plans B, D and F After 10 years, all Plans drop to $300 per month.	5th day of the month following each royalty period	The first month (the training period) is royalty-free. Payments begin on the second month following your Actual Opening Date.
Additional Training Fees	Costs determined by training attended/staff participation.	Before training, or as incurred	We may charge a reasonable fee for training of additional or subsequent managers. You are responsible for all additional training fees, transportation, living, incidental and other expenses of attendance. We may charge a reasonable fee for additional training.

Additional Commercial Accounts Fees/Marketing Services	$500.00 per 6 hour day.	In advance	Payable only if you elect to hire us to assist you in your sales/marketing efforts. You are responsible for all additional fees we incur while providing these services to you, including, travel, lodging, meals and other reasonable expenses. Fee subject to inflation adjustment.[3] We may require a General Release.
Marketing Fund Contributions[4]			Currently, there is no Marketing Fund, but we reserve the right to establish one in the future.
Transfer Fee[5]	$6,000	Payable on application for transfer.	Subject to inflation adjustment.[3]
Inspection or Audit Costs	Cost of inspection or audit.	Within 10 days after receipt of the audit report or as incurred.	Audit costs payable if reports not provided or inaccuracies or understatement exceeds 2% or if you audit reveals breach of Franchise Agreement. Section 16.1.
Interest on Late Payments	Maximum legal interest (not to exceed 1.5% per month).	Payable on Demand.	If repeated late payments, we can require cashier's check.
Late Fees	$100.00 per late report and/or payment.	Payable as incurred.	Applied within legal limits. Subject to inflation adjustment.[3]
Management Fee[6]	Only if you get notice of default from us and we appoint manager; $500 per day management fee, plus expenses.	Deducted from funds from the operation of your Center during the management period.	Daily management fee subject to inflation adjustment.[3] Compensation, other costs, travel and living expense of appointed manager payable by you.
Successor Franchise Fee	$1,000.00.	When you elect a successor term.	Fee is non-refundable unless we do not grant a successor agreement to you. Subject to inflation adjustment.[3]

Convention Meeting Attendance	We may charge a reasonable attendance fee.	As incurred; determined at the time of the event.	One management-level individual must attend each mandatory meeting (including our annual convention).

Items 7, 8, 12 and 17 of this Disclosure Document also provide information about costs that you may incur in connection with your Franchised Business.

[1] All fees described in this Item are applicable to each Franchise Plan. All fees are uniformly imposed by and are payable to KEI Franchising Corp. unless otherwise noted. All fees collected by and/or payable to us are non-refundable, unless otherwise stated. If we establish an electronic funds transfer program that authorizes us to utilize a pre-authorized bank debit system in the future, you must participate in that program. We can apply any payments owed by you to any debt of yours that we choose, set off any amounts owed to you against any amount owed by you to us/specified third parties and retain amounts received on your account for debts owed. We may elect to waive and/or credit, reduce or defer payment of any and all fees and charges of any kind in connection with the franchise on a case-by-case basis as we consider appropriate and as permitted by law.

[2] The amount of your Royalty Fee is based upon your average Commercial Account Revenue Area which is disclosed on Exhibit 2.2 of the Franchise Agreement. For Plans A, C and E, you have the option of reducing your $425 Royalty Fee to $300 upon our receipt of a non-refundable, lump sum payment of $8,000. The reduction will be effective beginning in the first full calendar month after our receipt of payment. The lump sum payment is payable at your option at any time and is in addition to the Initial Franchise Fee for the applicable Plan. The Royalty Fee for all plans will be reduced to $300 per month after 10 years.

[3] Amounts subject to inflation adjustment may be adjusted each year, at our option, in proportion to the changes in the Consumer Price Index (U.S. Average, all items), maintained by the U.S. Department of Labor (or any successor index) as compared to the previous year. We will notify you of any percentage adjustment each year.

[4] We reserve the right to implement a KEI marketing fund for advertising, publicity, marketing, promotion and related purposes and require you to pay a reasonable monthly contribution to support the fund. We will not implement a KEI marketing fund without first giving you 9 months' prior written notice.

[5] In addition to the Transfer Fee, we may charge the transferee our then-current training costs which shall not be less than Eight Thousand Four Hundred Dollars ($8,400) for Plans A and B, not less than Nine Thousand Six Hundred Dollars ($9,600) for Plans C and D and not less than Seven Thousand Two Hundred Dollars ($7,200) for Plans E and F.

[6] If we deliver a notice of default to you that you fail to timely cure, in addition to our other rights and remedies, we have the right to appoint a manager to operate your franchised business until you have cured all defaults. We will keep all funds from the operation of the franchised business during the period of management by us in a separate fund and all expenses of the franchise business, including compensation, other costs and travel and living expenses of our appointed manager, may be paid out of the fund. You are responsible for any fund deficiency. We can also choose to manage your business in the event of your death or disability and pay ourselves a reasonable amount to do so.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE[1]	AMOUNT	METHOD OF PAYMENT	DUE DATE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[2]	$5,200 to $31,000.00	Two installments	Payable in two increments. For Plans A through D, $10,000 due on signing of the Franchise Agreement; remainder due on first day of sales in the agreed upon territory; For Plans E and F, $5,200 due on signing of the Franchise Agreement; any remainder due on first day of sales in the agreed upon territory.	Us
Additional Initial Training Expenses[3]	$0 to $500.00	As incurred	During training	Training is generally conducted in your home, or Commercial Accounts Area (Territory), but you are responsible for transportation, meals, and incidental expenses.
Real Estate[4]	$150.00	As incurred	As arranged	Lessor/Suppliers
Insurance[5]	$1,400.00 to $3,000.00 annually	As incurred	As arranged	Insurance Agencies
Licenses and Permits	$15.00 to $300.00	As incurred	As required	Applicable Agency/Governmental Authorities/Suppliers
Telephone, Fax and Other Communication-Related Fees	$100.00 to $200.00	As incurred	As incurred	Outside suppliers/vendors
Equipment/Supplies[6]	$25.00	As incurred	Lump sum, in cash or certified check	Approved Suppliers or Us.
Vehicle Expenses[7]	$1,200.00 to $1,800.00	As required	As required	Vendors/Suppliers
Computer Hardware and Software[8]	$0 currently	As required	As incurred	Outside suppliers/vendors

TYPE OF EXPENDITURE[1]	AMOUNT	METHOD OF PAYMENT	DUE DATE	TO WHOM PAYMENT IS TO BE MADE
Signage[9]	$150.00 - $250.00	As required	As incurred	Vendors
Additional Funds – 3 months[10]	$4,050.00 to $10,800.00	As incurred	As incurred	Vendors, others
TOTAL ESTIMATED INITIAL INVESTMENT[11]	**$12,490 to $48,025.00**			

Note: All amounts are uniformly imposed, payable to us and non-refundable unless otherwise noted.

[1]The initial investment table shows certain expenditures required to establish and operate a KEI Center. Note that these amounts may vary widely. Amounts payable to us are nonrefundable unless otherwise noted. Amounts payable to suppliers/vendors are refunded according to arrangements you make with the vendor, if any. These figures are estimates of the range of your initial costs in the first 3 months of operation only.

[2] **<u>Initial Franchise Fee</u>**. The amount of the Initial Franchise Fee depends upon which of the 4 franchise "Plans" you select, and is non-refundable. The Initial Franchise Fee for Plan A is $13,000.00, Plan B's Initial Franchise Fee is $21,000.00, Plan C's Initial Franchise Fee is $23,000.00, Plan D's Initial Franchise Fee is $31,000, Plan E's Initial Franchise Fee is $5,200 and Plan F's Initial Franchise Fee is $13,200. See Items 1, 5 and 11 of this Disclosure Document and Page 1 of the Franchise Agreement for more information on the differences in the Franchise "Plans."

[3] **<u>Initial Training Expenses</u>**. The initial training program for you is included in the Initial Franchise Fee, but all costs incurred in connection with training (transportation, meals, living and other incidental expenses) for you and any of your personnel attending the initial training program and any other voluntary or mandatory training programs, seminars or meetings are your sole responsibility, unless otherwise agreed to in writing. The amount you will spend while training will depend on several factors, including the number of trainees attending, the distance you must travel and the type of accommodations you choose, if any are needed. We may charge a reasonable fee for training of additional and/or subsequent managers, which is currently $600.00 per day.

[4] **<u>Real Estate</u>**. Our current policy does not require that you open and maintain a separate office for your business operations, and allows you to operate from your residence. We may change or eliminate this policy at any time. If you do not have adequate space to operate your business from your home, then you must lease or purchase additional space for your Center. Rental or purchase expenses will vary significantly since real estate and rental values vary greatly from market to market and due to factors such as condition, location and square footage of the space; supply and demand and general economic conditions. We cannot accurately estimate any rental costs for space; however, we have provided an estimate of the monthly charge for rental of a typical storage unit in the Sacramento, California area which is representative of what we believe would be adequate, cost-efficient space, if the Franchisee chose to obtain any space outside his/her residence. In this circumstance, the Franchisee

might store supplies and maintain a simple office (e.g. a desk area). You should investigate these costs in your own area.

5 **Insurance**. You must maintain in force at all times policies of insurance issued by carriers approved by us covering various risks. We may specify the types and amounts of coverage required under these policies and require different and/or additional kinds of insurance at any time. Each insurance policy must name us, our Affiliates (if any), as defined in the Franchise Agreement, as additional named insureds, must contain a waiver of all subrogation rights against us, our Affiliates, the Franchisor-Related Persons/Entities (as defined in the Franchise Agreement) and any successors and assigns, and must provide for 30 days' prior written notice to us of any material modifications, cancellation, or expiration of the policies.

Our current insurance requirements are:

Type of Insurance	Limits and Other Details
Commercial General Liability	Not less than $1,000,000.00/occurrence Combined Single Limit for both bodily injury and property damage
Automobile Insurance	Not less than $300,000.00 personal injury/$100,000.00 property damage
Worker's Compensation (if applicable)	Statutory Limits

The insurance coverage described above are minimum requirements and you may purchase and maintain additional insurance policies or policies with greater coverage. You will provide us with copies of the certificates of insurance, insurance policy endorsements and other evidence of compliance with these requirements as we may require from time to time.

Estimates do not factor in any dollar amounts for worker's compensation insurance, because you are urged to operate your franchise business yourself, and not hire any employees. If you elect to offer construction site clean-up services, your policy must also include any additional required insurance coverage mandated by state and local jurisdictions, and any required bonding, permits and licenses.

You are strictly liable for any and all property damage, including scratches, breakage, defacement of windows or any other damage of any kind whatsoever incurred in the performance of or incidental to the operation of your business. We are not liable in any way for any work you perform in the operation of your business.

6 **Equipment/Supplies.** Our current policy is to provide an "Equipment Package," at no additional cost to you. This Equipment Package generally is sufficient for the initial 3 months of operation, although we do not guarantee you will have sufficient supplies for that period of time. If, during the first 3 months, you decide to purchase additional products or supplies that are not on the Equipment Package list, you are responsible for the cost of the additional products or supplies.

7 **Vehicle Expenses.** You must possess or obtain a vehicle capable of transporting the equipment and supplies necessary to operate your business from location to location within the Territory assigned to you, and which meets the standards described in the Manual. You are responsible for maintenance and upkeep of your own vehicle, including gas, oil, repairs, license and insurance. We do

not require a particular type, year or make of vehicle. The estimates provided are based on leasing a low to mid-sized pickup truck and its operations for the first 3 months, and excludes costs of licensing and insurance.

[8] **Computer Hardware/Software.** We reserve the right to require to you to purchase, use, maintain and update at your expense, software, computer and other systems meeting our specifications and compatible with our systems. The cost of the computer equipment and software you will need to operate your franchise will depend upon the manufacturer, the operating features, whether the equipment is already owned by you, whether the equipment is new or used, and whether you purchase or lease it. We currently do not have any computer equipment requirements, but expect to introduce them in the future. You must comply with these requirements, and you are responsible for the cost of compliance.

[9] **"Signage"** This is the estimated sum for decals to add to your vehicle.

[10] **"Additional Funds"** is an estimate of certain funds needed to cover your business (not personal) expenses during the first 3 months of operation of your business. This estimate does not guarantee that you will have reached a "break-even" or any other financial position during that time. You will need capital to support on-going costs of your business, for example: taxes, loan payments and other expenses. New businesses (franchised or not) often have larger expenses than revenues. This is only an estimate, and we can't guarantee that the amounts specified will be adequate. You may need additional funds during the first 3 months of initial operation or afterwards. We do not furnish or authorize our salespersons or any other persons or entities to furnish estimates as to the capital or other reserve funds necessary to reach "break-even" or any other financial position, nor should you rely on any of these estimates. In addition, the estimates presented relate only to costs associated with the franchised business and do not cover any owners' salary or draw, any personal, "living," unrelated business or other expenses you may have, such as royalty payments, debt service on any loans, state sales, and/or use taxes on goods and services, and a variety of other amounts not described above. Although we make no estimates or representations regarding financial performance of a KEI Center, we recommend that, in addition to the additional funds shown, you have sufficient personal savings and/or income so that you will be self-sufficient for at least 3 months after start-up.

[11] **Total.** All of the above figures are estimates of certain initial startup expenses. It is not all-inclusive as noted above, and we cannot guarantee you will not have additional expenses in starting your KEI franchised business. The total figure listed in the above chart does not include compensation for your time or labor. Your costs will vary depending on such factors as: how much you follow KEI's Systems and procedures; your management and marketing skill, experience and general business ability; and local and general economic conditions, including disposable income, and other comparable factors.

Miscellaneous costs to begin operations and other financial requirements may be more or less than the figures specified above. Many of these factors are primarily under your control in your independent operation of the business. We have made no provision for capital or other reserve funds necessary for you to reach "break-even" or any other financial position nor do any of these estimates include any finance charges, interest or debt service obligations. You should not assume that revenues from your customers will necessarily cover your initial (or other) expenses. You should review these figures carefully with a business advisor (such as an accountant) before making any decision to purchase the franchise. In preparing the figures in this chart, we relied on the over 43 years of combined experience of our executive officers in the janitorial/window washing business.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have identified various suppliers of Designated Equipment, Products and/or Services that your business must use or provide that meet KEI standards and requirements. You must purchase, use and offer the types, brands and quality of Designated Equipment, Products and Services as are specified by us. We may designate a single or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers. Designated suppliers may include, and may be limited to us. Currently, we are not the only approved or designated supplier. Required purchase or leases are estimated to make up 20% of your total initial investment and make up 20% of your annual operating expenses.

You must notify us in writing if you wish to purchase, use or offer any items that we have not previously approved, or if you propose to use any supplier who we have not previously approved for the proposed item. You must submit to us the information, specifications, and samples we request and pre-pay any reasonable charges connected with our review and evaluation of any proposal. We will notify you within a reasonable time whether or not you are authorized to purchase or use the proposed items or deal with the proposed supplier. We may condition and/or revoke our approval of particular items or suppliers as we choose. Our criteria for supplier approval is available to you. We will consider factors such as product safety, availability, quality and other factors. You agree in the Franchise Agreement not to make any claims against KEI regarding suppliers. Any claims must be made only against the supplier in question, and require our consent.

We do not derive any revenue from your purchases or leases with outside suppliers, but reserve the right to do so. There are no existing purchasing or distribution cooperatives. During the fiscal year ended December 31, 2017, we did not, and we do not anticipate that we will receive any revenues from the sale of products and services to KEI franchisees during the next fiscal year.

We do not condition our delivery of any material benefit (such as grant of a successor or additional franchise) if you use our recommended or approved suppliers. However, the continuation of the Franchise Agreement depends on your compliance with product and supplier requirements, as well as other terms of the Agreement.

Credit Cards. You are required to honor all credit, charge, courtesy and cash cards that we approve in writing. To the extent you store, process, transmit or otherwise access or possess cardholder data in connection with selling KEI Designated Equipment, Products and/or Services Products, you are required to maintain the security of cardholder data and adhere to the then-current credit card security standards which can be found at www.pcisecuritystandards.org for the protection of cardholder data throughout the Term of your Franchise Agreement. You are responsible for the security of cardholder data in the possession or control of any of subcontractors or employees that you engage to process credit cards. All subcontractors must be identified to and approved by us in writing prior to sharing cardholder data with the subcontractor. You must, if we request that you do so, provide appropriate documentation to us to demonstrate compliance with applicable PCIDSS requirements by you and all identified subcontractors.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you to find more detailed information about your obligations in this agreement and in other items of this Disclosure Document.

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Sections 3.1, 3.2	7, 11
b. Pre-opening purchases/leases	Sections 3.2 -3.5	5, 7, 8, 11
c. Site development and other pre-opening requirements	Article 3	5, 7, 8, 11
d. Initial and ongoing training	Article 5	5, 6, 7, 11
e. Opening	Sections 3.1, 16.1	7, 8, 11 and 17
f. Fees	Article 5, Sections 9.1-9.7, 10.7, 11.1, 14.3, 15.3, 16.8, 18.2 and 18.4	5, 6, 7, 11 and 17
g. Compliance with standards and policies/ Manuals	Sections 1.1, 3.3-3.4, 4, 5.3, 10.1-10.4, 10.6, 16.1, 16.2	8, 11, 12, 16, 17
h. Restrictions on products/services offered	Sections 2.2, 10.2, 11.1	8, 12, 16, 17
j. Warranty and customer service requirements	Sections 5.4, 10.8, 16.1	17
k. Territorial development and sales quotas	Sections 5.4, 16.1	12, 17
l. On-going product/service purchases	Article 4, 5.1, 10.2	6, 8, 11
m. Maintenance, appearance and remodeling requirements	Sections 3.3, 10.1, 10.2, Article 14, Article 15, and 17.2	11, 17
n. Insurance	Section 10.5	7
o. Advertising	Article. 6, 7.1, 11.1	6, 7, 11
p. Indemnification	Section 7.4	17
q. Owner's participation/ management/staffing	Section 10.4	15
r. Records/reports	Article 4, Sections 9.4, 12.1, 12.2, 16.2	6, 11, 17
s. Inspections/audits	Article 13, Section 16.1	6, 17, 19
t. Transfer, Right of First Refusal and Right to Repurchase	Article 14	17
u. Successor Term	Article 15	6, 17
v. Post-termination obligations	Articles 8 and 17	17
w. Non-competition covenants	Article 8 and Sections 17.2-17.4	17
x. Dispute resolution	Articles 18 and 20	17
y. Franchisor Management/Franchise - default	Section 16.8	6, 17
z. Our Right to Repurchase Franchise Assets	Section 14.8	17

ITEM 10 FINANCING

We do not offer direct or indirect financing for any amount due under the Franchise Agreement. We do not guarantee your note or any other obligation. We may assist in arranging financing from other sources, which may include introducing you to one or more financial institutions with whom we have an existing relationship. We do not sell or assign commercial paper from franchisees and have no plans to do so.

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

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

Our Pre-Opening Obligations to KEI Franchisees

Before you begin operation of your Franchised Business, we will:

1) Provide you with training (Franchise Agreement, Section 5.1).

2) Provide you with information about the equipment, products, signs and other goods that you must use to operate your franchise business, and about their respective approved/designated suppliers. (Franchise Agreement, Sections 3.5, 10.1 and 10.2).

3) Consider sites proposed by you, and any applicable leases, and grant, condition or withhold our approval of them as appropriate. (Franchise Agreement, Section 3.1 and 3.2).

Although not obligated to do so, our current policy is to provide you with an “Equipment Package”, at no additional cost to you. The Equipment Package may include the following items: buckets, window scrapers, squeegees, poles, soap, apparel, towels, window scrubbers, invoices, envelopes, business cards, route books and route cards.

Our Obligations During the Operation of Your KEI Franchise

During the operation of your Franchise Business, we will:

1) Loan you a copy of the Manuals. (Franchise Agreement, Section 2.1, 5.3, and 14.3). A copy of the Table of Contents of our Manual is attached as Exhibit D.

2) License to you the use of our Marks and System within your Territory to operate a Franchise. (Franchise Agreement, Section 2.1, Article 6).

3) Provide guidance in the operation of your franchise business. This guidance can be furnished in the Manuals, electronically, in writing, through refresher training programs and/or telephone consultations. We will provide, at your request, on-site consultations at your Center, based on notice, availability of personnel and your payment of reasonable travel, food, incidental and lodging expenses. (Franchise Agreement, Section 5.2).

4) Offer to license to new franchisees (not transferees of existing franchises) the Initial Commercial Accounts representing the agreed upon monthly gross Commercial Account Revenue during the Protection Period, according to your Plan. Plans A and B: $3,000 per month average; Plans C and D: $4,000 per month average. (Franchise Agreement First Page, Sections 2.2, 5.4, Exhibit 2.2). We will offer you a replacement account(s) during your 6 month Protection Period (but not after the Protection Period) if you lose an Account (for reasons other than your misconduct or the Account's dissatisfaction with your service), and we believe that your average monthly Commercial Account Revenue will fall short of the amount provided under your Franchise Plan for the Protection Period. (Franchise Agreement, Section 5.4 and Item 19 of this Disclosure Document)

5) Identify to you our approved suppliers. (Franchise Agreement, Section 10.2).

6) Use reasonable efforts to be available, if requested by you, to provide additional Commercial Accounts sales/marketing services, for a fee established by us and subject to adjustment. (Franchise Agreement, Section 5.5).

Local Center Marketing Activities/Pricing

Your local advertising must be in good taste, meeting all ethical and legal standards. We may require that samples of all advertising and promotional materials for any media, including the Internet, be submitted to us for our review and approval before use, and you will not use any materials or programs disapproved by us. We can require that a brief statement regarding the availability of KEI franchises be included in advertising used by you and/or we may place brochures for display regarding purchase of KEI franchises in your Center. You have the right to set your own prices, but we may establish the maximum price for Products and Services to the extent permitted by law. In your Franchise Agreement, you agree that you will not adjust the pricing and other service terms that apply to the Initial Commercial Accounts during the Protection Period. If we determine that you may use the Internet, World Wide Web or other electronic media in connection with advertising your Center, any policies/procedures established by us must be followed. We may require that any use of the Internet or other electronic media be through us, using a designated Internet/Intranet Service Provider (which can be us or an Affiliate), and that all pages be accessed through a designated site and/or meet our specifications. (Franchise Agreement, Section 11.1 A & B)

Marketing Fund

We do not currently operate a Marketing Fund, but we reserve the right to do so in the future for advertising, publicity, and marketing purposes, and to require you to pay a reasonable monthly contribution. If we choose to establish a Marketing Fund, any contributions made may only be credited to the Marketing Fund. We will give you 9 months' written notice before we implement and require you to contribute to a Marketing Fund. All matters relating to a Marketing Fund and its administration and operation will be in our sole discretion. (Franchise Agreement, Section 11.1C)

Franchisee Advisory Council ("FAC")

We can choose at some time in the future to form an FAC. If we do, the FAC will consist of Franchisees in Good Standing, each of who will represent the interests of Centers in their distinct geographical region (the "Region"). FAC members will be elected for a term or terms by a majority of the Centers situated in their respective Region. We will establish the geographical area of each Region in our Business Judgment, with due consideration given to achieving a representative group of Centers for each Region. We may adjust the number of Regions and their respective boundaries from time to time to reflect growth and Center population changes, among other appropriate factors. Each Center, both franchisee and franchisor-owned, will be entitled to one vote per Center. We will always have the right to appoint one non-voting representative of ours to participate in all FAC meetings and any other FAC activities. The FAC may adopt its own bylaws, rules, regulations and procedures, subject to our consent in our Business Judgment. While we're not required to do so except in those specific instances stated in the Franchise Agreement, if we submit any matters for approval to an FAC and approval is granted, the approval will be binding on you. (Franchise Agreement, Section 10.9)

Computer Hardware and Software

We may require you to purchase, use, maintain and update, at your expense, a computer and software meeting our specifications, as we may modify them. If required by us, you must agree to maintain your systems on-line to allow us access to system data and information. We may require you to use the computer for general administration of the business, including maintenance of your customer's records, billings and communications. Currently we do not have any computer equipment requirements, but expect to introduce them in the future. You must comply with these requirements, and are responsible for the cost of compliance. You are solely responsible for protecting your KEI Center from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures or attacks. Neither we nor any of the Franchisor-Related Persons/Entities will have any liability and/or obligation (and neither you, nor any Affiliate of yours, will make any claims) about any failures, errors or any other occurrences relating to any computer or system hardware or software without an express written warranty from us, even if recommended or specified by us. You must comply with all regulations and laws relating to privacy and data protection and must comply with any data protection or privacy policies we may establish from time to time. You must notify us immediately of any suspected data breach at or in connection with your Kei Center. (Franchise Agreement, Section 4)

Site Selection

You must have a site for your Center that is acceptable to us. Our current policy is that we do not require you to open a separate office for your business, as we allow your operations site to be your residence. We may change or eliminate this policy at any time. If you open an office outside of your residence, the office must be located inside your Territory. Site selection, development and any related matters are your sole responsibility. Our acceptance of a site is not a recommendation, approval or endorsement of it. You are responsible for ensuring that your site complies with all local laws. (Franchise Agreement, Section 3.1) We have no contractual requirement to approve or disapprove the location you select for your Center within a specified period of time.

You should not make any commitments with respect to any location unless we have accepted the location. You may not execute a lease, or any modification or amendment, without our prior written consent, and you must give us a copy of the signed lease within 5 days after it is signed. If your site is leased, you must try to have certain provisions included in your lease specified by us. (Franchise Agreement, Section 3.2)

You are required to comply with any standards and requirements that we set for your Center, including its design, decoration, layout, equipment, signs and other items. (Franchise Agreement, Section 3.3.)

We estimate that you typically will take up to 180 days to open your Center. Factors which may affect this time period include: your decision as to whether you will operate your business from your home or a separate location, licensing, permit requirements, and our prior training commitments.

Training

You must attend and successfully complete to our satisfaction all of your initial training, as outlined below. Currently, we offer an initial training program that will take place at your home and in your designated Territory. The length of the training varies, depending on the Plan you choose, begins as you commence operation of your business, and includes classroom and practical on-site training. Plans A, B include 14 Training Days, and Plans C and D include 16 Training Days and Plans E and F include 12 Training Days. Each "Training Day" for all Plans consists of a period of 4 training hours. Training Days and training hours provided are not necessarily consecutive. Any manager that you employ must complete our initial training program. There is no additional charge for your initial training; however, we may charge a reasonable fee for training of any additional or subsequent managers, which is currently $600/day (Franchise Agreement, Section 5.1).

We may also provide additional and/or refresher training programs to you and your manager (if any). These programs may be mandatory and conducted at locations specified by us, including national and regional conferences, conventions and meetings designed to correct, improve and/or enhance your operations, the System and its members. We may charge a reasonable fee for any training programs, (aside from the initial training, which is included in the Initial Franchise Fee).

We will provide at your request on-site consultations at your Center, based on notice, availability of personnel, and your payment of reasonable travel, food, incidental and lodging expenses. We may choose to charge a consulting fee. If we believe that your operations warrant it, we can require that a substitute manager or other person chosen by us and compensated by you be placed in your Center to supervise your business operations until they meet our System standards. Any training we provide to any of your employees will be limited to training or guiding the employee regarding the delivery of approved services to customers in a manner that reflects customer service standards of the System. You are, and will remain the sole employer or anyone you employ (if any) during all training programs and you are solely responsible for all employment decisions and actions related to your employees. You must insure that any employee you hire receives adequate training. (Franchise Agreement, Section 5.2)

INITIAL TRAINING SCHEDULE

Subject	Hours of Classroom Training[1]	Hours Of On The Job Training[1]	Location
Equipment[2]	3 hours.	Remaining training time depending upon the franchise plan you purchase.	Your home, a restaurant or your Territory.

Subject	Hours of Classroom Training[1]	Hours Of On The Job Training[1]	Location
History and Philosophy	1 hour.	Remaining training time depending upon the franchise plan you purchase.	Your home, a local restaurant or your Territory.
Management Principles	1 hour.	Remaining training time depending upon the franchise plan you purchase.	Your home, a local restaurant or your Territory.
Office Procedures	1 hour.	Remaining training time depending upon the franchise plan you purchase.	Your home, a local restaurant or your Territory.
Daily Operations	1 hour.	Remaining training time depending upon the franchise plan you purchase.	Your home, a local restaurant or your Territory.
Bidding and Sales	1 hour.	Remaining training time depending upon the franchise plan you purchase.	Your home, a local restaurant or your Territory.
Forms	1 hour.	Remaining training time depending upon the franchise plan you purchase.	Your home, a local restaurant or your Territory.
Accounting and Record Keeping	Half an hour daily throughout training period.	Remaining training time depending upon the franchise plan you purchase.	Your home, a local restaurant or your Territory.

1. The time you spend training in the classroom and on the job will vary based upon the franchise plan you purchase. Plans A and B include 14 Training Days, Plans C and D include 16 Training Days and Plans E and F include 12 Training Days. Each "Training Day" for all Plans consists of a period of 4 training hours. Classroom training will generally take place in either your home or a restaurant. Training time not spent in the classroom will be spent servicing commercial accounts and on the job training within your defined Territory. The training program will be supervised by Donald Black who has 32 years' experience in the subjects being taught and/or James Black who has 19 years of experience in the subjects being taught. Both Donald and James have been with us since our inception.

2. Equipment training includes instruction on the operation and use of all the Equipment and Supplies necessary for the operation of your Center, which are provided to you as part of your Equipment Package referenced in Items 7 and 11 of this Disclosure Document.

<u>ITEM 12</u> <u>TERRITORY</u>

The Franchise is awarded for a single KEI Center at a location approved by us.

When you sign your Franchise Agreement, we will identify a geographic area that will be larger than your Territory, called a Commercial Accounts Area, and you will, throughout the term of the Agreement, have a Territory located within the Commercial Accounts Area.

Your Territory may change and is not necessarily fixed. Under the Franchise Agreement we may adjust the boundaries of your Territory with at least 30 days advance written notice to you, provided that any adjusted Territory will remain in the Commercial Accounts Area. If any Territory adjustment results in a loss of Commercial Account(s) to you, and if we do not secure for you by the effective date of the adjustment replacement Commercial Account(s) representing equal or greater revenues, we will give to you a credit against royalties owed (or to be owed) to us under the Franchise Agreement. The amount of the credit will be equal to the revenues that you would have received from the lost Commercial Account(s) within the 90 day period following the effective date of the adjustment, less any revenues to be received by you over that period from replacement Commercial Accounts.

Subject to rights reserved by us as described in this Item 12 and Article 2 of the Franchise Agreement and as long as you are in Good Standing, we will not enter into a Franchise Agreement for a KEI Center, or own a KEI Center, servicing Commercial Accounts in your (then existing) Territory.

Your rights in the Territory are exactly (and only) as expressly stated in the Franchise Agreement. Other than these express rights, you do not have any "exclusive territory" or other similar rights. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We and Franchisor-Related Persons/Entities (as defined in Section 1.2 of the Franchise Agreement) have all other rights, including among them the rights to:

1) own and/or operate ourselves, and/or authorize others to own and/or operate any kind of business inside or outside the Territory, except for a KEI Center servicing Commercial Accounts in the then current Territory, whether or not using the KEI Marks and System; and

2) sell KEI brand (or any other brand) products and services (whether or not competitive) using any channel of distribution other than a KEI Center servicing Commercial Accounts in the Territory;

3) develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using the KEI System and/or the Marks, and award franchises under other concepts for locations anywhere;

4) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. A transaction may include (but is not limited to) arrangements involving competing outlets and brand conversions (to or from the KEI Marks and System. You must participate at your expense in any conversion as may be required by us, as provided in the Franchise Agreement.

This Franchise applies only to the establishment and operation of a KEI Center and to use of the Marks and the System only within the Territory assigned to you (as may be adjusted by us). You must conduct all of the business of your Center from the Premises. You must not conduct any other activities from the Premises other than the operation of your Center without our written consent.

We may choose to offer and/or provide any products and/or any services through the Internet, World Wide Web and/or similar venues, regardless of where the customer is located.

We do not have to pay you if we exercise any of these options.

If a Commercial Account advises us of its dissatisfaction with your performance, then we have the right at any time to require you to discontinue servicing that Account and to service it ourselves or by designating another. If this happens during your Protection Period, we are not obligated to offer you a replacement account.

Relocation

Any relocation requires our written consent, will be at your sole expense, and you (and each Affiliate of yours) will sign a General Release when we grant our consent.

ITEM 13 TRADEMARKS

We grant you the non-exclusive right to use our trade names, trademarks, service marks and logos (the "Marks") to identify your franchise location. The word mark "KEI" was registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") on August 19, 2003 (Registration #2,752,564) by KEI Franchising Corp., and the design logo was registered on Principal Register of the USPTO on September 9, 2003 (Registration #2,761,425) by KEI Franchising Corp. We have filed all required affidavits.

There are currently no effective determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of this or any court; pending infringement, opposition or cancellation; or pending material litigation involving our trademark. There are no agreements currently in effect which significantly limit our rights to use or license the use of these trademarks, service marks, trade names, logotypes or other commercial symbols in any manner material to you. We are not aware of any prior rights or infringing uses that could materially affect your use of the trademark in this state.

Under the Franchise Agreement, you agree to notify us immediately of any apparent or actual infringement of or challenge to your use of the trademark or claim by any person of any rights in the

Marks. You must not communicate with anyone other than us or our counsel regarding any infringement, challenge or claim. We have the sole discretion to take any action we deem appropriate and to exclusively control any litigation or any other proceeding arising out of any infringement, challenge or claim or otherwise relating to the use of the trademark (including the right to direct any settlement of the claims. You must sign any documents, give any assistance, and do any acts that our attorneys believe are necessary or advisable to protect and maintain our interests in any litigation or administrative proceeding.

You should understand that there is always a possibility that there might be one or more businesses, similar to the business covered by the Franchise, operating in or near the area(s) where you may do business, using a name, Marks and/or trade dress similar to ours and with superior rights to these names and/or Marks. We strongly urge you to research this possibility, using telephone directories, local filings and other means, before you pay any money, sign any documents or make any binding commitments. This is especially important because KEI is relatively new to franchise operations. If you do not research the possibility of other trademarks in this business, you may be at risk.

We do not know of any superior prior rights or infringing uses which could materially affect your use of the principal Marks in this state or in any state in which the Franchised Business is to be located.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not have any registered patents or copyrights, nor do we have any pending patent or copyright applications that are material to the franchise. We claim proprietary rights and common law copyrights to certain items, including our Manual, instruction materials, agreements, advertising, promotional materials, and related sales materials. These materials may be used by you only as provided in the Franchise Agreement. From and after the date of the Franchise Agreement, we own the relationship with all past, current and future Commercial Accounts and customers you service, as well as all account/customer lists and all transactional and other information relating to customers, including addresses and telephone numbers. We also own and control all domain names and Uniform Resource Locators ("URLs") relating to any KEI Center. We can use the lists and information in any way we wish.

In general, our proprietary information includes "Confidential Information" (as defined in Article 8 of the Franchise Agreement), some of which is contained in our Manual, and includes, among other things: (1) techniques, policies, procedures, information, systems, and knowledge regarding the development, marketing, operation and franchising of a KEI Center; (2) information regarding and suppliers of, items used and/or offered in the window cleaning business; (3) all information regarding customers, including any statistical and/or financial information and all lists. We disclose to you Confidential Information needed for the operation of a window cleaning franchise, and you may learn additional information during the term of your franchise. We have all rights to the Confidential Information and your only interest in the Confidential Information is the right to use it under your Franchise Agreement.

In the Franchise Agreement, you agree that you will maintain the confidentiality of all the Confidential Information during and after the term of the Franchise Agreement and that you will not use any of the Confidential Information in any other business or in any manner we do not specifically authorize in writing. You also agree to fully and promptly disclose all ideas, techniques and other similar information relating to the franchise business that are conceived or developed by you and/or your employees. We will have an ongoing right to use, and to authorize others to use, these ideas, etc. without compensation or other obligation.

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. Finally, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. No agreement requires us to protect or defend any copyrights or you in connection with any copyrights.

Each of your managers, agents, principals and affiliates must sign and deliver to you an agreement containing substantially the same provisions as described in this Item 14. You will deliver copies to us on request.

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

We strongly recommend on-site management by you. Should you choose to hire employees, you are solely responsible for the hiring and management of your KEI Center employees, for the terms of their employment and for ensuring their compliance with any training or other employment related requirements established by us. You alone will exercise day-to-day control over all components of your franchised business, including over your employees, if any. Under no circumstance will we or be deemed to have any control over any operations, activities or elements of your franchised business.

You and your employees, if any, must wear current KEI career apparel at all times during your business operations. Initial career apparel for one person is currently included in the initial "Equipment Package;" however, subsequent purchases will be at your sole cost and expense.

If you are a Business Entity, we may require each of your owners to guaranty your performance. Our current form of Owners Guaranty is attached as Exhibit 1 of the Franchise Agreement.

All employees you hire or employ will be your employees and your employees only, and will not, be deemed to be our employees or subject to our direct or indirect control, in particular with respect to any required or other insurance coverage, taxes or contributions, or requirements regarding withholdings, or mandated by any governmental authority. You will file all your own tax and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments for your employees (if any). We do not have the power to hire or fire your employees. Our authority under the Franchise Agreement to train you or any manager of yours that you employ does not directly or indirectly confer upon us the power to hire, fire or control any of your personnel. You and you alone will be solely responsible for all hiring and employment decisions and functions relating to your franchised business, including those related to soliciting hiring, firing, training, disciplining, scheduling, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether you have received advice from us on these subjects or not. Any guidance we may give you regarding employment policies should be considered merely examples. You will be responsible for establishing and implementing your own employment practices and policies, and should consult with local legal counsel experienced in employment law before you do so.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must operate your KEI franchise in full compliance with the then-current KEI System and the Manuals. You must comply with all requirements, standards and operating procedures relating to every aspect of your business and its operations at your own expense. We can change our policies, procedures, Manual, suppliers, approved Products and Services, and other System elements at any time.

You must offer for sale and sell only and all those products and services that we authorize or require, and have approved. You may not advertise, offer for sale or sell, any products and/or services that we have not approved. We have the right to change the list of approved items and types of products and services, and there are no limits upon our right to do so. You may not use your KEI franchise business for any purposes other than the operation of a KEI Center, and must purchase, use and offer only the types, brands and/or quality of Designated Products and Services we specify. You may not (without our prior written consent) operate your Center from any location other than the approved site.

The Manuals will contain mandatory and suggested standards, specifications and/or procedures that we develop for KEI Centers and information relating to your other obligations. Any required standards, specifications or procedures exist to protect our interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over your day to day operations.

Under the Franchise Agreement, Commercial Accounts are business arrangements for window cleaning and related services to be performed at specified low rise premises (not greater than two stories, and excluding single family residences). You must not solicit and/or accept requests for Commercial Accounts located outside your Territory. You must service all unsolicited Commercial Accounts in your Territory that request service, unless we grant you our written permission to decline the account. A Commercial Account location is the location of the building being serviced. You may accept unsolicited orders for residential business inside and outside of your Territory, and we and other Centers can accept unsolicited order for residential business located in your Territory. You will be required to abide by any guidelines we set for billing, account servicing, revenues sharing or any other matter relating to a situation in which a customer or prospect has buildings located in two or more different territories.

You may not deal with any Special Accounts identified by us. “Special Accounts” are classes of special customers, which may include national/regional/city-wide accounts, other large businesses, governmental agencies, and/or otherwise, with commercial sites in more than one territory. You are required to comply with any policies and/or procedures we establish for dealing with matters involving Special Accounts and/or situations in which a Commercial Account has buildings located in multiple territories. If a Commercial Account advises us of its dissatisfaction with your performance, then we have the right at any time to require you to discontinue servicing that Account and to service it ourselves or by designating another. If this happens during your Protection Period, we are not obligated to offer you a replacement account.

We may restrict your use of the Internet, World Wide Web, other electronic means of marketing and/or mail order, and/or any other means of distribution of goods and/or services. You will not market or sell through any venue(s) or any channel of distribution other than your Center without our written permission.

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ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document. Note that not all provisions, nor details of provisions, are listed on this table.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	2.1	10 Years, commencing on the date of the Franchise Agreement if we award you a new franchise. If you acquire an existing KEI franchise, we may require that you sign a new franchise agreement for the balance of the term of the existing franchise (unless we decide to offer a full term on a case by case basis).
b. Renewal or extension of the term	15.1	Your rights terminate at the end of the term; however, you may be eligible for a successor franchise (which may differ materially from the current Franchise Agreement) for, a single 5-year period, without any further term.
c. Requirements for you to be eligible for successor franchise.	15.2 – 15.3	You must give advance notice of election to obtain successor franchise; be in Good Standing; you, your location and its operations must comply with all agreements; then-current standards of operations and training; present evidence that you have right to remain in possession of your business for the duration of the successor franchise; pay all amounts due, sign then-current Franchise Agreement, pay any successor fee, sign a general release and any other documents required by us.
d. Termination by you	Not Applicable	Not applicable
e. Termination by us without cause	2.2, 5.1, 5.4	We can cancel the franchise if you do not successfully complete training; if you and we cannot agree on an initial Territory, and if we refund your Initial Franchise Fee (less training fees) because of an insufficient amount of Commercial Accounts; at our option, if you do not accept Initial Accounts that we offer you.
f. Termination by us with cause	13.3, 16	We can terminate if you commit any one of the listed violations.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
g. "Cause" defined – curable defaults	16.2	10-Day Cure: Failure to pay your post office box or voice mail fees in a timely manner; failure to check voice mail within 2 working days; failure to maintain insurance, correct health or safety problems, accurately report any figures including Gross Volume or fail to fully submit other reports; failure to pay amounts due failure to comply with any of the standards and procedures, including any of the dispute resolution provisions of the Franchise Agreement; (failure to operate franchise for more than a 14 consecutive calendar days, but less than 30) without our approval. 30-Day cure-uncured default under any lease or sublease; failure to remain current with obligations to others for the Franchise Business; failure to comply with any other Franchise Agreement requirements, procedures or standards.

PROVISION	**SECTION IN FRANCHISE AGREEMENT**	**SUMMARY**
h. "Cause" defined – non-curable defaults	16.1, 16.3, 16.4	Abandon or fail to operate your Center, or service a minimum of 90% of the Commercial Accounts for thirty (30) or more consecutive calendar days; failure to timely meet the site selection; development, opening and other requirements provided in Section 3.1 of the Franchise Agreement; an unauthorized "transfer" or surrender of control without our prior written approval; fraud by you; any material misrepresentation or omission in your applications for the Franchise, engaging in any misconduct which unfavorably affects the reputation of you or any owner, your Center, us or the goodwill associated with the Marks; bankruptcy, insolvency, assignment for the benefit of creditors, inability to pay debts; receiver appointed; conviction of a felony; unauthorized use or disclosure of confidential information or Marks; violation of non-competition provision; loss of 10% or more of your Commercial Accounts in any 12 consecutive month period; failure to permit or cooperate in any audit or inspection; violation of the non-competition provisions; misrepresentation of amounts owed and other matters; have 2 or more material customer complaints in any 12 month period, whether or not resolved; failure after 90 days correction period to meet/exceed average monthly Commercial Accounts Revenue applicable to your Franchise Plan over 12 months.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
i. Your obligations on termination/non-renewal	8.1, 8.2, 17.1-17.4	Pay all amounts due; stop using and return Intellectual Property; cancel fictitious name registrations, de-identify Premises, yourself, and your business from us; furnish evidence of compliance; return or destroy (at our option) all software, manuals, forms, materials, signage or any other items that identify or relate to a KEI Center; transfer phone numbers/URLs/directory listings; surrender client/customer lists; comply with covenants; furnish evidence of compliance with above; continuing indemnification, confidentiality, dispute resolution and non-compete obligations.; No equity on termination. If you continue to use the Marks after termination, you will owe us the greater of all profits earned by you, or all fees normally payable if Agreement remained in effect throughout the term.
j. Assignment of contract by us	14.1	Fully assignable by us; we can be sold; sell any assets; go public; engage in private placement; merge, acquire or be merged/acquired with competitors or others; refinance; buyout or other transaction. On transfer, we have no continuing obligations.
k. "Transfer" by you - definition	14.2	Includes transfer of any interest of any kind or nature.
l. Our approval of transfer by you	14.2	Transfer subject to our consent, and transfer of interest/assets of business must include franchise.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m. Conditions for our approval of transfer	14.3 – 14.4, 14.6, 17.4	You must be in compliance with the Franchise Agreement, lease/sublease and any other agreements; transferee qualifies and signs Franchise Agreement or is assigned transferor's agreement, at our option; transferee assumes all obligations; all amounts due must be paid in full; all required reports and documents must be in; transferee completes training, and pays then current training fee which shall not be less than Eight Thousand Four Hundred Dollars ($8,400) for Plans A and B and not less than Ten Thousand Eight Hundred Dollars ($10,800); for Plans C and D, you remain liable for franchised business without express release; non-refundable transfer fee paid; general release signed by all; any amount financed subordinated to us and financing only with our consent; post term non-compete; compliance with laws; you comply with confidentiality, indemnification and dispute resolution provisions; we can withhold approval based on circumstances. Additional conditions will apply to a transfer to a wholly owned entity.
n. Our right of first refusal to acquire your business	14.7	We have right of first refusal regarding any proposed transfer, subject to time frames, and excluding those transfers that are to a business entity owned by you. We have right to match offer; to substitute cash for any proposed payment; to exclude value and interests of goodwill, Marks, confidential information, tangible or intangible assets related to KEI brand and System; to customary representations, warranties and agreements on the sale; and existing default must be cured; we retain set off rights for amounts owed us.
o. Our option to purchase your business	14.8	We have an option to purchase your business and/or assets by giving written notice within 120 days after expiration or termination of your agreement. Purchase price formula and terms in Agreement.

Provision	**Section in Franchise Agreement**	**Summary**
p. Your death or disability	14.5	Interest must be transferred to approved third party within 3 months, subject to transfer conditions; we may choose to manage Center in interim.
q. Non-competition covenants during the term of the franchise	8.2	No involvement in Similar Business anywhere; hiring restrictions; additional remedies available to us in the event of breach.
r. Non-competition covenants after the franchise terminates or expires	8.2	No interest in Similar Business for 2 years in your Commercial Accounts area and in the Commercial Accounts area of any Center; no employment or soliciting of ours or a franchisee's personnel; If non-compete restrictions are unenforceable or reduced, we may require you to pay a fee based on a formula.
s. Modification of the agreement	18.8(A)	Modifications must be in writing and signed by all parties; Manuals subject to change by us, and you must comply.
t. Integration/merger clause	18.8(D)and 20	Only the terms of the Disclosure Document and Franchise Agreement, exhibits and riders and the Operating Manual are binding (subject to state law). Any representations outside of the Disclosure Document, the Franchise Agreement, exhibits and riders and the Operating Manual may not be enforceable.
u. Dispute resolution by arbitration	18	Except for a few types of equitable claims, all disputes will be resolved through face-to-face meeting and/or binding arbitration at a neutral location in the county in which our then-current headquarters is located; limited rights of appeal and pre-trial discovery and limitation of types of damages.
v. Choice of forum	18.2(B)	Face-to-face meeting, arbitration and litigation at a neutral location in the county in which our then-current headquarters is located. Federal Arbitration Act pre-empts. Please see the state specific addenda to the Disclosure Document and Franchise Agreements in Exhibit F.
w. Choice of law	Section 18.8(C)	The law of the state where your Center is located applies, but Federal Arbitration Act pre-empts. Please see the state specific addenda to the Disclosure Document and Franchise Agreement in Exhibit F.

ITEM 18 PUBLIC FIGURES

We currently do not use any public figure to promote our franchise, but we reserve the right to do so.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

Other than expressed below, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Donald Black, 36343 W. Cartegna Lane. Maricopa, Arizona 85138, 1-888-878-8837, the Federal Trade Commission, and the appropriate state regulatory agencies.

Under the Franchise Agreement, we will offer you a specified amount of initial business within a specified period of time ("Initial Commercial Accounts"). In order to inform you of the amount of initial business to be offered under a particular franchise package and for purposes of convenience and consistency with business practices in the window cleaning service franchise industry, we describe these franchise packages in terms of average gross monthly dollar volume that is to be offered under the variously-priced franchise packages. In addition, under the Franchise Agreement, we will offer you a replacement account(s) during the 6 months after you sign the Agreement (the Protection Period) if you lose in excess of 20% of the Initial Commercial Accounts (not because of your misconduct or the Account's dissatisfaction with your service), and we believe that your average monthly Commercial Account Revenue will fall short of 80% of the amount provided under your Franchise Plan for the Protection Period. If the average gross monthly Commercial Account Revenue actually earned by you (whether or not collected) during the Protection Period still is less than 80% of the average gross monthly Commercial Account Revenue for your applicable Franchise Plan, and you have paid the full initial franchise fee and have not rejected any replacement Accounts, at our option, we will issue a royalty credit equal to the amount of any deficiency or terminate the Franchise Agreement and refund to you the Initial Franchise Fee paid by you to us, less the then current training fee which shall not be less than Eight Thousand Four Hundred Dollars ($8,400) for Plans A and B, not less than Ten Thousand Eight Hundred Dollars ($10,800); for Plans C and D and not less than Eight Thousand Dollars ($8,000) for Plan E. You would have to provide to us a General Release and comply with the post termination obligations of the Agreement. You would be able to keep any Gross Volume earned by you during the Protection Period.

The average gross monthly dollar volume of the Commercial Accounts you purchase should <u>not</u> be considered as the actual or potential sales, costs, income, or profits you will realize. Additionally, you should note that it also does not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit.

You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

The total gross monthly dollar billings you achieve are affected by many factors in addition to our offer and your acceptance of the Initial Commercial Accounts in accordance with the Franchise Agreement, such as the loss of an account(s). Other factors affecting revenue are the quality and efficiency of your window cleaning services; the degree to which you finance the purchase and operation of the franchise; and business expenses associated with operating your business, many of which are expenses that you control.

OTHER THAN THE INFORMATION CONTAINED IN THIS ITEM 19, WE DO NOT FURNISH OR AUTHORIZE OUR SALESPERSONS TO FURNISH ANY OTHER ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME, OR PROFITS OF A KEI FRANCHISE. ACTUAL RESULTS MAY VARY FROM FRANCHISEE TO FRANCHISEE AND WE CANNOT GUARANTEE, PROJECT, FORECAST, OR ESTIMATE THE RESULTS OF ANY PARTICULAR FRANCHISEE. WE HAVE SPECIFICALLY INSTRUCTED OUR SALESPERSONS, AGENTS, EMPLOYEES AND OFFICERS (AND ALL OTHER PERSONNEL) THAT THEY ARE NOT PERMITTED TO MAKE ANY CLAIMS OR STATEMENTS, WRITTEN OR ORAL, REGARDING PROSPECTS OR CHANCES OF SUCCESS, ACTUAL OR POTENTIAL SALES, COSTS, EARNINGS, INCOME OR PROFITS OF, OR OTHER FINANCIAL MATTERS. If you believe that any promises, representations or agreements are or have been, at any time, made to you that are not expressly set forth in the Franchise Agreement or this Disclosure Document, you must provide a written statement regarding this next to your signature on the Franchise Agreement. If any information or representations that are not expressly set forth in the Franchise Agreement or this Disclosure Document have been provided to you, they are inherently unreliable, they should not be relied on, we will not be bound by them, and, if you do rely on such information, you do so at your own risk.

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ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For Years 2015 to 2017

Outlet Type	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change
Franchised				
	2015	**12**	**11**	**-1**
	2016	**11**	**13**	**+2**
	2017	**13**	**12**	***1**
Company Owned				
	2015	**1**	**2**	**+1**
	2016	**2**	**2**	**0**
	2017	**2**	**2**	**0**
Total Outlets				
	2015	**13**	**13**	**0**
	2016	**13**	**15**	**+2**
	2017	**15**	**12**	**-1**

Table 2
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2015 to 2017

State	Year	Number of Transfers
California		
	2015	**2***
	2016	**0**
	2017	**1****
Total Outlets		
	2015	**2***
	2016	**0**
	2017	**1****

*Patrick Gore sold the Sacramento, California location to Daniel Garcia, who now operates the Sacramento location.
*Martin Smith sold the Elk Grove, California location to Bran Kaylor. Brian White sold the Sacramento location to Dave Burns who operated franchises in Davis, California and Sacramento, California.

**Dave Burns sold the Sacramento location to Joe Deus.

Contact information for these franchisees is listed in Exhibit G.

***Martin Smith sold the Elk Grove, California location to Brian Kaylor. Brian White sold the Sacramento location to Dave Burns who now operates franchises in Davis, California and Sacramento, California. Contact information for both of these franchisees is listed in Exhibit G.

Table 3
Status of Franchised Outlets
For Years 2015 To 2017

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Arizona								
	2015	2	0	0	0	0	1	1
	2016	1	2	0	0	0	0	3
	2017	3	0	0	0	1	0	2
California								
	2015	9***	0	0	0	0	0	9
	2016	9	0	0	0	0	0	9
	2017	9	0	0	0	0	0	1
Oregon								
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Total Outlets								
	2015	12	0	0	0	0	1	11
	2016	11	2	0	0	0	0	13
	2017	13	0	0	0	1	0	12

Table 4
Status of Company-Owned Outlets
For Years 2015 To 2017

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Arizona							
	2015	1	0	1	0	0	2
	2016	2	0	0	0	0	2
	2017	2	0	1*	0	0	2
California							
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
Total Outlets							
	2015	1	0	1	0	0	2
	2016	2	0	0	0	0	2
	2017	2	0	1*	0	0	2

*We acquired KEI #14 and combined another company owned route (#16) with KEI#14.

Table 5

Projected Openings
as of December 31, 2017

STATE	FRANCHISE AGREEMENTS SIGNED BUT UNITS NOT OPENED	PROJECTED FRANCHISED NEW UNITS IN FISCAL YEAR 2018	PROJECTED COMPANY-OWNED UNITS OPENING IN FISCAL YEAR 2018
Arizona	1	1	0
California	0	0	0
Totals	1	1	0

Need name of franchisee if FDD signed. Attached as Exhibit G is a list of names, city and state addresses and current business telephone numbers of all of our current franchisees, as well as the names, city and state addresses and current business telephone numbers, or if unknown, the last home telephone number, of our former franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year, or who have not communicated with us within ten 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.

In some instances, current and former Franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former Franchisees, but be aware that not all of these Franchisees will be able to communicate with you.

We have not created any franchisee organizations, which are informal advisory groups formed to solicit input from franchisees. There are no independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Exhibit B contains the audited financial statements of KEI Franchising Corp. for the periods ending December 31, 2015, December 31, 2016 and December 31, 2017. Our fiscal year end is December 31.

ITEM 22 CONTRACTS

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

Exhibit A Franchise Agreement and Exhibits
Exhibit C Statement of Prospective Franchisee
Exhibit H Receipts for Disclosure Document

ITEM 23 RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear as Exhibit H. Please sign and date one copy and return it to us. Retain the other copy for your records. You should also complete and return the Statement of Prospective Franchisee (Exhibit C) to us before you sign any Franchise Agreement or pay any sums.

EXHIBIT A TO

KEI FRANCHISING CORP

FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT WITH EXHIBITS

KEI FRANCHISING CORP.

FRANCHISE AGREEMENT

____
Franchisee

____
Route Number

____
Address

____
City, State and Zip Code

____
Date of Agreement

TABLE OF CONTENTS

Franchise Agreement Number: ____________

Opening Date Deadline: ____________

Actual Opening Date: ____________

KEI FRANCHISING CORP.
Franchise Agreement

Date of this Agreement: ____________________

Expiration Date: __________________________

Franchisor: KEI Franchising Corp.

Franchisee: ____

Initial Franchise Fee, Training Days & Account Revenue Plans:

____ **Plan A** - Initial Franchise Fee $13,000; $3,000/mo. average Commercial Account Revenue (subject to the terms and conditions of the Franchise Agreement); fourteen (14) Training Days.

____ **Plan B** - Initial Franchise Fee $21,000; $3,000/mo. average Commercial Account Revenue (subject to the terms and conditions of the Franchise Agreement); fourteen (14) Training Days.

____ **Plan C** - Initial Franchise Fee $23,000; $4,000/mo. average Commercial Account Revenue (subject to the terms and conditions of the Franchise Agreement); sixteen (16) Training Days.

_____ **Plan D** – Initial Franchise Fee $31,000; $4,000/mo. average Commercial Account Revenue (subject to the terms and conditions of the Franchise Agreement); sixteen (16) Training Days.

_____ **Pan E** - Initial Franchise Fee $5,200; $2,000/mo. average Commercial Account Revenue (subject to the terms and conditions of the Franchise Agreement); twelve (12) Training Days.

_____ **Pan F** - Initial Franchise Fee $13,200; $2,000/mo. average Commercial Account Revenue (subject to the terms and conditions of the Franchise Agreement); twelve (12) Training Days.

For each Plan the Initial Commercial Accounts are covered up to 80% by a 6 month Protection Period as described in section 5.4 below.

In a number of places in this Franchise Agreement, you're asked to initial certain items to show that they've been fully discussed with you, and read, understood and agreed to by you. Initialing those areas doesn't lessen the importance of other areas or mean they're not fully enforceable. Please initial below and at all other points indicated.

1. INTRODUCTION, DEFINITIONS, AND PRELIMINARY AGREEMENTS.

1.1 Introduction.

A. We've developed methods of operating KEI® Window Cleaning Centers, which provide commercial and residential window cleaning services and related products and services. We refer to these businesses as "KEI® Centers."

B. To simplify this Agreement and make it easier to read and understand, we have defined certain terms used in this Agreement in Section 1.2, below. When you see a capitalized word, or if you don't understand the meaning of a particular pronoun reference, look at Section 1.2 to see whether the term has been defined. Capitalized words that are not defined in Section 1.2 are defined in the section where they first appear.

C. You applied for a franchise to own and operate a KEI® Center and we have approved your application in reliance on the information you gave us.

D. Your KEI® franchise is a licensing arrangement, awarded under specific terms and conditions. You must comply fully with this Agreement and the Manuals in order to use the KEI Marks, System and other Intellectual Property.

E. You agree that it is critical to you, us and each Franchisee for the System to be flexible to respond to commercial opportunities and challenges. An inability to change the System could adversely affect all KEI franchisees. You, therefore, agree and anticipate that we may change the Manual and the System, from time-to-time in our Business Judgment. You agree to comply with the Manuals and the System as we change them.

F. Every detail of your KEI Franchise Business is important — not only to you, but also to us and to all KEI Franchisees — to increase and maintain the value of the Marks and the businesses associated with them. Therefore, during the term of this Agreement, you must at all times develop, maintain and operate your KEI Business in accordance with each KEI System Standard, as modified and supplemented by us from time to time in our Business Judgment.

G. Without your commitment to the System and to fulfill each of the obligations detailed in this Agreement, we would not form this franchise relationship with you.

1.2 Definitions.

"Affiliate" - Any person or entity which controls, is controlled by or is under common control with another person or entity; as to the Franchisee, any owner of any interest in the Franchisee, any employee or agent of the Franchisee, and/or independent contractor performing functions for, or on behalf of, the Franchisee), and any entity controlled by any of the foregoing.

"Agreement" - This Franchise Agreement.

"Attorneys' Fees" - Includes, without limitation, legal fees, whether incurred in preparation of the filing of any written demand or claim, action, hearing, arbitration, or other proceeding to enforce the obligations of this Agreement, or during any such proceeding, plus all costs incurred in connection therewith.

"Brand" - The KEI® brand, as applied to various goods and/or services as authorized by us from time-to-time.

"Business Entity" - Includes a corporation, partnership, joint venture, limited liability company, limited partnership, or other form of business recognized in any jurisdiction. If you are a Business Entity, then we may require each of your owners in our Business Judgment to guaranty your performance. Our current form of Owners Guaranty is attached as Exhibit 1 of this Franchise Agreement.

"Business Judgment" - Means that we are allowed to exercise our judgment however we consider being appropriate in our sole and absolute discretion, without any limitation. You and we agree that when in this Agreement we describe instances in which we may exercise Business Judgment, we must and do have the unrestricted right to make decisions and/or take (or refrain from taking) actions. We have this right even if a particular decision/action may have negative consequences for you, a particular franchisee or group of franchisees. You understand and agree that the exercise of Business Judgment is critical to our role as Franchisor of the System and to our goals for its continuing improvement. This is a defined term for the purposes of this Agreement and is not intended to incorporate principles related to the application of the business judgment rule in a corporate law context.

"<u>Commercial Account(s)</u>" – Business relationship owned by us and established with person(s) authorized to order window cleaning and related services to be performed at specified low rise premises (not greater than two stories, and exclusive of single-family residences).

"<u>Commercial Accounts Area</u>" – identified as the geographic area described on Exhibit 2.2.

"<u>Commercial Accounts Revenue</u>" - all amounts which are, or could be, received or earned by you (and/or any Affiliate) in connections with the delivery of products/services to Commercial Accounts.

"<u>Confidential Information</u>" – Defined in Section 8.1.

"<u>Customary Representations, Warranties and Agreements</u>" - Includes commitments generally made by a transferor in connection with a transfer of a business and/or related assets, including but not limited to: representations as to ownership, condition and title to stock and/or assets, liens and encumbrances relating to the stock and/or assets, validity of contracts, and liabilities, contingent or otherwise, relating to the business/assets/entity to be acquired; full indemnification obligations and non-competition covenants by the transferor and each Affiliate, substantially similar to those required in Sections 7.4 and 8.2 B of this Agreement; the delivery at closing of instruments transferring good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us in our Business Judgment), and demonstrating that all sales, transfer and/or similar taxes are to be paid by the transferor through escrow if we so require; the transfer at closing of all licenses and permits which may be assigned or transferred.

"<u>Designated Equipment</u>" - Equipment that meets our requirements and which you must obtain and use in the operation of your KEI Center.

"<u>Fair Market Value</u>" - A price determined in a manner consistent with reasonable depreciation of any leasehold improvements, as applicable, and the items purchased. Fair Market Value does <u>not</u> include any factor or increment for any goodwill or for the Marks or any trademark, service mark or other commercial symbol used in connection with the operation of your KEI Center. If you and we are unable to agree on the purchase price of any assets, then an independent appraiser selected by you and us will determine Fair Market Value. If you and we are unable to agree on an appraiser, you and we will each select one appraiser, who together will select a third appraiser. The Fair Market Value will be deemed to be the average of the three (3) independent appraisals.

"<u>Franchise</u>" - The right to operate a single KEI Center at the Premises under the terms of this Agreement.

"<u>Franchise Advisory Council" or "FAC</u>" - The advisory group selected (or which may be selected) in accordance with this Agreement, which shall provide Input as provided in this Agreement and as we may request from time to time.

"<u>Franchised Business</u>" - The business operations conducted by, at or in connection with your KEI Center.

"<u>Franchisor-Related Persons/Entities</u>" – KEI Franchising Corp., any Marketing Fund, the FAC and each and all of the following, whether past, current and/or future: each and all company (ies) and/or person(s) acting through, in concert with us and/or any of the foregoing, and/or as Affiliates of ours and/or of any of the foregoing; each and all of the partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees of us and/or any of the foregoing; and each and all of the predecessors, successors and/or assigns of us and/or any of the foregoing.

"General Release" - A general release, in the then-current form prescribed by us at the time such release is to be delivered, of any and all claims, liabilities and/or obligations, of any nature whatsoever, including existing as of, and/or arising before, the date of any such release, however arising, known or unknown, whether against us and/or any or all of the Franchisor-Related Persons/Entities, and whether by you, any owner of you (if you are or become a Business Entity) and/or any Affiliate of any of the foregoing. A copy of our general releasing language as currently used by us (which is subject to change) is attached as Exhibit 1.2 and is approved by you.

"Good Standing" - You are in "Good Standing" if you (and each of your owners and Affiliates) are not in default of any obligation to us and/or any of the Franchisor-Related Persons/Entities, whether arising under this Agreement or any other agreement between you (and each of your owners and Affiliates) and us (and/or any of the Franchisor-Related Persons/Entities), the Manuals or other System requirements (collectively, the "Obligations"); provided that you are not in Good Standing if you have been in default of any Obligations and such defaults are incurable by nature and/or part of a series of repeated defaults as defined in this Agreement.

"Gross Volume" - Gross Volume includes all Commercial and Residential Accounts Revenues, charges and/or other revenues, which are, or could be, received or earned by you (and/or any Affiliate):

A) by, at or in connection with your KEI Center;

B) relating to the kinds of goods or services available now or in the future through a KEI Center and/or distributed in association with the Marks or the KEI System;

C) relating to the operation of any Similar Business;

D) with respect to, any tenants and/or subtenants of yours on the Premises (including rent and other lease payments); and/or

E) with respect to any co-branding activities.

All sales and/or billings, whether collected or not, will be included in Gross Volume, with no deduction for credit card or other charges. Gross Volume does not include sales tax collected and paid when due to the appropriate taxing authority and actual customer refunds, adjustments and credits.

"Immediate Family" - With respect to any person, "immediate family" includes that person's spouse and/or domestic partner and each of their respective parents, guardians, grandparents, siblings, children, grandchildren, aunts, uncles, cousins, nieces and/or nephews.

"Initial Commercial Accounts" - The Commercial Accounts licensed by us to you in meeting our obligations to you during the Protection Period.

"Input" - Advice and suggestions regarding specified matters. When we receive Input from the FAC or any other franchisee group we will retain the ultimate decision-making authority and responsibility for all matters for which Input is sought. FAC (or any other franchisee group) Input, votes or other collective actions will not be binding on us unless we have otherwise agreed in writing. FAC (or any other franchisee group) approval or consent will not be required as a pre-condition to any decision and/or action we may take except in any specific instances stated in this Agreement.

"Intellectual Property" - Includes, regardless of the form or medium involved, i) all KEI Software, including the data and information processed; ii) the Manuals and all other directives, policies or information we issue from time to time; iii) all Customer relationships and information; iv) the Marks; v) all Confidential Information and our trade secrets; and vi) all other proprietary, copyrightable and/or trade secret information and materials developed, acquired, licensed or used by us in our operation of the System.

"Limited Release" - A release by us (in the form prescribed by us at the time such release is to be delivered) of any and all known claims, liabilities and/or obligations, of any nature whatsoever, including those existing as of, and/or arising before, the date of any such release, against you, your affiliates and/or your owners, if you are a Business Entity; except that any such claims will be preserved by us if we disclose them to you in writing.

"Manuals" - Specifications, standards, policies and procedures prescribed by us and published to you in any media (including electronic) and which are to be followed in the operation of your KEI Center as they may be changed or eliminated by us in our Business Judgment.

"Marketing Fund" - The fund which may be established as defined under Section 11.

"Marks" - The trademarks, service marks and other commercial symbols now and/or in the future owned by (or licensed to) us to identify the services and/or products offered by KEI Centers, including (but not limited to) "KEI® ", "KEI Window Cleaning", the Trade Dress and other logos and identifiers designated by us from time-to-time.

"PUA" or "Per Unit Average" - The average Gross Volume for all KEI Centers during the most recent six (6) month period before the measuring date.

"Post Termination Provisions" - Those promises contained in this Agreement that survive its expiration, Transfer, Repurchase, or Termination for any reason, including without limitation the confidentiality, non-competition, indemnification, and dispute resolution and other provisions contained in Articles 18 and 20.

"Premises" - The facility from which you will operate a single KEI Center.

"Products" and "Services" - Goods, products and services designated by us from time-to-time for use, sale or otherwise to be provided (and/or used) at and/or from your KEI Center and/or in association with the Marks.

"Protection Period"- As defined in Section 5.4 of this Agreement.

"Repurchase" - Repurchase includes (but is not limited to) any acquisition by us (and/or any of the Franchisor-Related Persons/Entities) of your rights in and/or to any of the following: i) this Agreement; ii) the Franchise; iii) the ownership of the Franchisee; iv) your KEI Center; or v) any lease or assets associated with any of the foregoing.

"Similar Business" - Any enterprise that offers, is otherwise involved in, or deals with any goods, products and/or services, which are substantially similar to those goods, Products and/or Services now or in the future authorized by us to be offered at or from KEI Centers (including any such enterprise and/or entity awarding franchises or licenses to operate or be involved with any such business). Our receipt of any royalties with respect to any Similar Business is not an approval of your involvement with any Similar Business.

"Special Accounts" - Classes of special customers (which may include national/regional/city-wide accounts, other large businesses, government agencies, and/or otherwise) as designated by us from time-to-time in our Business Judgment with commercial sites in more than one territory.

"System" - The distinctive format and method of doing business developed and used for the operation of a KEI Center, and subject to change by us at any time in our Business Judgment.

"System Standards" - Standards prescribed by us in our Business Judgment from time-to-time, in the Manuals or elsewhere, for the operation, marketing and otherwise of KEI Centers.

"Terminate" or "Termination" - "Terminate" or "Termination" when used in this Agreement means the Termination or cancellation of your rights and our obligations under this Agreement for any reason before the initial term expires. All of our rights are not cancelled on Termination since you have certain obligations that survive the ending of the Agreement in any manner, such as, but not limited to certain promises regarding non-competition, confidentiality and indemnity. Both of us are bound by the dispute resolution provisions (Article 18) of this Agreement, even after the Agreement is ended for any reason.

"Territory" - The geographic area described in Exhibit 2.2.

"Trade Dress" - The KEI Center design and image authorized by us and subject to change by us at any time and in our Business Judgment.

"Transfer" - Defined in Section 14.2.

"Us," "We," "Our" or "Franchisor" – KEI Franchising Corp., a California corporation.

"KEI Center" - The KEI Center you are franchised to operate by this Agreement.

"You," "Your," or "Franchisee" - The parties signing this Agreement as Franchisee. (If there is more than one Franchisee, each is jointly and severally obligated under this Agreement and all other agreements with us and/ or Franchisor-Related Persons/Entities). The term "you" is applicable to one or more persons or a Business Entity, as the case may be.

2. AWARD OF FRANCHISE.

2.1 Award of Franchise; Term, Your Basic Commitment.

A. We're pleased to award you a franchise to operate a single KEI Center from a single location to be approved by us, and to use the Marks and the KEI® System in the operation of that KEI Center. If this Agreement is awarded in connection with a new franchise, the franchise is awarded for a term of ten (10) years, commencing on the date of this Agreement.

B. If this Agreement is awarded in connection with your acquisition of an existing franchised KEI Center, then the term of this Agreement will, at our option, either:

1) end on the expiration date of the franchise agreement granted to the party from whom you acquired the franchise; or
2) be for the term provided in Section 2.1 A.

The Expiration Date is noted on the first page of this Agreement.

C. If this Agreement is awarded in connection with the grant of a successor franchise, then the term of this Agreement will be governed by the successor provisions of the franchise agreement under which you operated during the initial term (which is now expired). The Expiration Date is noted on the first page of this Agreement.

D. The Franchise awarded to you by this Agreement is to operate the KEI® Center and to use the Marks and the System only for purposes of conducting a business in a Territory in the Commercial Accounts Area in accordance with the provisions of this Agreement, the Manuals and other communications from us. You must not conduct the business of the KEI Center, use the Marks and/or distribute the Products/Services from any location other than the Premises, or for any purpose other than as approved by us in writing. You must not conduct any activities from the Premises other than the operation of your KEI® Center without our prior written consent. You will not engage in any other business or activity that may conflict with your obligations under this Agreement or reduce the Gross Volume of your KEI® Center.

2.2 Scope of Franchise Award, Our Retained Rights in the Territory, etc.

A. You and we have agreed on a Commercial Accounts Area, which is identified on the attached Exhibit 2.2. You and we have selected this area to be the one in which your Territory will be established.

B. Subject to our rights and your obligations as set forth throughout this Agreement, we will not enter into a Franchise Agreement for a Kei Center, or open a Franchisor-owned Kei Center, servicing Commercial Accounts in your then-existing Territory. You understand and agree that we may adjust the boundaries of the Territory from time to time in our Business Judgment, provided that any adjusted Territory will remain within the Commercial Accounts Area and both parties agree to the Territory adjustment. We will provide you with at least thirty (30) days advance written notice of such an adjustment. If any such Territory adjustment results in a loss of Commercial Account(s) to you, and if we do not secure for you by the effective date of such adjustment replacement Commercial Account(s) representing equal or greater revenues, then we will give to you a credit against royalties owed (or to be owed) to us under this Agreement. The amount of the credit will be equal to the revenues that you would have received from the lost Commercial Account(s) within the 90 day period following the effective date of the adjustment, less any revenues to be received by you over such period from replacement Commercial Accounts.

C. You must solicit and accept services requests/orders only from prospects and Commercial Accounts located in the Territory (unless approved otherwise by us in writing). You must service all unsolicited Commercial Accounts in your Territory that request service, unless we grant you our written permission to decline the account. However, nothing in this Agreement prohibits you from accepting unsolicited orders for Residential Business for customers' residences outside of the Territory, even if such residence(s) is/are located in another Kei Center franchisee's territory. Similarly, we and other Kei Center franchisees can accept unsolicited orders for Residential Business for homes located inside your Territory, without any liability to you. A Commercial Account is 'located in the Territory' if the building being serviced is located within the Territory. You agree to abide by any guidelines that we may establish for billing, account servicing, revenues sharing or any other matter in which a customer/prospect has buildings located in two or more different Territories.

D. Your and our rights in a Territory are exactly (and only) as expressly set forth in this Section 2.2, and you and we have expressly bargained for such rights. Except for rights with respect to Commercial Accounts within the Territory you have no right to exclude, control or impose conditions on the location of present or future Kei Centers (or any other brand) units or distribution channels of any type, franchised or Franchisor-owned, regardless of their location or proximity to the Territory and/or the customers that they service. The Franchise does not grant you any rights with respect to other and/or related businesses, products and/or services, in which we or any Franchisor Related Persons/Entities may be involved, now or in the future.

E. We and Franchisor-Related Persons/Entities expressly reserve all other rights, including among them the rights to:

1) own and/or operate ourselves, and/or authorize others to own and/or operate any kind of business inside or outside of the Territory, except for a KEI Center servicing Commercial Accounts in the then current Territory, whether or not using the KEI Marks and System;

2) sell KEI brand (or any other brand) products and services (whether or not competitive) using any channel of distribution other than a KEI Center servicing Commercial Accounts in the Territory;

3) develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using the KEI System and/or the Marks, and award franchises under such other concepts for locations anywhere; and

4) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units and/or customers/accounts located anywhere. Such transactions may include (but are not limited to) arrangements involving competing outlets/services and brand conversions (to or from the KEI Marks and System). Such transactions are expressly permitted under this Agreement, and you agree to participate at your expense in any such conversion as instructed by us.

2.3 E-Commerce Business and Special Accounts - Current Policies.

A. You agree to comply with any policies/procedures/requirements that we may establish regarding your use (if any) of the Internet, World Wide Web, and other electronic or other means of marketing and distribution of goods and/or services. You will not market or sell through such venue(s) or any channel of distribution other than your KEI Center without our written permission, which we can grant, condition or deny in our Business Judgment.

B. You agree not to deal with Special Account(s), as defined in Section 1.2, above, as we may identify from time to time. We may choose to service such accounts directly, or through a designee. Additionally, you understand that there may be instances in which you or another KEI Center may have Commercial Accounts with buildings to service that are located in multiple territories. You agree that you will comply with any policies and procedures established by us in connection with such situations, including any revenue sharing arrangements and/or documentation/reporting requirements we may choose in our Business Judgment to offer/provide Products and/or Services through the Internet, World Wide Web and/or other similar venues (no matter where the Customer is located).

3. DEVELOPMENT AND OPENING OF YOUR KEI CENTER.

3.1 Site Selection.

A. You must have a site for your Center's operations that is acceptable to us and do everything necessary for your KEI Center to open for business by the Opening Date Deadline described on the first page of this Agreement. You must not operate a KEI Center, use any of the Marks from or at any location, or make any commitments about an operations site until you have our written acceptance. We won't unreasonably withhold our acceptance. Our current policy is not to require that you open a separate office for the KEI Center, and to permit your operations site to be at your residence. We may change or eliminate this policy at any time. If you open an office outside of your residence for your KEI Center, then the site must be located in the then current Territory. You must advise us in writing of the location of your business records and make them available for our inspection and copying in accordance with this Agreement. Acceptance by us of any location is not a recommendation, approval or endorsement of such site. We make no representations or warranties as to the success of any site or as to any other matter of any kind relating to the site.

B. If you do not begin your business operations by the Opening Date, then we may send you a notice of our election to Terminate this Agreement, which will be effective not sooner than thirty (30) days after your receipt of the notice.

C. All matters related in any way to your site are your sole responsibility, regardless of any assistance we may choose to provide. You are responsible for ensuring its compliance with local law. Neither we, nor any Franchisor-Related Persons/Entity, nor any other person or company associated with us will have any liability for any site-related matter. You agree not to make any claims against us and/or any of the Franchisor-related Persons/Entities with regard to such matters.

3.2 Lease of Premises.

A. If you choose to not maintain your office in your home, then you agree to submit any lease and all site-related documents to us for our review prior to their execution by you. You shall use commercially reasonable efforts to arrange for the inclusion of provisions in Lease Addendum or other appropriate site-related documents which:

1) Permit you to operate your KEI Center in accordance this Agreement and the Manuals;

2) Provide that the Premises will be used only for the operation of a KEI Center;

3) Require the lessor to concurrently provide us with a copy of any written notices (whether of default or otherwise) to you under the lease and give us the right to cure any default if we so choose.

4) Provide us with a right to take assignment and possession of your KEI Center, without the lessor's consent or any additional consideration. If we exercise this right, we will not have any liability for any obligations incurred prior to our occupancy. You agree to take whatever actions are necessary to accomplish such assignment.

5) Provide that the lessor give us the right to enter the premises during normal business hours for purposes of inspection, to take steps to protect the Marks and Trade Dress and/or prevent/cure any default.

You won't execute a lease or sublease, or any modification or amendment, without our prior written consent, which we may grant, condition or withhold in our Business Judgment. You'll deliver a copy of the signed lease or sublease to us within five (5) days after it's signed.

3.3 KEI Center Design Standards. You agree to comply with any standards, specifications and other requirements (the "KEI Center Standards") that we furnish you for design, decoration, layout, equipment, furniture, fixtures, signs and other items for your KEI Center. Any changes from plans provided by us must be submitted to us for our consent, which may be provided in our Business Judgment.

3.4 Equipment, Furniture, Fixtures and Signs. You'll use only Designated Equipment and suppliers approved by us in the development and operation of your KEI Center as we may require. We and/or our Affiliates may be such approved suppliers.

3.5 Relocation of KEI Center Premises. Any relocation requires our written consent, will be at your sole expense and will require that you (and each Affiliate and owner of yours) sign a General Release.

4. COMPUTER HARDWARE AND SOFTWARE SYSTEMS.

A. You must purchase, use, maintain and update at your expense the software, computer and other systems (including point-of-sale and back-office systems) meeting our specifications, as we may modify them. If required by us, you agree to maintain your systems on-line to allow us access to system data and information. You agree to comply with our then-current Terms of Use and Privacy Policies and any other requirements regarding all computer and other systems, including Internet usage. Supplier and/or licensor charges for use, maintenance, support and/or updates of and to the required systems are payable by you upon receipt.

B. You are solely responsible for protecting your KEI Center from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures or attacks. Neither we nor any of the Franchisor-Related Persons/Entities will have any liability and/or obligation (and neither you, nor any Affiliate of yours, will make any claims) about any failures, errors or any other occurrences relating to any computer or system hardware or software without an express written warranty from us, even if recommended or specified by us.

C. You must comply with all regulations and laws relating to privacy and data protection and must comply with any data protection or privacy policies we may establish from time to time. You must notify us immediately of any suspected data breach at or in connection with your Kei Center.

5. TRAINING AND GUIDANCE; LICENSE OF COMMERCIAL ACCOUNTS TO YOU

5.1 Training.

A. You must complete our initial training program. The Initial Franchise Fee covers an initial training program for you. We strongly encourage you to operate and manage the Franchised Business on a full time basis. Any manager that you employ must also complete our initial training program. We may charge a reasonable fee for training of additional and/or subsequent managers, which is currently $600/day. We can choose to eliminate or shorten training for persons previously trained or with comparable experience.

B. The initial training period applicable to your Franchise Plan is noted on the first page of this Agreement. The initial training program will be at such time and place as we consider appropriate in our Business Judgment, and Training Days may not be consecutive. For purposes of this Agreement, a "Training Day" is a period of either four or six (not necessarily consecutive) training hours, depending on the Plan you choose. You'll be responsible for all travel, living, incidental and other expenses for you and any of your personnel attending the initial training program and any other voluntary or mandatory training programs, seminars or meetings, unless otherwise agreed to by us in writing. We may charge a reasonable fee for any additional training programs.

C. If we, in our Business Judgment, determine that you have not successfully completed (or are not making satisfactory progress in) your initial training, we may elect to Terminate this Agreement and, refund to you the initial franchise fee, less $600.00 for each Training Day already completed prior to such Termination to cover our sales, training and other expenses, and the $10,000 deposit paid on signing of this Agreement (for Plans A, B, C and D, and $5,200 for Plans E and F). As a condition to such a refund, you and your Affiliates must return the Manuals and sign a General Release and a document acceptable to us that preserves the Post Termination Provisions of this Agreement.

D. You (and your manager, if any) must attend additional and/or refresher-training programs, including franchise network conferences, conventions and meetings, as we may reasonably require to correct, improve and/or enhance your operations, the System and its members.

5.2 Guidance and Assistance. We will provide guidance in the operation of your KEI Center. This guidance can be furnished in whatever manner we consider appropriate in our Business Judgment, including electronically, in writing or telephonically, through training programs and/or on site consultations, among other methods. We will provide at your request on-site consultations at your KEI Center, based on notice, availability of personnel and your payment of reasonable travel, food, incidental and lodging expenses. We may choose to charge a consulting fee. If we believe in our Business Judgment that your operations warrant it, we can require that a manager or other person designated by us (and compensated by you) be placed in your KEI Center to supervise its day-to-day operations until operations meet System standards. Any training we provide to any of your employees will be limited to training or guiding the employee regarding the delivery of approved services to customers in a manner that reflects the customer service standards of the System. You are, and will remain the sole employer of anyone you employ (if any) during all training programs and you are solely responsible for all employment decisions and actions related to your employees. You must insure that any employee you hire receives adequate training.

5.3 Manuals. During the term of the Franchise, we will loan you (or allow you electronic or other access to) one copy of the Manuals. You will continuously comply, at your sole expense, with all provisions of, and additions/deletions/changes to, the Manuals. Any such additions/deletions/changes will take precedence over all prior communications. Mandatory specifications, standards and operating procedures prescribed from time-to-time by us in the Manuals, or otherwise communicated to you electronically or otherwise, are a part of this Agreement. In the event of a dispute, the master Manuals maintained at our office will control. The Manuals will contain mandatory and suggested standards, specifications and/or procedures that we develop for KEI Centers and information relating to your other obligations. Any required standards, specifications or procedures exist to protect our interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over your day to day operations.

5.4 Initial Commercial Accounts; Protection Period.

A. If this Franchise Agreement is awarded in connection with a new Franchise (**and not a successor or transfer franchise**), we will offer you the opportunity to service one or more Commercial Accounts representing (collectively) projected average monthly gross Commercial Account Revenue applicable to the selected Franchise Plan, as noted on the first page of this Agreement. Once you have begun selling Products and Services to your Commercial Accounts in your agreed upon Territory, we will have satisfied our obligation and met the condition to your payment of the balance of the Initial Franchise Fee owed, as provided in Section 9.1 A. 2, below. If you do not accept the accounts that we offer to you (collectively, the "Initial Commercial Accounts"), then we may Terminate this Agreement in accordance with its terms and all Post Termination Obligations under this Agreement will apply. If you lose in excess of 20% of the Initial Commercial Accounts within the 6-month period following the later of your Actual Opening Date and your Scheduled Opening Date Deadline (the "Protection Period"), then we will offer you a replacement account if:

- i) we determine that the loss of such Account(s) is likely to result in a shortfall in excess of 20% of the average monthly Commercial Account Revenues over the Protection Period for the applicable Franchise Plan; and
- ii) the loss of such Account(s) is not the result of your misconduct or an Account's stated dissatisfaction with your performance.

We satisfy this 6 month Protection Period obligation upon the offer of such a replacement Account, regardless of whether or not it is accepted by you,

If:

- i) the average gross monthly Commercial Account Revenue actually earned by you (whether or not collected) during the Protection Period is less than 80% of the average gross monthly Commercial Account Revenue for the applicable Franchise Plan; and
- ii) you have paid the full initial franchise fee; and
- iii) you have not rejected any replacement Accounts properly offered by us to you,

Then: At our sole option,

i) a royalty credit will be issued to the extent of such deficiency. Such credit may be applied to any outstanding obligations owed (or to be owed) by you to us and/or any Affiliate of ours; or

ii) we may elect to Terminate the Franchise Agreement and refund to you the Initial Franchise Fee paid by you to us, less the then current training fee for such program, which shall not be less than Eight Thousand Four Hundred Dollars ($8,400) for Plans A and B, not less than Ten Thousand Eight Hundred Dollars ($10,800); for Plans C and D and not less than Eight Thousand Dollars ($8,000) for Plan E, and you will provide to us a General Release, comply with the Post Termination Obligations of this Agreement and retain any Gross Volume earned by you during the Protection Period.

B. If a Commercial Account advises us of its dissatisfaction with your performance, then we have the right at any time to require you to discontinue servicing such Account, and you agree that either we or a designee can service such Account. If such an event occurs during the Protection Period, we are not obligated to offer you a replacement Account. Our acquisition of an Account under this Section does not interfere with our ability to exercise any other rights or remedies that may be available to us under this Agreement or at law.

5.5 Responsibilities after Protection Period; Additional Commercial Accounts.

A. You understand and agree that after the Protection Period expires we have no further obligations of any kind in connection with your Commercial Account Revenues, the maintenance of your Commercial Accounts, Commercial Accounts marketing, or any other Accounts matters. We reserve the right to require you to provide evidence of the establishment of a Commercial Account by a writing in a form approved by us, and you agree to use any such form(s) in the operation of your Franchise Business.

B. We will use reasonable efforts to be available, if requested by you and with reasonable advance notice, to provide additional Commercial Accounts sales/marketing services. Such services shall be provided for a fee established by us and subject to adjustment in our Business Judgment. As of the effective date of this Agreement, our fee for such services is $500.00 per day, regardless of the number of Commercial Accounts obtained, if any. Such fee is exclusive of any travel, lodging, meals and other reasonable expenses incurred by us in providing such services to you in your Territory, which expenses are payable by you. We may require as a condition to the providing of such services that you sign a General Release.

6. MARKS.

6.1 Goodwill and Ownership of Marks. You have a non-exclusive right to use the Marks and only as expressly authorized by us under this Agreement. We have all rights in and to the Marks. All goodwill belongs exclusively to us, and you will not obtain any goodwill in the Marks as a result of this Agreement, your operation of the Franchise or for any other reason. Any unauthorized use of the Marks is a breach of this Agreement and an infringement of our proprietary rights. You agree that if you breach any obligation regarding the Marks, we would have no adequate remedy at law and that we will be entitled to equitable relief. You won't oppose, or engage in any acts or omissions inconsistent with, our rights in and to the Marks. This Agreement applies to all trademarks, service marks and other commercial symbols that we may authorize you to use throughout its term.

6.2 Limitations and Use of Marks. You will use the Marks as the sole identification for your KEI Center. You will not use any Mark, or modified version or derivative of a Mark, as part of any business or trade name. Prior to adoption and/or use, any proposed corporate and/or trade name must be approved by us in our Business Judgment. You'll give such trademark and other notices (including notices of independent ownership) as we direct and will, at your expense, obtain fictitious or assumed name registrations as may be required under law. You will display the Marks as required by us and will not use the Marks so as to negatively affect their goodwill. You won't use any Mark in connection with the performance or sale of any unauthorized services or products or at any location or in any other manner not expressly authorized in writing by us.

6.3 **Notification of Infringements and Claims.** You'll take such actions as we consider important in our Business Judgment to protect the Marks. You will not take any action that jeopardizes our interests in, or the validity or enforceability of, the Marks. You agree to immediately notify us of any apparent or actual infringement of, or of any challenge to your use of, the Marks. You will not communicate with any third party with respect to such a claim. We will take such action as we deem appropriate in our Business Judgment. As owner of the Marks, we have the exclusive right to control any settlement, litigation or proceeding arising out of or related to any such matters.

6.4 **Discontinuance of Use of Marks.** You agree to comply at your expense with any directions from us to discontinue, modify, substitute or add Marks. We cannot and do not make any guaranty that a modification, discontinuance or otherwise may not be required for any reason. In such event, we will have no liability or obligation to you and have no obligation to indemnify you. You agree to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding the Marks. There is always a possibility that there might be one or more businesses using a name and/or marks similar to ours and with superior rights. We urge you to research this possibility, using telephone directories, local filings and other means, prior to signing any documents or making any payments or commitments.

7. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.

7.1 **Independent Contractor.** You will always identify yourself to all persons and in all dealings of your KEI Center as an independent owner under a KEI franchise, clearly indicating that your Franchise Business is separate and distinct from our business. You will include notices of independent ownership on such forms, business cards, stationery, advertising, signs and other materials, as we require from time-to-time. Subject to the requirements of this Agreement and the Manuals, you'll have complete operational control of your business, including the right to hire and fire each employee.

7.2 **No Liability for Acts of Other Party.** You will not represent that your and our relationship is other than that of independent Franchisor and Franchisee. Neither you nor we will have any liability under any acts, omissions, agreements or representations made by the other that are not expressly authorized in writing.

7.3 **Taxes.** Payment of all taxes related to your Franchised Business is your sole responsibility. We have no liability for any taxes on the sales made and/or business conducted by you (except for any taxes we are required by law to collect from you with respect to purchases from us.)

7.4 **Responsibility, Indemnity, etc.**

A. You will indemnify and hold us and all of the Franchisor-Related Persons/Entities harmless from all fines and expenses, suits, proceedings, claims, demands, actions, investigation, or inquiry (formal or informal) or any settlement thereof (whether or not a formal proceeding has been instituted) losses, damages, property damage of any kind whatsoever, including but not limited to, broken, defaced or scratched windows, costs, fees (including attorney's fees and related expenses) and/or any other liability of any kind or nature, however arising, growing out of or otherwise connected with and/or related to any act, error and/or omission of yours (including, but not limited to, your ownership and/or management of your KEI Center; and/or any transfer of any interest in this Agreement or your KEI Center; and/or any personal injury/property damage occurring in connection with your Franchise Business, or your or your employees' actions or inaction, including but not limited to injury to customers and/or their invitees). We'll have the right to control all litigation, and defend and/or settle any claim, against and/or including us and/or the Franchisor-Related Persons/Entities, or affecting our, and/or their, interests, in such manner as we deem appropriate in our Business Judgment, without affecting our rights under this indemnity.

B. Any goods and/or services provided by us, the Franchisor-Related Persons/Entities and/or any “approved” person/company/referral are provided <u>without any warranties</u>, express or implied, **THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE BEING EXPRESSLY DISCLAIMED,** absent a specific written warranty expressly provided in connection with a particular item or service.

C. You understand and agree that the Services to be provided by you under this Agreement necessarily involve physical labor and a variety of risks, including but not limited to those relating to use of cleaning solutions, use of ladders, driving service vehicles, repetitive physical motions, and others. You are solely responsible for your own safety and for taking appropriate safety measures with respect to your employees and customers and agree to make no claim against us in connection therewith.

7.5 <u>Disclosure</u>. You permit us to disclose, in Disclosure Documents required by law and other places, any information relating to your KEI Center, including your name, any address and/or phone number(s), revenues, expenses, results of operations and/or other information. Any disclosure by us shall be for reasonable business purposes.

8. <u>CONFIDENTIAL INFORMATION; EXCLUSIVE RELATIONSHIP</u>.

8.1 <u>Confidential Information - Non-Disclosure, Non-Use and Non Disparagement</u>.

A. “Confidential Information” includes all information relating to the operation of a KEI Center or the System, including, among other things, all current and future: i) Manuals, training, techniques, processes, policies, procedures, systems, data and know how regarding the development, marketing, operation and franchising of KEI Centers; ii) specifications and information about Products and Services and iii) all information regarding customers and suppliers, including any statistical and/or financial information and all lists. Specifically, and without limitation, we own and control all domain names and URLs (“Uniform Resource Locator”) relating to any and all KEI Centers, all Commercial Accounts, as well as all information, lists and data related to past, present and future Commercial Accounts/customers of your KEI Center. Your only interest in any of this Confidential Information is the right to use it pursuant to this Agreement. You have the burden of proof in any dispute between you and us involving the proprietary or confidential nature of any information.

B. Both during and after the term of this Agreement, you agree i) to use the Confidential Information only for the operation of your KEI Center under a KEI Franchise Agreement; ii) to maintain the confidentiality of the Confidential Information; iii) not to make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; and iv) to implement all prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information.

C. You agree to disclose to us all ideas, techniques, methods and processes relating to a KEI Center which are conceived or developed by you and/or your employees. We shall have the perpetual right to use, and to authorize others to use, such ideas, etc., without payment to you.

D. At no time during or after the term of this Agreement will you make any public postings on the internet about the Franchise System, the Franchisor or any Franchisee or any person employed or hired by the Franchisor which shall disparage, defame, denigrate or criticize any of such persons or entities. “Postings” shall include any email discussion or posting on any social media, including but limited to, any blog site, facebook, linked in or twitter.

E. You'll cause each of your employees, agents, principals and Affiliates to sign a form of confidentiality agreement containing substantially the same provisions as are set forth in this Section. You will provide us copies of the same upon request.

8.2 Exclusive Relationship, Restrictions on Similar Businesses During Franchise Term and After Transfer, Termination, Expiration, Repurchase, etc.

A) In Term Restrictions: During the term of this Agreement and any successor franchise, neither you, nor any Affiliate of yours, nor any shareholder, member or partner of yours (if you are or become a business entity), nor any Immediate Family member of any of the foregoing, will:

1) have any direct or indirect interest anywhere in any Similar Business, or in any entity awarding franchises or licenses or establishing joint ventures or other business enterprises for the operation of Similar Businesses; or
2) perform any services anywhere as an employee, agent, representative or in any capacity of any kind for any Similar Business, or for any entity awarding franchises or licenses or establishing joint ventures to operate Similar Businesses; or
3) employ or try to employ any employee of ours, of a Franchisor-Related Person/Entity or of any other KEI franchisee, without providing notice to the respective employer and obtaining their prior written consent. If you violate Section 8.2 A.3 during or after the term of this Agreement, then our remedies will include (but not be limited to) payment to us by you of $5,000, such amount having been mutually agreed on by you and us in view of the extreme difficulty in accurately determining the damages suffered as a result of such breach.

B. Post Term Restrictions: For two (2) years after the later of the following terminating events: i) any transfer, Repurchase and/or Termination of this Agreement; ii) the expiration of this Agreement (if a successor franchise or renewal term is not granted); and/or iii) the date on which you stop operating your final KEI Center or using the Marks and/or System, all of the persons and entities named in such Section 8.2, A, above:

1) shall not accept or solicit any person, firm or company that has been a KEI Customer/Commercial Account during the period twelve months prior to termination, nor try to divert any such Customers from any KEI Center or KEI enterprise of any kind (including any operations owned by any Franchisor-Related Persons/Entity); and

2) shall be subject to all of the restrictions stated in Section 8.2 A, above, with respect to Similar Businesses located, and/or services to be performed, in your Commercial Accounts Area and in the Commercial Accounts Area of any KEI Center. For a Center owned by us or an Affiliate,"Commercial Accounts Area" is defined as the zip code areas in which our customers are (or have been) located in the twelve (12) months prior to the Termination or expiration of the Franchise Agreement. However, the two (2) year period following such terminating event shall be extended for an additional one (1) year if, during the first two years a KEI Center is established and operating in a portion of your former KEI Center Commercial Accounts Area. You and we intend to provide any such newly established KEI Center a reasonable period of time in which to launch its operations in a new market without unfairly being competitively disadvantaged by having a party familiar with and experienced in the KEI System operating in the same Market Area.

3) You are responsible for learning whether or not a particular location is within a KEI Center Commercial Accounts Area by providing us a written request for such information. Any and all determinations that we make regarding the Marketing Area will be final and binding on you.

4) You and we have expressly bargained and agreed that it is your obligation under

this Agreement to ensure the compliance of each of the persons identified in Section 8.2 A., with the restrictions described in this Section 8.2. The foregoing notwithstanding, we shall use reasonable judgment in evaluating whether or not the conduct of an Immediate Family member warrants our exercising any rights under this provision, considering your actual relationship to such member and his/her activities, among other factors. The restrictions of this Section do not apply to the ownership of shares of a Similar Business (of a class of securities listed on a stock exchange or traded on the over-the-counter market) which represent less than three percent (3%) of the number of shares of that class issued and outstanding.

5) You and we share a mutual interest in ensuring compliance with the limitations on competition described in this Section 8.2. A KEI franchisee's non-compliance with these restrictions would damage you, us and other KEI Franchisees and unfairly limit reasonable expansion alternatives open to KEI system members and us. You acknowledge and agree that such protections can enhance the value of the KEI System to you as a franchisee, represent a reasonable balancing of your and our respective interests and have been expressly bargained for. You confirm that you possess valuable skills unrelated to the franchised business and have the ability to be self-supporting and employed regardless of the competitive restrictions described in this Section 8.2.

6) If you violate any of the foregoing restrictions, our remedies will include (but not be limited to) the right to obtain equitable relief and to receive all profits generated in connection with the operation of any Similar Business until the date you cease to violate such restrictions. All competitive restrictions will be extended for the length of time that any breach of the Post Termination Obligations is ongoing. If any of the restrictions of this Section are determined to be unenforceable to an extent because of excessive duration, geographic scope, business coverage or otherwise, they will be reduced to the level that provides the greatest protection to us and the KEI System, but which is still enforceable, notwithstanding any choice-of-law or other provisions in this Agreement to the contrary.

7) If the above restrictions of this Section are wholly unenforceable then we may choose to have you pay a fee of one-half (1/2) of the royalties which would be payable if the competing activity was conducted on behalf of a franchised KEI Center for two years after the terminating event. You and we have selected this fee because of the difficulty of predicting actual damages, among other reasons.

9. <u>FEES</u>.

9.1 <u>Initial Franchise Fee, Releases, etc</u>.

A. An Initial Franchise Fee applicable to the selected Franchise Plan as identified on the first page of this Agreement is payable to us in the following manner:

1) For Plans A, B, C and D: a Ten Thousand Dollars ($10,000) deposit payable upon signing of the Franchise Agreement. .

2) For Plans E and F, Five Thousand Two Hundred Dollars ($5,200) deposit payable upon signing of the Franchise Agreement. These fees are entirely nonrefundable

3) The balance of the Initial Franchise Fee applicable to the selected Franchise Plan is fully earned and payable to us on the first day you begin selling Products and Services to your Commercial Accounts in your agreed upon Territory. The fee is entirely nonrefundable, with the limited exceptions noted elsewhere in this Agreement.

B. If you and we have, or have had, a franchise relationship before entering into this Agreement, the language of the General Release attached as Exhibit 1.2 is incorporated in and effective upon the signing of this Agreement, excepting only those claims solely related to the offer and sale of this Franchise, where such releases are expressly prohibited by applicable law.

C. We can condition the award of another franchise on the execution of a General Release by you and/or any Affiliate/owner of yours, excepting only those claims solely related to the offer and sale of the additional franchise, where such releases are expressly prohibited by applicable law.

9.2 Royalty - Amounts and Payment Dates.

A. The Royalty due during the training period is waived and then if you select Plans A, C and E, you shall pay us a Royalty Fee of $425 per month. If you select Plans B, D or F, your Royalty Fee is $300 per month. Royalty Fees are to be paid by the 5th day after each royalty period. Royalty Fee payments are due commencing with the royalty period in which your Actual Opening Date occurs or the Opening Date Deadline, whichever is earlier. The current royalty period is a calendar month, but we may change the time period in our Business Judgment. We may elect to put you on notice of our intent to Terminate this Franchise Agreement if your average monthly Commercial Account Revenue for any consecutive 12-month period is less than the average monthly Commercial Account Revenue provided in your initial Account Revenue Plan (as described on page 1 of this Agreement) by twenty percent (20%) or more. You will have ninety (90) days in which to improve Gross Volume so that at the expiration of the 90-day period the average monthly Commercial Account Revenue for the most recent 12 consecutive month period meets or exceeds the monthly average for your Account Revenue Plan. If you select Plans A, C or E, you may reduce your Royalty Fee payments from $425 to $300 per month by making a one-time lump sum payment to us of $8,000. After 10 years, Royalty fees for all plans will be reduced to $300 per month. Under all plans, you do not have to pay any Royalty Fees in the first month after signing the Franchise Agreement (the training month).

B. We can require that various Products and/or Services only be supplied by us, a Franchisor-Related Person/Entity and/or a designee of ours. You understand that we and/or our Franchisor-Related Person/Entity may derive additional revenues as a result of your purchases of such Products/Services.

9.3 Time of Payment; Electronic Funds Transfer. You must participate in our then-current electronic funds transfer and reporting program(s). All royalties owed and any other amounts designated by us must be received or credited to our account by pre-authorized bank debit by end of business on the 5th day after a royalty period. Any non-payment or late payment of the actual amount due is a breach of this Agreement.

9.4 Interest and Late Fees on Late Payments and/or Reports. All amounts you owe us and/or our Affiliates bear interest at the highest applicable legal rate for open account business credit, but not to exceed one and one-half percent (1.5%) per month. Additionally, we may require you to pay an administrative late fee of One Hundred Dollars ($100.00) for each late report and/or late payment. The foregoing amount is subject to inflation adjustment under Section 9.6, but will not exceed any applicable legal restrictions. If we experience repeated late payments by you, then we may require you to pay all amounts to be owed by cashier's check.

9.5 Application of Payments, Set-Offs etc. As to you and/or any Affiliate of yours, we can:

A) apply any payments received to any past due, current, future or other indebtedness of any kind in our Business Judgment, no matter how payment is designated by you, except that Marketing Fund contributions may only be credited to the Marketing Fund if we choose to establish one;

B) set off, from any amounts that may be owed by us, any amount owed to us or any Marketing Fund; and

C) retain any amounts received for your account (and/or that of any Affiliate of yours), whether rebates from suppliers or otherwise, as a payment against any amounts owed to us.

We can exercise any of the foregoing rights in connection with amounts owed to or from us and/or any Franchisor-Related Person/Entity.

9.6 Inflation Adjustments. We may adjust amounts specified as being subject to inflation adjustment annually in our Business Judgment in proportion to the changes in the Consumer Price Index (U.S. Average, all items) maintained by the U.S. Department of Labor (or any successor index) as compared to the previous year. We will notify you of any such percentage adjustment.

9.7 Mandatory Convention Attendance, Possible Fee. You are required to attend all meetings designated by us as mandatory (including without limitation any KEI annual convention), unless otherwise excused by us. One management-level individual shall attend on behalf of each of your KEI Centers. We may elect to charge a reasonable attendance fee to cover convention and other meetings costs.

10. YOUR KEI CENTER — IMAGE AND OPERATION.

10.1 System Compliance, Regular Upgrading.

A. You agree to operate your KEI Center in full compliance with the then-current KEI System and the Manuals. You agree to promptly comply at your expense with all then current requirements, standards and operating procedures relating to every aspect of a KEI Center and its operations (including without limitation use of specified equipment, such as a vehicle capable of transporting window cleaning equipment and materials to customers, other Products and Services, computer hardware and software; supplier programs and operating systems; signs, logos, designs and advertising/marketing materials and forms; website designs and formats).

B. You will maintain your KEI Center and operations at your expense according to all KEI standards for new Centers and promptly undertake all changes as are required by us from time-to-time in our Business Judgment.

C. You agree at your sole expense that you and your employees will purchase and wear then current KEI career apparel.

10.2 Designated Equipment, Products, Services and/or Suppliers.

A. Your KEI Center will purchase, use and offer such Designated Equipment, Products and Services, as are specified by us from time to time. We may designate a single or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers in our Business Judgment. Such suppliers may include, and may be limited to, us and/or companies affiliated with us.

B. Designation of a supplier may be conditioned on factors established by us in our Business Judgment, including without limitation performance relating to frequency of delivery, standards of service, and payment or other consideration to us or parties designated by us. We may approve, or revoke or deny approval, of particular items or suppliers in our Business Judgment.

C. You can request the approval of an item, service or supplier by notifying us in writing and submitting such information and/or materials we may request. We may require you to pre-pay any reasonable charges connected with our review and evaluation of any proposal. We'll notify you of our decision within a reasonable time.

D. You will not make any claims against us with respect to any supplier and/or related products/services (and/or our designation of, or our relationship with, any supplier/products/services). Claims with respect to any supplier-related and/or similar matters shall be made only against the supplier in question. You will provide us with written notice prior to taking any action in connection with such a claim. We will use diligent efforts to assist you in resolving any disputes with suppliers approved and/or designated by us.

10. 3 <u>Compliance with Laws and Ethical Business Practices</u>.

A. You'll operate your KEI Center in full compliance with all applicable laws, ordinances and regulations. We make no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with your KEI Center. It is your sole responsibility to identify and obtain all authorizations necessary to your operation. You'll maintain high standards of honesty, integrity, fair dealing and ethical conduct in your business activities. You'll notify us in writing within five (5) days of the commencement of any proceeding and/or of the issuance of any governmental order or action impacting you and/or your KEI Center.

B. You agree to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti terrorist activities, including without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to your Franchise Business as may be required by us or by law. You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that your indemnification responsibilities as provided in Section 7.04 pertain to your obligations hereunder.

C. You agree to use your best efforts to provide Products and Services to Commercial Accounts and residential customers in a manner that promotes public safety in all activities conducted at their respective sites and compliance with all applicable laws and regulations. Your use and disposal of any chemicals and/or cleaning agents and solutions will be in compliance with the Manuals and any applicable laws/regulations, as each of them may change from time to time.

D. You shall honor all credit, charge, courtesy and cash cards that we approve in writing. To the extent you store, process, transmit or otherwise access or possess cardholder data in connection with the sale of KEI Designated Equipment, Products and Services, you will maintain the security of cardholder data and adhere to the then-current Payment Card Industry Data Security Standards ("**PCI DSS**"), currently found at www.pcisecuritystandards.org, for the protection of cardholder data throughout the Term. You shall be and remain responsible for the security of cardholder data in the possession or control of any employees or subcontractors you engage to process credit cards. All subcontractors must be identified to and approved by us in writing before sharing cardholder data with the subcontractor. If we request that you do so, you shall provide appropriate documentation to us to demonstrate your (any all subcontractors you use) compliance with applicable PCIDSS requirements.

10.4 <u>Management and Personnel of Your KEI Center, Training</u>.

A. Your KEI Center must be personally operated on a full-time basis by a person who has successfully completed mandatory training by us (and paid to us our then current fee for initial training of managers) and met then-current standards. We strongly recommend on-site operations by you. We actively discourage absentee ownership, and believe that the presence of an on-site owner/operator can be an important component to the success of the business.

B. You are solely responsible for the day to day operation of your KEI Center, the employment decisions and management of your KEI Center employees, if any, for the terms of their employment and for ensuring their compliance with any training or other employment related requirements established by us from time to time in our Business Judgment, including, those related to soliciting, hiring, firing, training, disciplining, scheduling, establishing compensation, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether or not you have received guidance or advice from us on these subjects.

C. We have the right to deal with the manager regarding routine operations and reporting requirements. You will ensure that our records for your KEI Center managers/supervisors are kept current.

D. All employees you hire or employ shall be your employees and your employees alone, and shall not, for any purpose, be deemed to be our employees, or subject to our direct or indirect control, in particular, with respect to any required or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, or mandated by any governmental authority. You will file your own tax, regulatory and payroll reports, and you will be responsible for all employee benefits and workers compensation insurance payments with respect to your respective employees, if any. You acknowledge and agree that we will not have the power to hire or fire your employees. If any. You acknowledge and agree that any guidance we provide to you regarding employment policies should be considered as examples only and that you and you alone responsible for establishing and implementing your employment policies. You understand that you should do so in consultation with local legal counsel experienced in employment law.

10.5 <u>Insurance</u>.

A. You'll maintain in force policies of insurance issued by carriers approved by us covering various risks, as specified by us from time-to-time. We may specify the types and amounts of coverage required under such policies and require different and/or additional kinds of insurance at any time, including excess liability insurance. Each insurance policy must: i) name us and our Affiliates as additional named insureds; ii) contain a waiver of all subrogation rights against us, our Affiliates and any successors and assigns; iii) and provide thirty (30) days' prior written notice to us of any material modifications, cancellation, or expiration of such policies. If you If you elect to offer construction site clean-up services, your policy must also include any additional required insurance coverage mandated by state and local jurisdictions, and any required bonding, permits and licenses.

You are strictly liable for any and all property damage, including scratches, breakage, defacement of windows or any other damage of any kind whatsoever incurred in the performance of or incidental to the operation of your business. We are not liable in any way for any work you perform in the operation of your business.

B. If you fail to maintain required insurance coverage, we may obtain such insurance coverage on your behalf. You will pay us on demand any costs and premiums incurred by us.

C. Current insurance requirements include the following and are subject to change by us: (i) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, your KEI Center; (ii) all risk property and casualty insurance for the replacement value of your KEI Center and all associated items; and (iii) vehicle insurance for your KEI Franchise Business vehicle covering related claims for bodily and personal injury, death and property damage. The insurance coverage described above are minimum requirements and you may purchase and maintain additional insurance policies or policies with greater coverage. You will provide us with copies of the certificates of insurance, insurance policy endorsements and other evidence of compliance with these requirements as we may require from time to time.

D. You are solely responsible for fulfilling Workers Compensation requirements and obtaining any necessary coverage.

10.6 Program Participation. We may condition your participation in any program, or your receipt of any KEI System benefits, on your being in compliance with, and not in default of, any term of this Agreement.

10.7 Continued Payment of Royalties, etc. During Closure. You will immediately notify us of any suspension/closure of your KEI Center operations/services for any reason and submit a plan for re-opening/services continuation. All financial obligations of yours to us or to any Franchisor Related Person/Entity (including royalties) will remain in effect during such closure/suspension period. Any such closure/suspension not authorized and/or excused by us shall be a default of this Agreement, entitling us to all remedies available hereunder, at law and in equity.

10.8 Customer Satisfaction, Quality Controls, etc. We may institute various programs for auditing customer satisfaction and/or other quality control measures. We may require you to participate in reasonable program costs. You agree to request your customers to participate in any surveys performed by or on behalf of us, using forms prescribed by us from time to time.

10.9 Franchisee Advisory Council and Selection. We may elect in our Business Judgment to form a "Franchisee Advisory Council" or "FAC," to provide Input to us. The FAC will consist of Franchisees in Good Standing, each of who shall represent the interests of KEI Centers in their distinct geographical region (the "Region"). FAC members will be elected for a term or terms by a majority of the KEI Centers situated in their respective Region. The geographical area of each Region will be established by us in our Business Judgment, with due consideration given to achieving a representative group of Centers for each Region. The number of Regions and their respective boundaries will be subject to adjustment from time to time to reflect growth and Center population changes, among other appropriate factors. Each Center, both franchisee and Franchisor-owned, will be entitled to one vote per Center. We will always have the right to appoint one representative of ours to participate in all FAC meetings and any other FAC activities, but such representative will be a non-voting participant. The FAC may adopt its own bylaws, rules, regulations and procedures, subject to our consent in our Business Judgment. While we're not required to do so except in those specific instances stated in this Agreement, if we submit any matters for approval to an FAC and approval is granted, the approval will be binding on you.

11. MARKETING.

11.1 Your Local Center Marketing Activities/Pricing

A. Your advertising will be in good taste and conform to ethical and legal standards. We may require that samples of all advertising and promotional materials for any media, including the Internet, be submitted to us for our review and approval prior to use. You agree not to use any materials or programs disapproved by us at any time in our Business Judgment. We can require that a brief statement regarding the availability of KEI franchises be included in advertising used by you and/or that brochures regarding purchase of KEI franchises be displayed in your KEI Center. You have the right to set your own prices, provided that we may establish the maximum price for Products/Services to the extent permitted by law. Further, you acknowledge and agree that you will not adjust the pricing and other service terms applicable to the Initial Commercial Accounts during the Protection Period.

B. You agree to follow any policies/procedures established by us in the Manuals or otherwise regarding use of the Internet, World Wide Web or other electronic media by you in connection with your KEI Center. Among other things, we may require that any such use be through us, using a designated Internet/Intranet Service Provider (which can be us or an Affiliate), and that all pages be accessed through a designated site and/or meet our specifications.

C. We reserve the right to implement a KEI marketing fund for advertising, publicity, marketing, promotion and related purposes and to require you to pay a reasonable monthly contribution in support thereof; provided that we shall not implement such a fund without first giving to you nine (9) months prior written notice. We would have sole discretion over all matters relating to such a marketing fund and its administration and operation.

12. CENTER RECORDS AND REPORTING.

12.1 Bookkeeping, Accounting and Records, Cash Register, Computer and Other Systems. You must obtain and maintain at your sole expense accounting, sales, reporting and records retention systems conforming to any requirements prescribed by us from time-to-time, including any such electronic systems with on line access for us. Such systems may include, but are not limited to, computer systems and software programs, and may have components only available from us, a Franchisor Related Person/Entity and/or designated suppliers. We reserve the right to use in our Business Judgment, and to have full access to, all computer and any other systems, and the information and data they contain. We may charge a reasonable fee for the license, modification, maintenance or support of software or any other goods and/or services that we furnish to you in connection with any of the systems.

12.2 Reports, Financial Statements and Tax Returns.

A. You will provide to us such information regarding the sales and operation of your KEI Center, and in such form and format, as we specify from time-to-time in our Business Judgment. We may elect to obtain such information through a variety of methods, including among them direct on line access, facsimile transmissions and written copies. Current information requirements include, but are not limited to, the following, and are subject to change by us:

1) Sales and operations reports for each royalty period including monthly Gross Volume, which are due at the same time as the corresponding royalty payment; and

2) within forty-five (45) days after the end of each fiscal year, an unaudited fiscal year-end balance sheet and income statement for your KEI Center, prepared in accordance with generally accepted accounting principles, and verified and signed by you;

3) retention of all records of or relating to your KEI Center, including all income, sales and other tax returns, for the term of this Agreement and one year thereafter.

B. You agree to provide such other data, information and supporting records for your KEI Center as we reasonably may request from time to time, including without limitation copies of your KEI Center's state sales tax returns and those portions of your income tax returns relating to your KEI Center. We reserve the right to require you to provide us at your expense with an annual audited financial statement prepared by a certified public accountant upon a reasonable belief by us that such statements are required to help ensure reporting accuracy.

C. If we implement an approved form of Commercial Account Agreement as described in Section 5.5, above, you agree to use such a form. You agree not to use any form not accepted by or acceptable to us, and will provide copies of any forms used by you upon our request. You understand that you (and not we) are solely responsible for ensuring that any Commercial Accounts forms used by you comply with local law and contain protections you determine to be appropriate to your interests, regardless of its acceptance/non-acceptance by us.

13. INSPECTIONS AND AUDITS.

13.1 Our Inspections, etc. We and/or our agents will have the right, at any time during business hours, and without prior notice to you, to: i) inspect your KEI Center and related activities and items and record the same; ii) observe the performance of your services at a Commercial Account site; iii) interview personnel; and iv) interview customers. You'll cooperate fully in connection with such matters. We may require you or an individual designated by us to meet at our headquarters or other location designated by us, for the purpose of discussing and reviewing your KEI Center's operations, financial performance and other matters.

13.2 **Audit.** We and/or our agents will have the right at any time during business hours, and without prior notice to you, to inspect and/or audit business records relating in any way to your KEI Center and the books and records of any person(s), corporation or partnership which holds, or does business with, the Franchise. Such business records may include, but are not limited to, bookkeeping and accounting records, sales and income tax records and returns, invoices, and deposit receipts. Our right to audit includes the right to access all computers and other equipment by electronic means. You agree to cooperate fully with such an audit.

13.3 **Non Compliance, Inaccuracies and Understatements.** If any inspection or audit discloses any non compliance with the Franchise Agreement or the Manuals, or any reporting inaccuracies or understatements of any figures including Gross Volume, we may require you to reimburse us for the cost of the inspection or audit, including, without limitation, the charges of any independent accountants, and related travel and per diem charges for our and their employees, if:

A) any inspection or audit is necessary because of your failure to timely furnish required information/reports or if there are any reporting inaccuracies or understatements for any period in excess of a variance of two percent (2%); or

B) any inspection or audit discloses non compliance with the Franchise Agreement or the Manuals.

In addition to all other remedies and rights of ours hereunder or under applicable law, we may Terminate this Agreement if:

A) any reporting inaccuracy for any period shows a variance of more than five percent (5%); or any understatement is determined by us to be intentional
B) any non compliance with the Franchise Agreement or the Manuals is determined by us to be a breach of any of the defaults as listed in Section 16, 1 below or to a pose a danger to public health and/or safety.

14. TRANSFER.

14.1 **Transfers by Us.** This Agreement, and any or all of our rights and/or obligations under it, are fully transferable by us in our Business Judgment, in whole or in part, without your consent; provided that any such transferee shall appear at the time of the transfer to have financial resources reasonably appropriate to fulfill its obligations under this Agreement. For the purposes of this Section 14.1, we shall be entitled to rely upon financial statements provided to us by the transferee. If we transfer this Agreement, only the transferee will have obligations to you. Our obligations (and those of any of the Franchisor-Related Persons/Entities) will be extinguished. You specifically acknowledge and agree that we may: be sold and/or we may sell any or all of our intellectual property and/or other assets (including the Marks); go public; engage in a private or other placement of some or all of our securities; merge, acquire other entities and/or assets (competitive or not); be acquired by a competitive or other entity; and/or undertake any refinancing, leveraged buy-out and/or other transaction. You agree that we will have no liability to you resulting from our entering into any transactions permitted hereunder. We also may, on a permanent or temporary basis, delegate any or all of our duties to another company to perform. In such event, you will look only to such other company for the performance of such duties.

14.2 Transfers by You.

A. The rights and duties created by this Agreement are personal to you (or your owners, if the Franchisee is a Business Entity). We have awarded the Franchise relying on the individual integrity, ability, experience and financial resources of you or such owners. Therefore, neither this Agreement, the Franchise, the Franchisee nor your KEI Center (or any interest in, or the assets of, any of them) may be transferred without our prior written approval. Any transfer or attempted transfer without our approval is null and void.

B. The term "transfer" includes (but is not limited to) any voluntary or involuntary assignment, sale, gift, pledge or any grant of any security or other interest (whether partial or whole, or direct or indirect), by you (or your owners, if the Franchisee is a Business Entity). A transfer also includes the following events: i) any transfer of ownership of capital stock or any partnership or similar interest; ii) any merger, consolidation or issuance of additional securities representing an ownership interest in the Franchisee; iii) any sale of voting stock of the Franchisee or of any security convertible to voting stock; iv) any transfer in a corporate or partnership dissolution, divorce, insolvency proceeding or otherwise by operation of law; v) any transfer of any interest in any revenues, profits, or assets of your KEI Center and which is not in the ordinary course of business; or vi) any transfer to a business entity and/or a trust or similar entity. A transfer of ownership, possession or control of your KEI Center, or of its assets, may only be made with a transfer of the Franchise. Any transfer in the event of death or disability will be governed by Section 14.5, below.

14.3 Conditions for Approval of Any Transfer.

A. All of the following conditions must be met prior to, or concurrently with, the effective date of any transfer. We may waive any condition in our sole and absolute discretion.

1) You must be in compliance with this Agreement, the Manuals, all other agreements between you and us (including any of our respective Affiliates), and all leases/subleases with any party, and the transferee must expressly assume all obligations under all such agreements; and

2) The transferee and its owners must meet our then current requirements for new franchisees, including but not limited to business experience, aptitude and financial resources; and

3) You must meet all payment and reporting obligations under the Franchise Agreement and any other agreements between you and us (and any of our respective Affiliates). Promissory notes shall be accelerated and paid in full; and

4) All obligations to third parties in connection with your KEI Center must be satisfied or assumed by the transferee; and

5) Your KEI Center and its operations must have been brought into full compliance with the Manuals and specifications and standards then-applicable for new KEI Centers; and

6) At our option, the transferee must successfully complete, or agree to complete, our training program for new franchisees, provided that we shall not be obligated to meet any Commercial Account Revenue obligations of any kind in connection with a transfer. The transferee must pay to us the then current training fee for such program, which shall not be less than Eight Thousand Four Hundred Dollars ($8,400) for Plans A and B and not less than Ten Thousand Eight Hundred Dollars ($10,800); for Plans C and D and not less than Eight Thousand Dollars ($8,000) for Plan E.

7) The transferee must, at our option, i) agree to be bound by all the terms and conditions of this Agreement for the remainder of the term, or ii) execute our then current form of franchise agreement and ancillary documents (including guarantees) as are then customarily used by us

in the grant of franchises; the term of such new franchise agreement shall, at our option, be either for the balance of the term of this Agreement or for the full term generally awarded to new franchisees as of the time of the transfer; and

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

9) You or the transferee must pay us with your application for a transfer a non-refundable transfer fee of Six Thousand Dollars ($6,000.00), subject to inflation adjustment as provided in Section 9.6, above.

10) You and each of your owners and/or Affiliates, and the transferee (and each owner and/or Affiliate of the transferee), must sign a General Release; and

11) Any grant of a security or similar interest in connection with a transfer (which grant may or may not be permitted by us in our Business Judgment), will be subordinated to our rights and the rights of any Franchisor Related Person/Entity under the Franchise Agreement or any other agreement; provided that we may refuse to allow you or anyone else to grant or receive a pledge, mortgage, lien or any security or similar interest in and/or to the Franchise or the Franchised Business (or any of its assets) if, after having expended commercially reasonable efforts in discussions with lenders or other applicable parties, we are unable in our Business Judgment to obtain appropriate protections for our rights under this Agreement and/or for KEI System interests; and

12) You will agree with the transferee not to compete after the transfer in accordance with restrictions acceptable to us and substantially similar to those described in Section 8.2 B, above, to the maximum extent permitted by law. We shall be named a third party beneficiary of such agreement; and

13) We may (but are not required to) withhold or condition our consent to any transfer in our Business Judgment, particularly if we believe that the terms of transfer jeopardize the economic viability of the franchise or based on other circumstances of the transfer, and/or if we would not normally directly award a franchise in such a situation.

B. You agree that we may (but are not required to) discuss with you and/or the proposed transferee all matters related to any transfer and/or proposed transfer at any time which we consider to be appropriate in our Business Judgment without liability (including our opinion of the terms of sale, performance of your franchise, etc.). You expressly consent to any such discussions by us.

C. Neither you nor any transferee shall rely on us to assist in the evaluation of the terms of any proposed transfer. You acknowledge and agree that an approval of a proposed transfer shall not be deemed to be an approval of the terms, nor any indication as to any likelihood of success or economic viability.

14.4 Additional Conditions for Transfer to a Business Entity.

A. We will consent to a transfer from you to a Business Entity owned by you and formed for the sole purpose of operating the KEI Center if the conditions described in 14.3, above, and the following conditions are met. Such a transfer will not relieve you of your obligations under this Agreement. You will remain jointly and severally liable to us for your and the Business Entity's obligations.

1) The Business Entity's stock certificates (and/or other applicable evidences of ownership and all documents of formation/governance) must recite that any ownership interest in the Business Entity is restricted by the terms of this Agreement; and

2) You must have (and continue to maintain) management control and ownership of at least fifty-one percent (51%) of the Business Entity and personally manage its affairs; and

3) The individual Franchisee (or, if the Franchisee is a partnership, at least one of the partners) must be and remain the chief executive officer, chief operating officer or chief financial officer and meet our then-current training requirements. If the Franchisee is or becomes a corporation, LLC, partnership or other business entity, the chief executive officer, chief operating officer or chief financial officer of such entity must always meet all of our then-current training and other standards; and

4) The transferee must enter into an approved form of assignment in which the Business Entity assumes all of the Franchisee's obligations under this Agreement and any other agreements with us and/or a Franchisor Related Person/Entity, and any other documents we may require as provided in 14.3 A. (7), above; and

5) All current and future owners of the Business Entity must agree in writing to comply with this Agreement and any other agreements with us and/or any Franchisor Related Persons/Entities. We may at our option and in our Business Judgment require any and all owners to jointly and severally guarantee (in a written form approved by us) any such obligations of the Business Entity under any such agreements. The current approved form of Owner's Guarantee is attached as Exhibit 1 to this Agreement; and

6) No public offerings of debt or equity ownership in the transferee entity may be conducted, and no shares of any type issued without obtaining our prior written consent; and

7) We may require that each of the present and/or future shareholders, directors, and/or officers execute confidentiality and non-competition agreements with terms substantially similar to those described in Sections 8.1 and 8.2, respectively.

8) In any event, we may withhold or condition our consent to any transfer as we deem appropriate in our Business Judgment, based on the circumstances of the transfer or otherwise.

14.5 <u>Death or Disability of Franchisee</u>.

A. If the Franchisee, or if the owner of the Franchisee with a controlling interest, dies or is permanently disabled, then his or her interest in this Agreement, the Franchise and/or the Franchisee shall be transferred to a third party subject to all of the provisions of this Article 14. A "permanent disability" occurs if you are not able to personally, actively participate in the management of your KEI Center for three (3) consecutive months. Any transfer under this Section shall be completed within three (3) months from the date of death or permanent disability. If no transfer occurs, the Franchise will automatically terminate at the end of such period, unless we grant a written extension in our Business Judgment.

B. We can (but are not required to) operate the Franchised Business on your behalf and at your expense in the event of your death, disability or absence. We can pay ourselves a reasonable amount for our management services and other costs. We will use reasonable efforts and business judgment in managing the business, but will in all cases be indemnified by you (and/or your estate) against any costs and/or liabilities related in any way to our management and the operation of the Franchised Business. We are expressly authorized by you to manage in good faith and on terms that we consider appropriate in our Business Judgment, including payment of any past, current and/or future obligations to us or to any other creditor out of assets and/or revenues of the Franchised Business.

14.6 <u>Effect of Consent to Transfer</u>. Our consent to a transfer is not a waiver of any claims we may have against you, and you are not relieved of any obligations to us or any Franchisor Related

Persons/Entities (including any defaults by any transferee) unless you have an express written release signed by us. If you, your owners and your Affiliates comply with all of the requirements of this Article 14, including providing us with a General Release, then we may provide you in our Business Judgment with a Limited Release. Your obligations under the Post Termination Provisions will survive any transfer of this Agreement whether or not such a Limited Release is given. Any dispute regarding any proposed or completed transfer will be resolved through the dispute resolution provisions of this Agreement. Neither we nor any Franchisor Related Persons/Entities will have any liability to you or any proposed or actual transferee in connection with our examination and/or possible consent or withholding of consent involving any transfer or proposed transfer, or our exercise of any right of ours, which is consistent with this Agreement. You agree to indemnify and hold us harmless from any liability to you, the proposed transferee or otherwise.

14.7 Our Right-of-First-Refusal.

A. We have a right of first refusal regarding any proposed transfer subject to this Agreement, excluding only those transfers that are to a Business Entity owned by you. With each proposed transfer, you will provide us with a true and complete copy of the offer received by you (and any ancillary agreements), and the conditions to transfer described in Sections 14.3 and 14.4, as applicable, will be met. The offer and the price and terms of purchase must apply only to an interest in this Agreement, the Franchise, your KEI Center or the Franchisee. Any value attributable to the goodwill of the Marks, KEI System elements, Confidential Information or any other assets, tangible or intangible, related to the KEI brand and System will be excluded from the purchase price.

B. We will give you written notice of our decision to exercise our right of first refusal within thirty (30) days from the date of our receipt of the offer and ancillary documents. If any of the assets to be purchased do not meet the standards we then apply to new KEI Centers, or if you are in default, we can require that the Center be brought into compliance and any defaults cured before the 30-day period begins. We may substitute cash for any form of payment proposed in such offer and will have a reasonable period of time in which to prepare for the close of the transaction (generally 60 days). We'll be entitled to purchase any interest subject to all Customary Representations, Warranties and Agreements. We can require that the closing of the sale be through an escrow. You and we will comply with any applicable bulk sales and/or similar laws, and you will maintain all insurance policies until the date of closing. We will have the right to set off against any amount of money payable by us all amounts due from you and/or your Affiliates to us and/or our Affiliates. We will also have the right, in our Business Judgment, to pay any amount otherwise payable to you directly to your creditors in satisfaction of your obligations. If you violate any of your obligations that expressly or by their nature survive this Agreement, we will not be obligated to pay any amount otherwise due or payable to you thereafter. In connection with such purchase, you and each transferor (and your respective Affiliates) will sign a General Release, and we will sign a Limited Release.

C. If we do not exercise our right-of-first-refusal, you or your owner may complete the sale to such purchaser on the exact terms of such offer, subject to the conditions of this Article 14. If there is a material change in the terms of the sale, we will have an additional right-of-first-refusal on the same terms and conditions as are applicable to the initial right-of-first-refusal. Our rights under this or any other Section are fully assignable.

14.8 Our Right to Repurchase.

A. We have a limited right, but not an obligation, to purchase your business (formerly, the Franchise Business) and any or all of the assets/equipment of your business that we choose. This right may be exercised by us in our Business Judgment by giving you written notice at any time on Termination/expiration of this Agreement, or within 120 days thereof, and shall survive any such Termination/expiration.

B. The purchase price for the business and/or any assets shall be based upon assets to be purchased, less the then current training fee for the initial training program provided under this Agreement, which shall not be less than Eight Thousand Four Dollars ($8,400) for Plans A and B and not less than Ten Thousand Eight Hundred Dollars ($10,800); for Plans C and D. We may elect to purchase all of the assets, or only those assets that we choose in our Business Judgment. If you and we are unable to agree on the purchase price, the Fair Market Value will be determined as defined in Section 1.2, above. All sales, transfer and/or similar taxes are to be paid by you. In no event will the purchase price include:

1) any goodwill or other monetary factor for the Marks, System elements, Confidential Information, customer accounts or any other assets, tangible or intangible, related to the Brand and System, all of which are proprietary to us; and/or

2) any assets excluded from the purchase by us in our Business Judgment; and/or

3) leasehold improvements not owned by you and/or purchased by us.

C. Pending the closing of such a purchase, we will have the right to appoint a manager to maintain the operation of your business. You will forever indemnify and hold us harmless against all obligations incurred in connection with the business prior to purchase. You'll furnish us with a complete list of accounts unpaid by you within ten (10) days of our notice of intent to exercise this option. We may (but are not required to) pay these unpaid bills directly to the parties owed and deduct them from the purchase price in lieu of paying such portion of the purchase price directly to you.

D. The Post Term restrictions described in Article 8.2, above, will be continuing obligations of yours. We shall receive all Customary Representations and Warranties from you, your owners and your Affiliates in connection with any such purchases. We can require that the closing of the sale be through an escrow. You and we will comply with any applicable bulk sales and/or similar laws, and you will maintain all insurance policies until the date of closing. We will also have the right, in our Business Judgment, to pay any amount otherwise payable to you directly to your creditors in satisfaction of your obligations.

E. Any purchase price to be paid under this Section 14.8 will be paid, at our sole option, either in cash at closing, or under an unsecured, interest free promissory note, as follows: Twenty Percent (20%) at closing, Twenty Percent (20%) no later than 90 days after closing, Twenty Percent (20%) no later than 180 days after closing, Twenty Percent (20%) at the first anniversary date of the closing, and the final Twenty Percent (20%) at the second anniversary date of the closing. We can offset against the purchase price, and any installments thereof, any amounts owed by you (or any Affiliates) to us (or any Franchisor Related Persons/Entities). In connection with our exercise of any rights under this Section 14.8, you (and each owner/Affiliate) will execute a General Release. We will provide you with a Limited Release, unless you were in default under this Agreement at the time of Termination. If you fail to complete or to continue to comply with any surviving obligation(s), we will not be obligated to pay that portion of the purchase price otherwise due or payable following such failure, in addition to any other remedies to which we are otherwise entitled.

F. We will not assume any liabilities, debts or obligations of yours in connection with any such transfer, repurchase or payment, and you will indemnify us and each of the Franchisor-Related Persons/Entities from any and all claims arising out of any such transfer, repurchase or payment. Notwithstanding the foregoing sentence, costs paid or incurred in connection with the transaction, including but not limited to, all appraisal fees and closing costs, shall be shared equally between you and us, but excluding attorneys' fees paid or payable to the respective attorneys for the parties. You and we will comply with all applicable laws in connection with any such repurchase transfer and payment and you will cooperate with us in complying with all such requirements.

15. **SUCCESSOR FRANCHISE**.

15.1 **Your Rights**.

A. If you are awarded this Agreement for the initial term of your franchise, then this Agreement Terminates at the expiration of the initial term. At that time, subject to the provisions of this Article 15, you will be eligible to be awarded a successor franchise. The successor Franchise Agreement may differ materially from this one in financial and other ways and terms. The successor term will be a single five (5) year period, without any further term. You have no right to an additional successor term if this Agreement is being awarded to you as a successor franchise agreement.

B. We will not be required to offer you any successor franchise (nor will we have any liability to you), if we do not continue to regularly award franchises and maintain a franchise program for KEI Centers in your state (although we may award renewal or successor franchises where an older form of Franchise Agreement or otherwise requires us to do so, or continue to service existing Franchisees under outstanding agreements). We may make a good faith determination that continued franchising (on a national, regional or other basis) is not appropriate for reasons that relate to our economic or other interests. You agree that if any statute or court decision requires "good cause" (or any similar standard) for non-renewal, such a good faith determination by us will be considered to be good cause.

C. You agree that these provisions are commercially reasonable because commercial and other developments may make further participation in franchising by you or us inappropriate. Therefore, just as you have the option to not accept a successor franchise, we have the option to no longer award successor or other franchises, or grant renewals, in certain circumstances.

15.2 **Notice of Election**.

A. You must give us written notice of election to obtain the successor franchise not less than six (6) months, but not more than twelve (12) months, before the expiration of the initial term of this Agreement. Within ninety (90) days after our receipt of the notice, we will give to you in writing:

1) any reasons which could cause us to not award the successor franchise, including any deficiencies requiring correction; and
2) our then-current requirements relating to the image, appearance, decoration, furnishing, equipping, stocking and programs for a KEI Center (collectively, the "specifications and standards then-applicable for new KEI Centers and with the Manuals").

B. If you are subject to a correction process under Section 9.2A when i) you provide us with notice of your intent to obtain a successor franchise, or ii) the successor franchise would be awarded, then we may choose in our Business Judgment to defer the award of any successor until you have successfully complied with the applicable KEI System Standards and financial standards.

15.3 Conditions to the Award of a Successor. Any award of the successor franchise must meet all of the following conditions, together with the then current standards applicable to successor franchisees, each of which are agreed to be reasonable:

A. You (and each Affiliate of yours) must be in Good Standing;

B. Your KEI Center and its operations must fully comply with all specifications and standards then applicable for new KEI Centers and with the Manuals by the expiration of this Agreement;

C. You must present evidence satisfactory to us that you have the right to remain in possession of your KEI Center for the duration of the successor franchise.

D. You (and each Affiliate of yours) must have paid all amounts owed to us and any Franchisor Related Persons/Entities;

E. You must have executed our then-current form of Franchise Agreement and related documents then customarily used by us (with appropriate modifications to reflect the fact that the Franchise Agreement to be awarded relates to a single successor franchise as contemplated by this Agreement). You will not be required to pay the then-current initial franchise fee, and we will not be required to provide you any initial training, Commercial Accounts or other “start-up” services in connection with the award of any successor franchise;

F. You must have complied with our then-current qualification and training requirements. We may require your personnel to successfully complete any retraining program(s), at such times and location(s) as we then specify. There will be no charge for any retraining program(s), but you will be responsible for all travel, meals, lodging and other expenses of your personnel;

G. You (and each owner and/or Affiliate of yours) must have executed a General Release, except for any claims exclusively related to the successor franchise (where expressly so required by applicable law). If you, your owners and your Affiliates comply with all of the requirements of this Article 15, including providing us with a General Release, then we will provide you with a Limited Release; and

H. You must have paid us a One Thousand Dollar ($1,000) successor fee, which amount is subject to adjustment according to the inflation formula described in Section 9.6. The fee must be received from you at the time of your election and is non-refundable unless we do not grant a successor agreement to you.

Failure by you and/or your owners to timely complete such requirements will be deemed an election by you not to obtain the successor franchise.

16. <u>TERMINATION OF THE FRANCHISE</u>.

16.1 <u>Defaults with No Right to Cure</u>. This Agreement will automatically Terminate upon delivery of our written notice of Termination to you in compliance with Article 20 (without further action by us and without opportunity to cure) if you (or any of your owners):

A. fail to timely meet the site selection, development, opening and other requirements provided in Sections 3.1B and 3.5, above;

B. abandon or fail to operate your KEI Center or service a minimum of 90% of the Commercial Accounts for thirty (30) or more consecutive calendar days (unless such an absence is specifically excused by us in writing), or lose the right to possession of the premises and do not relocate your KEI Center in accordance with this Agreement;

C. make any material misrepresentation or omission in your application for the Franchise, including (but not limited to) failure to disclose any prior litigation or criminal convictions (other than minor traffic offenses);

D. are judged bankrupt, become insolvent, make an assignment for the benefit of creditors, are unable to pay his or her debts as they become due, or a petition under any bankruptcy law is filed by or against you or any of your owners or a receiver or other custodian is appointed for a substantial part of the assets of your KEI Center;

E. are convicted of, or plead no contest to, a felony, or to any crime or offense that is likely to adversely affect the reputation of the Franchisee or any owner, your KEI Center, us or the goodwill associated with the Marks;

F. engage in any misconduct which unfavorably affects the reputation of the Franchisee or any owner, your KEI Center, us or the goodwill associated with the Marks (including, but not limited to, child abuse, health or safety hazards, drug or alcohol problems, or permitting unlawful activities at your Center);

G. make, or attempt to make, an unauthorized "transfer" as defined in this Agreement or surrender control of your Commercial Accounts in any part of your Territory, without our prior written approval;

H. make an unauthorized use of the Marks or any unauthorized copy, use or disclosure of any Confidential Information;

I. violate any of the In Term or Post Term Restrictions against competition provided in Section 8.2, above (or any other person identified therein commits such a violation);

J. commit any act or omission of fraud or misrepresentation, whether with respect to us, any of the Franchisor-Related Persons/Entities and/or any third party, including (but not limited to) any reporting inaccuracy or misrepresentation of any figures including Gross Volume;

K. lose 10% or more Commercial Accounts in any 12 consecutive month period due to customer dissatisfaction with respect to your KEI Center, regardless of whether or not such Commercial Accounts are replaced during such 12-month period;

L. have 2 or more material customer complaints with respect to your KEI Center or the operation of the Franchised Business in any 12 month period, whether or not resolved (complaints which unfavorably reflect on the reputation of the Franchisee or any owner, your KEI Center, us or the goodwill associated with the Marks, including but not limited to: health and/or safety issues, customer service matters including any failure to treat customers respectfully in a courteous and professional manner, product quality, legal compliance, and others, will be conclusively regarded as material – other complaints can be material depending on the circumstances);

M. fail to permit or cooperate with us or our designee in any audit or inspection or fail to retain (or to produce on request) any records required to be maintained by you;

N. fail after a 90-day correction period to meet or exceed the average monthly Commercial Account Revenue applicable to your Franchise Plan over a 12 consecutive calendar month period.

16.2 **<u>Defaults with Right to Cure.</u>** This Agreement will automatically Terminate on delivery of our written notice of Termination to you in compliance with Article 20 (without further action by us and without further opportunity to cure beyond that set forth in this Section):

A. <u>10 Day Cure</u> If, within ten (10) calendar days after delivery of our written notice to you, you (or any of your owners) do not cure any:

1) failure to pay your post office box or voicemail fees in a timely manner;
2) Failure to check your voicemail within 2 working days;
3) failure to maintain required insurance;
4) failure to correct any condition that, in our reasonable judgment, might pose a danger to public health and/or safety;

5) failure to report accurately any figures including Gross Volume or fail to submit any other report due under this Agreement or any lease/sublease in accurate and complete form and when required;

6) failure to make payments of any amounts due us, any Franchisor-Related Person/Entity, any designee of ours and/or any supplier/creditor of yours and do not correct such failure(s);

7) failure to comply with any of the dispute resolution provisions of this Agreement, including (but not limited to) failure to pay/deposit any amounts or otherwise and/or unexcused failure to appear or respond to any dispute resolution proceedings;

8) failure to operate your KEI Center or to service Commercial Accounts for more than fourteen (14) but less than thirty (30) or more consecutive calendar days (unless such an absence is specifically excused by us in writing).

With respect to items A.3 and/or A.4 above, we may require you to immediately cease all operations until such defaults are fully cured.

B. <u>30 Day Cure</u> If within thirty (30) calendar days after delivery of our written notice to you, you (or any of your owners) do not cure any:

1) default under the lease or sublease for your KEI Center within the applicable cure period set forth in the lease or sublease (if such applicable cure period is less than 30 days, then such applicable cure period shall apply, notwithstanding any cure period provided in this Article);

2) delinquency in your obligations to taxing authorities, landlords, equipment lessors, suppliers or others;

3) failure to comply with any other provision of this Agreement, any other agreement with us and/or any Affiliate of ours, or any specification, standard or operating procedure or rule prescribed by us in the Manuals or by other writing which does not provide for a shorter notice period.

If any such default under this Section 16.2 B cannot reasonably be corrected within such thirty (30) day period, then you must undertake diligent efforts within such thirty (30) day period to come into full compliance. You must furnish, at our request, proof acceptable to us of such efforts and the date full compliance will be achieved. In any event, all such defaults must be fully cured within ninety (90) days after delivery of the initial written notice to you of Termination.

16.3 <u>Repeated Defaults</u>. This Agreement will automatically Terminate upon delivery of our written notice of Termination to you in compliance with Article 19 (without further action by us and without opportunity to cure) if you or any Affiliate has committed two or more applicable defaults within any twelve (12) consecutive months, or three or more applicable defaults within any twenty-four (24) consecutive months. An "applicable default" is a single breach of any obligation under this Agreement and/or the Manuals, or under any other agreement with us and/or any of our Affiliates, whether or not such default is cured, or is the same as or similar to a prior event of default.

16.4 <u>Cross-Defaults</u>. Any default by you (or any owner or Affiliate of yours) under this Agreement may be regarded by us as a default under any other agreement between us (or any Franchisor Related Persons/Entities) and you (or any owner or Affiliate of yours). Any such default under any other agreement or any other obligation between us (or any Franchisor Related Persons/Entities) and you (or any owner or Affiliate of yours) may be regarded as a default under this Agreement. Any default by you (or any owner or Affiliate of yours) under any lease, sublease, loan agreement, or security interest relating to the Franchise Business may be regarded as a default under this Agreement, regardless of whether or not any such agreements are between you (or any owner or Affiliate of yours) and us (or any Franchisor Related Persons/Entities).

16.5 **Non Exclusive Remedies.** Whenever we have a right to Terminate this Agreement, we (and any Franchisor Related Person/Entity) will have all remedies allowed at law and in equity. No right or remedy which we may have (including Termination) is exclusive of any other right or remedy, and we may pursue any rights and/or remedies available. In every instance in which we have the right to Terminate this Agreement under this Article 16, we may elect in our Business Judgment to cancel any and/or all of your territorial or similar rights (including, but not limited to, any rights-of-first-refusal), whether arising under this Agreement or in any other manner or document.

16.6 **No Equity on Termination, etc.** Your rights regarding the Franchise are controlled by the provisions of this Agreement. You will have no equity or any other continuing interest in the Franchise, any goodwill associated with it, or any right to compensation or refunds at the expiration and/or Termination of the term of the Franchise.

16.7 **Extended Cure Period**. Notwithstanding anything to the contrary in this Agreement, we reserve the right to grant to you in our Business Judgment an extended cure period for any breach. You acknowledge that our decision to grant such an extended cure period shall not operate as a waiver of any of our rights and that we may choose to condition such any such an extension upon the signing of a General Release by you, each owner and Affiliates of yours.

16.8 **Management of the Center After Issuance of Notice of Default.**

A. If we issue a notice of default, we will have the right (but not the obligation) to manage your KEI Center until you have cured all defaults. All revenues received by the KEI Center while we (or our designee) are managing it will be kept in a separate fund. All KEI Center expenses, including compensation, travel and living expenses for our appointed manager may be paid out of such fund. We shall be paid Five Hundred Dollars ($500.00)/day as a management fee (subject to adjustment as provided in Section 9.6). If such fund is insufficient to pay KEI Center expenses, we shall notify you. You shall, within five (5) business days, deposit such amounts as shall be required by us to attain a reasonable fund balance.

B. Operation of the KEI Center by us during any such period shall be on your behalf; provided that we shall only have a duty to use reasonable efforts and shall not be liable to any creditor of yours or for any debts, losses or obligations incurred by the KEI Center. This Section 16.9 shall not limit our right to Terminate this Agreement as herein provided or affect any of our indemnity or other rights under this Agreement.

16.9 **Our Right To Discontinue Supplying Items Upon Default.** We and any Franchisor Related Persons/Entities have the right, in addition to all other rights and remedies, to require upon the issuance of a default that you pay C.O.D (i.e., cash on delivery) or by certified check for any goods/services related to the operation of your Franchise Business. We and any Franchisor Related Persons/Entities also have the right to stop selling and/or providing any goods and/or services to you until you have cured all defaults.

17. RIGHTS AND OBLIGATIONS ON TRANSFER, REPURCHASE, TERMINATION AND/OR EXPIRATION OF THE FRANCHISE.

17.1 **Payments of All Amounts Owed, etc.** You must pay all royalties and all amounts of any kind owed to us and/or any Franchisor Related Persons/Entities within ten (10) days after the Repurchase, Termination or expiration of the Franchise, or from a later date when the amounts due can be determined.

17.2 Intellectual Property, Confidential Information, Trade Dress, etc. After any Transfer, Repurchase, Termination or expiration of the Franchise:

A. You agree to immediately and permanently discontinue your KEI business and any use of the Intellectual Property and/or the Confidential Information, as defined in Article 1.2, and will not use any similar or derivative marks, or materials, or colorable imitations of any of the Intellectual Property in any medium or manner or for any purpose;

B. You will return to us or (at our option) destroy all software, Manuals, forms, materials, signage and any other items containing any Intellectual Property or Marks, or otherwise identifying or relating to a KEI Center (to the extent they have not been assigned in connection with an authorized Transfer or a Repurchase);

C. You will take such actions as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark which have not been assigned in connection with an authorized Transfer or a Repurchase;

D. You will remove from the Premises any distinctive signage, physical and/or structural features associated with the Trade Dress of KEI Centers, so that the Premises are clearly distinguished from other KEI Centers and do not create any public confusion (to the extent they have not been assigned in connection with an authorized Transfer or a Repurchase);

E. You agree not to identify yourself, or any business you may operate or in which you may become involved, or to advertise or promote yourself in any manner, as a present or former KEI franchisee;

F. You will furnish to us within thirty (30) days satisfactory evidence of your compliance with the obligations described in this Section 17.2 and in Section 17.3, below. If you operate any business using any of the Intellectual Property, Marks, Confidential Information or any aspect of the System, our remedies will include (but will not be limited to) recovery of the greater of i) all profits earned by you in the operation of such business, or ii) all royalties and other amounts which would have been due if this Agreement remained in effect with you.

17.3 Telephone and Other Directory Listings, Internet Sites, Commercial Accounts.

A. You understand and agree that we own all Commercial Accounts, and all telephone numbers, domain names, Internet addresses/sites and/or other communications services links (collectively, the "Numbers"), and any related directory listings/advertising, used in connection with the operation of your KEI Center. We may in our Business Judgment require you to sign a notice to Commercial Accounts advising them of a change in service providers to us or a designee of ours and/or an assignment of Numbers prior to training or at another time. After any Termination, Repurchase and/or expiration of the Franchise, you will promptly notify all Commercial Accounts upon our request and as directed by us, and transfer, call-forward, discontinue or otherwise deal with the Numbers and any related directory listings/advertising as we direct. You agree to sign any documents and/or pay any amounts required by any Commercial Account, and/or by a telephone/communication services provider as a condition to our dealing with the Numbers and any related directory advertising/listings. By signing this Agreement, you irrevocably appoint us your attorney in fact to take any such actions regarding the Commercial Accounts, Numbers and any related directory listings/advertising if you do not do so yourself within ten (10) days after the Termination, Repurchase or expiration of this Franchise. Such companies may accept this Agreement as conclusive evidence of our exclusive rights in such Numbers and related directory listings, web pages and advertising/marketing.

B, .If we choose at any time to be direct billed by a provider for any account for the Numbers and/or directory listings/advertising, you agree to pay us all amounts due such providers within ten (10) days of our written notice to you. If you fail on two or more occasions to pay any such amounts to us when due, then we may require you to maintain a deposit with us in an amount reasonably determined by us based upon usage history and other relevant factors.

17.4 Continuing Obligations.

A. All obligations and rights which expressly or by their nature survive the Transfer, Repurchase, expiration or Termination of this Agreement will continue in full force and effect until they are satisfied or by their nature expire (including but not limited to indemnity, non-competition and confidentiality rights and obligations; obligations to pay and the provisions of Articles 8, 18 and 20). These obligations continue notwithstanding any rejection of this Agreement in a bankruptcy proceeding or otherwise.

B. If this Agreement is Terminated because of a default of yours, you will not be released or discharged from your obligations, including payment of all amounts then due. Our remedies will include (but are not limited to) the right to accelerate the balances of any promissory notes owed and to receive any other unpaid amounts owed to us or any Affiliates of ours. You (and each of your owners/Affiliates) agree to sign a General Release if we choose in our Business Judgment to waive our rights to collect any amounts that would otherwise be due under this Agreement.

18. DISPUTE AVOIDANCE AND RESOLUTION – MANDATORY BINDING ARBITRATION.

For the purposes of this Article 18, "you" includes all of your owners, Affiliates and their respective employees, and "we" includes all of the "Franchisor-Related Persons/Entities."

18.1 FUNDAMENTAL BUSINESS INTENTION TO ARBITRATE, SEVERABILITY OF PROVISIONS, MODIFICATION OF AGREEMENT TO COMPLY WITH APPLICABLE LAW, FEDERAL ARBITRATION ACT GOVERNS, ETC.

A. It's your and our fundamental agreement not to engage in court proceedings, except in the rare instances specified in this Agreement, but rather to have disputes resolved through face-to-face meetings and binding arbitration. You and we agree our activities relating to the franchise relationship are in interstate commerce and that this agreement is governed by the Federal Arbitration Act.

B. You and we view binding arbitration to be generally superior to court proceedings, as often being more time and cost efficient and allowing you and us to use arbitrators with substantial franchising experience, while understanding that costs to you and/or us of face-to-face meetings, arbitration and/or appeal of arbitration, as provided in this Agreement, may sometimes be greater than in civil litigation or may make it more difficult to proceed.

THEREFORE, IF ANY PROVISION OF THIS AGREEMENT IS DEEMED BY A COURT TO BE UNCONSCIONABLE, VOID, VOIDABLE, AGAINST PUBLIC POLICY, RESTRICTIVE OF CONSTITUTIONALLY OR STATUTORILY PROVIDED RIGHTS OR OTHERWISE UNENFORCEABLE, YOU AND WE INTEND AND AGREE (I) THAT SUCH PROVISION BE MODIFIED OR RESTRICTED BY THE ARBITRATOR OR COURT SO AS TO BE ENFORCEABLEOR (II), IF SUCH PROVISION CANNOT BE MODIFIED OR RESTRICTED, IT WILL BE SEVERED AND, TO THE MAXIMUM DEGREE POSSIBLE, THE REMAINING PORTIONS KEPT INTACT, VALID AND IN FULL FORCE AND EFFECT, SO AS TO ACCOMMODATE OUR FUNDAMENTAL AGREEMENT TO ENGAGE IN A FACE-TO-FACE MEETING AND BINDING ARBITRATION/ARBITRATION APPEAL, AS PROVIDED IN THIS AGREEMENT.

C. You and we reserve the right to challenge any law, rule or judicial or other construction which effectively varies, or renders without effect, any provision of this Agreement. If any limitation of rights is held unenforceable with respect to one party, then such limitation shall also be unenforceable as to other party.

D. This Agreement will be deemed automatically modified to comply with governing law if such law requires a greater time period for notice of Termination of, or refusal to renew, this Agreement or otherwise.

18.2 FACE-TO-FACE MEETING AND MANDATORY BINDING ARBITRATION. You and we believe that it is important to resolve all disputes effectively and professionally and to return to business as soon as possible. You and we agree that the provisions of this Article 18 support these business objectives and, therefore, agree as follows:

A. Dispute Resolution Process: Any litigation, claim, dispute, suit, action, controversy, or proceeding of any type whatsoever, including any claim for equitable relief and/or in which a party is acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving you and us (and/or any Affiliate of either), on whatever theory and/or facts based, and whether or not arising out of this Agreement ("Claim"), will be exclusively processed in the following manner, except as expressly provided at Section 18.2 F., to the extent it is applicable and not contrary to governing law:

1) First, discussed in a face-to-face meeting held at a neutral location reasonably near your franchised location within 30 days after either you or we give written notice to the other proposing such a meeting;

2) Second, if unresolved, submitted to BINDING ARBITRATION before and in accordance with the arbitration rules of (a) the American Arbitration Association ("AAA") or its successor or (b) Judicial Arbitration and Mediation Service ("JAMS") or its successor, if the AAA cannot conduct such arbitration. Arbitration may be filed prior to a face-to-face meeting, with such face-to-face meeting to follow as quickly thereafter as possible. Arbitration and meeting may proceed concurrently. The arbitrator must be a lawyer substantially experienced in franchising. JUDGMENT ON ANY ARBITRATION AWARD WILL BE FINAL AND BINDING, and may be entered in any court having jurisdiction, subject to the opportunity for appeal to a panel, as contemplated below. The arbitrator's award will be in writing.

3) Third, a final award by an arbitrator (there will be no appeal of interim awards or other interim relief) may be appealed within 30 days of such final award. Appeals will be conducted before a 3-arbitrator panel appointed by the same organization as conducted the arbitration, each member of which must be a lawyer substantially experienced in franchising. The arbitration panel will not conduct any trial *de novo* or other fact-finding function. Such panel's decision will be in writing, may be entered in any court having jurisdiction and will be BINDING, FINAL AND NON-APPEALABLE. On request by either party, the arbitration panel will provide to all disputants a reasoned opinion with findings of fact and conclusions of law.

4) If required by applicable law for any arbitration provision (including the appeal process) to be enforceable (for example, to preserve constitutionally or statutorily provided rights), the arbitrator or a court will, as soon as possible, appropriately allocate between you and us the fees of the arbitrator(s) and/or his/her related organization, or require us to advance a portion of such fees subject to possible reimbursement, or otherwise address such issues so as to allow the arbitration to proceed and may adjust such allocations appropriately during the arbitration process for such purpose. In addition, you or we can choose to deposit all fees required by any arbitration organization, subject to later allocation between you and us, as provided above.

5) If the organizations specified by this Agreement to conduct any arbitration are unable or unwilling to conduct such proceeding(s), and the parties to the dispute cannot agree on an appropriate substitute organization or person to conduct such proceeding(s), then a court of competent jurisdiction shall designate an appropriate organization or person to conduct such proceeding(s).

B. Location: Any arbitration (and any arbitration appeal) will be conducted exclusively at a neutral location in the county in which our then-current headquarters is located, which may change from time to time, and be attended by you and us, and/or designees authorized to make binding commitments on each of our respective behalf. You and we agree that the provisions of this Article will control, notwithstanding any language included in our franchise disclosure documents due to state requirements suggesting that the provisions of any section might be unenforceable due to a failure to have a meeting of the minds or otherwise. Neither you nor we have any expectation that the provisions of this (or any other) section will be unenforceable or that they will not be enforced. You understand and agree that one effect of this paragraph may be that arbitration and other related costs may be greater, and it may be more difficult for you to proceed, than if those proceedings took place in a location near your residence or business. If any court determines that this provision is unenforceable for any reason, arbitration (and any arbitration appeal) will be conducted at a neutral location reasonably near your franchised location.

C. Arbitration Authority: Arbitrators shall apply all applicable law, and a failure to apply the applicable law in accord with Section 18.8 C. below shall be deemed an act in excess of authority. The arbitrator shall be appointed within thirty (30) days of the filing of any demand for arbitration. Any arbitration hearing shall be held within ninety (90) days of the applicable appointment. The arbitrator shall decide all questions relating in any way to the parties' agreement to arbitrate, including but not limited to arbitrability, applicability, subject matter, timeliness, scope, remedies, and any alleged fraud in the inducement or claimed unconscionability. The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc. by any court having jurisdiction. The subpoena powers of the arbitrator with respect to witnesses to appear at the arbitration proceeding shall not be subject to any geographical limitation. No award in arbitration will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration.

D. Discovery, Effect of Awards, Compulsory Counter-Claims: The disputants will have the same discovery rights as are available in civil actions under the state law selected in Section 18.8 C., except as modified by this Section. Discovery will relate exclusively to the relationship/agreements between you and us and not to our relationship/agreements with other Franchisees, depositions will be limited to key persons and either party can depose a maximum of three (3) such persons, including any experts, for a maximum period of seven (7) hours. On request by either party, the arbitrator shall provide a reasoned opinion with findings of fact and conclusions of law and the party so requesting shall pay the arbitrator's fees and costs connected therewith. Each disputant must submit or file any claim which would constitute a compulsory counter-claim within the same proceeding as the claim to which it relates as if the laws of the state law selected in Section 18.8 C. relating to such matters in litigation also governed such matters in arbitration. Subject to applicable law, any such Claim which is not submitted or filed in such proceeding will be forever barred. If any portion of this subsection is deemed to be unenforceable for any reason, it shall be modified or restricted, or severed, so as to comply with applicable law.

E. Fees and Costs: The parties will bear their own attorneys' fees and costs.

F. Disputes and Proceedings Not Subject to the Arbitration Process:

Either party to this Agreement shall be entitled to seek emergency interim, injunctive or expedited relief, by court or by arbitration (including, but not limited to, a temporary restraining order and temporary injunction, all without bond), to prohibit unauthorized use or infringement of any of the Marks or any copyright, or for other appropriate causes, without showing or proving actual damage, until such time as a final and binding determination is made by the court or arbitrator. You and we agree that since (a) the legal status/protection of the Marks and/or any Intellectual Property licensed to you and our other Franchisees is a core element of our System and of critical importance to all of our Franchisees and the future of our System, and (b) an adverse decision might affect all our Franchisees, it is critical that such matters should be decided by means of a court trial and be subject to possible appellate court review. The foregoing equitable remedies shall be in addition to, and not in lieu of, all other remedies or rights which the parties might otherwise have by virtue of any breach of this Agreement by the other party. If the provisions of this subsection are unenforceable or would result in rendering this Article 18 (or any portion thereof) unenforceable for any reason, the entire dispute shall be subject to arbitration and appeal of any arbitration decision, as provided in Section 18.2. Any action to compel a party's compliance with Section 18.2 must be consistent with Section 18.3.

G. Your and Our Intentions and Agreements: You and we mutually agree and have expressly had a meeting of the minds that, notwithstanding any contrary provisions of state, provincial or other law:

1) all disputes relating to arbitrability will be governed only by the Federal Arbitration Act and the federal common law of arbitration and exclusive of state statutes and/or common law. including disputes about arbitration procedures, whether or not any particular claim, issue or otherwise is to be submitted to arbitration, and/or enforcement of any of the dispute resolution-related or other provisions of this Agreement; all such disputes will be exclusively decided by the arbitrator, including any assertion that this Agreement as a whole, or the arbitration or any other provision, of this agreement, is unreasonable, oppressive, unlawful, invalid, void or voidable, procured by fraud or uneven bargaining power, unconscionable, part of a contract of adhesion, not subject to negotiation or not enforceable for any reason or similar claims;

2) all provisions of this Agreement can be fully enforced, including but not limited to those provisions relating to arbitration, venue, and choice of law; and

3) you and we intend to rely on federal preemption under the Federal Arbitration Act (9 U.S.C. § 1 et seq. and **each knowingly waive all rights to a trial and select arbitration as the sole means to resolve disputes, except as expressly provided otherwise in this Agreement**, understanding that arbitration may be less formal than a court or jury trial, may use different rules of procedure and evidence and that appeal is generally less available, and that the fees and costs associated with a face-to-face meeting and/or arbitration may be greater than in civil litigation, but still strongly preferring a face-to-face meeting and/or arbitration as provided in this Agreement believing that arbitration has overriding advantages from a business standpoint, such as an arbitrator being particularly familiar with franchising, as well as offering the possibility of lower costs and more rapid disposition of disputes.

18.3 Exclusive Jurisdiction and Venue. Without in any way limiting or otherwise affecting your and our obligations under Section 18.2, above, you and we agree that any court proceedings (including any action to compel a party's compliance with Article 18) will be exclusively held in the United States District Court encompassing our then-current headquarters (the "Proper Federal Court"), which may change from time-to-time, subject to the following exceptions:

A. If a basis for federal jurisdiction does not exist, then any such proceeding will be brought exclusively before a court in the most immediate state judicial district encompassing our then-current headquarters and having subject matter jurisdiction (the "Proper State Court");

B. Proceedings to remove or transfer a matter to the Proper Federal Court and/or to compel arbitration as contemplated by this Agreement may be brought in the court where the applicable action is pending and/or the Proper State or Federal Court; and

C. Any action primarily with respect to any real and/or personal property (including any action in unlawful detainer, ejectment or otherwise) may be brought in any court of competent jurisdiction and/or the Proper State or Federal Court.

You and we consent to jurisdiction of the courts as specified above.

These and similar provisions are agreed on due to practical business concerns, such as (1) the fact that relevant business records and personnel key to a resolution of the dispute will generally be located at our then-current headquarters and (2) you and we have a shared interest in avoiding inconsistent legal resolutions in multiple jurisdictions, which could adversely affect the franchise system and its day-to-day management. You understand and agree that the effect of the above (and other) provisions of this Agreement may be, among other things, that your costs of litigation or otherwise in a location away from your residence or business may be greater, and it may be more difficult for you to proceed, than if those proceedings took place in a location nearer your residence or business. However, if a court or arbitrator determines that these provisions are unenforceable for any reason, they shall be severed and the venue for litigation will be as determined under applicable law.

18.4 **Non-Retention of Funds.** Neither party has the right to offset or withhold payments of any kind owed or to be owed to the other against amounts purportedly due as a result of a dispute or otherwise, except as authorized by an arbitration award or as expressly provided in this Agreement.

18.5 **Waiver of Punitive Damages, etc.** To the fullest extent permitted by law, you and we (and your and our affiliates) mutually and knowingly waive all rights to or claim for punitive, exemplary, multiple or similar damages and agree that, in the event of any dispute, all recovery shall be limited to actual damages sustained by the injured party; provided that no such waiver or limitation shall apply to amounts owed under any indemnification obligation; and provided further that, to the extent required by applicable law, if you or we have any unwaivable rights to punitive, exemplary, multiple or similar damages under any statute or regulation, such rights will remain in effect. In any event, any constitutional and/or statutory limitations on punitive, exemplary, multiple or similar damages will apply, and any award by an arbitrator or court in excess of such limitations will be in excess of legal authority and void.

18.6 **Survival of Obligations.** Articles 18 and 20 will continue in full force and effect after and notwithstanding the expiration, Termination, rescission, or cancellation of this Agreement for any reason, will survive and will govern any Claim for rescission or otherwise, as well as any Claim against, or with respect to, you, us, any Marketing Fund and/or any of the Franchisor-Related Persons/Entities and the non-solicitation, confidentiality, protection of the Marks, indemnity/hold harmless obligations, ongoing audit rights and all other Post-Termination Provisions provided in this Agreement shall also survive. Notwithstanding any bankruptcy or other proceeding, you and we wish to have the dispute avoidance and resolution provisions of this Agreement strictly enforced according to their terms, to the maximum extent allowable by law.

18.7 **Attorneys' Fees and Costs.** The parties will each bear their own costs of enforcement and/or defense (including but not limited to attorneys' costs and fees), including those matters resolved pursuant to a settlement agreement between the parties.

18.8 **Enforcement and Construction**

A. Each portion of this Agreement is severable, and the remainder of the Agreement is fully enforceable. This Agreement is binding on the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified or supplemented except by means of a written agreement signed by both you and our President. Changes to the Manuals do not require any acceptance by you. No other officer, field representative, salesperson or other person has the right or authority modify this Agreement, or to make any representations or agreements on our behalf, and any such modifications, representations and/or agreements shall not be binding. Notwithstanding the fact that a party to this Agreement is or may become a party to a court action or special proceeding with a third party or otherwise, and whether or not such pending court action or special proceeding (1) may include common or other issues of law, fact or otherwise arises out of the same transaction or occurrence, or series of related transactions or occurrences, as any arbitration between or involving the parties to this Agreement, (2) involves a possibility of conflicting rulings on common issues of law, fact or otherwise, and/or (3) such pending court action or special proceeding may involve a third party who cannot be compelled to arbitrate, the agreement of the parties to this Agreement shall be enforced according to its terms and any party to this Agreement may bring an action to compel a face-to-face meeting and/or arbitration, you and we strongly preferring arbitration to court actions and wishing to have a single entity (the arbitrator) determine all issues of fact and law between or involving us, except as expressly provided otherwise in this Agreement.

B. No waiver shall be effective unless in writing and signed by an authorized representative of the signing party. The rights and remedies provided in this Agreement are cumulative. Except as expressly provided in this Agreement, no party will be prohibited from exercising any rights or remedies provided under this Agreement or permitted under law or equity. If two (2) or more persons are at any time the Franchisee or the Franchisee owners, all of their obligations and liabilities under this or any other agreement with us and/or any Franchisor Associates will be joint and several.

C. You and we agree on the practical business importance of certainty as to the law applicable to your and our relationship and its possible effect on the development and competitive position of the System. Therefore, you and we also agree that, except with respect to the applicability of the Federal Arbitration Act, 9 U.S.C. § 1 et seq. and the effect of federal pre-emption of state law by such Act, and except to the extent governed by the United States Trademark Act and other federal laws and as otherwise expressly provided in this Agreement, this Agreement and all other matters, including, but not limited to respective rights and obligations, concerning you and us, will be governed by, and construed and enforced in accordance with, the laws of the state where your KEI Center is, or will be, located, without regard to any conflict of law principles of such state.

D. This Agreement is the entire agreement between you and us, as provided in Section 20 D., below.

E. You and we agree that none of the relationships formed in connection with the Agreement are in the nature of a "trust," "fiduciary" or similar special arrangement and that this is an ordinary commercial relationship.

F. We have the right to elect in our sole discretion to not enforce (or to selectively enforce) any provision of this or any Agreement, standard or policy, whether with respect to you and/or any other franchisee or other person, in a lawful manner without liability.

18.9 Our Exercise of "Sole Discretion" and Other Choices; Express Agreement. When we use the phrases "sole and absolute discretion" and/or "sole discretion" and whenever we exercise a right, prescribe an act or thing, or otherwise make a choice or use discretion, you and we agree that we have the express, unrestricted right to make decisions and/or take (or refrain from taking) actions, as we deem appropriate. We shall use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider your individual interests or the interests of any other particular franchisee(s). We have this right even if a particular decision/action may have negative consequences for you, a particular franchisee or group of franchisees. You and we shall execute this Agreement in the belief that it is the basis for a long-term business relationship and should be enforced according to its express provisions. Neither you nor we have any expectation that the rights and obligations described herein will be defined or determined to be other than as expressly written. You and we agree that is not your and our intention or expectation that a third party use any doctrine and/or rule of interpretation to impose additional obligations on you and/or us.

18.10 Miscellaneous

A. Section and Article headings are for convenience only and do not define, limit, or construe such provisions.

B. References to a "controlling interest" are to a shareholder, membership or partnership interest, as applicable, which enables the holder(s) of such interest to determine the outcome of a decision making process for the applicable entity.

C. This Agreement will be executed in multiple copies, each of which will be deemed an original.

D. You and we have carefully reviewed and thought about each provision of this Agreement. Provisions shall be construed simply according to their fair meaning, without presumptions or inferences concerning terms or interpretation and not strictly against you or us.

E. The rights and obligations of this Agreement run directly between you and us and are not intended to create any third-party beneficiary or similar rights or obligations, unless specifically expressed in this Agreement; except that the protections which apply to us relating to indemnification and/or releases will also benefit any past, current and/or future Franchisor-Related Persons/Entities, the Marketing Fund and the FAC and that the protections which apply to you will also apply to your Affiliates, unless your Affiliate is under a separate Franchise Agreement with us, in which case their protections under that Franchise Agreement will apply to them.

18.11 Intention to Arbitrate, Severability of Dispute Resolution Provisions, etc. Irrespective of any statute, regulation, decisional law or otherwise, it is your and our fundamental agreement not to engage in any court proceedings (except as expressly provided for in the rare instances specified in this Agreement), viewing the dispute resolution mechanism established by this Agreement to be superior from a business standpoint and more likely to generate creative business-oriented solutions and compromise, and more accommodating to our business relationship and the needs of an evolving and diverse franchise system. Therefore, if any provisions of this Article 18 are deemed by a court to be unenforceable for any reason, you and we agree and intend that such provisions will be (a) modified so as to be enforceable or (b), if that cannot be done, severed and, in any event, any remaining portions of this Article 18 shall remain in full force and effect. You and we agree that such remaining portions will still form an appropriate and complete dispute resolution mechanism.

19. NOTICES AND PAYMENTS.

All written notices and reports to be delivered by the provisions of this Agreement or of the Manuals will be deemed so delivered when delivered by hand, immediately on transmission by facsimile transmission or other electronic system, including e-mail or any similar means, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to us at **KEI Franchising Corp.,** 36343 W. Cartegna Lane, Maricopa, Arizona 85138, (or our then-current headquarters), to the attention of the President, and to you, at your KEI Center. Until your KEI Center has opened for business, we may send you notices at any address appearing in your application for a franchise or in our records. Any required payment or report not actually received by us during regular business hours on the date due will be deemed delinquent. Notice to any one Franchisee, or owner of the Franchisee, shall be deemed effective as to all Franchisees under this Agreement and all owners of the Franchisee(s). Any party may change its address for receipt of notices by providing prior written notice of such change to the other party.

20. ACKNOWLEDGMENTS AND REPRESENTATIONS, ENTIRE AGREEMENT, NO FIDUCIARY RELATIONSHIP, ETC.

A. You and we agree that your and our relationship is not a fiduciary or similar special relationship, but rather is an ordinary commercial relationship between independent business people with arms length dealings.

B. You acknowledge that you (and each of your owners, if you are a business entity) have had the opportunity and been advised by us to have this Agreement and all other documents reviewed by your own attorney, and that you've read, understood, had an opportunity to discuss and agreed to each provision of this Agreement. You agree that you've been under no compulsion to sign this Agreement.

C. You and we expressly acknowledge and agree that the provisions of Article 18, above, [whether relating to arbitration, venue, limitations on types of damages, and/or otherwise] may require you to travel to a distant location to resolve a dispute, expend additional funds, and/or raise challenges for you and/or us in prosecution of claims/actions. You and we view these provisions in the context of a diverse franchise system with large and small, sophisticated and unsophisticated participants, and that requires uniformity and predictability. As such, you and we knowingly accept such provisions and limitations as justified by business necessities and representative of a reasonable balancing of your and our interests, and those of the System as a whole, and not as unfair or burdensome.

D. You and we agree that this Agreement contains the final, complete and exclusive expression of the terms of your and our agreement (along with concurrently signed writings, such as, but not limited to, personal guarantees, Statement of Prospective Franchisee, addenda, exhibits, releases and any other related documents {collectively, the Related Documents}) and supersedes all other agreements and/or representations of any kind or nature. Any understandings, agreements, representations, or otherwise (whether oral or written) which are not fully expressed in this Agreement and the Related Documents are expressly disclaimed by you and us, including but not limited to any promises, options, rights-of-first refusal, guarantees, and/or warranties of any nature (excepting only the written representations made by you in connection with your application for this franchise). Neither you nor we believe it to be fair or reasonable for the other party to have to deal with allegations about understandings, representations, etc. not fully expressed in writing in this Agreement.

E. You specifically acknowledge that you have not received or relied on (nor have we or anyone else provided) any statements, promises or representations that you will succeed in the franchised business or at any location; achieve any particular sales, income or other levels of performance; earn any particular amount, including any amount in excess of your initial franchise fee or other payments to us; or receive any rights, goods, or services not expressly set forth in this Agreement.

F. You represent, warrant and agree that no contingency, prior requirement, or otherwise (including but not limited to obtaining financing) exists with respect to you fully performing any or all of your obligations under this Agreement. You further represent to us, as an inducement to our entering into this franchise relationship, that you have made no misrepresentations or material omissions in obtaining the Franchise.

G. You acknowledge that you have not received or relied on (nor have we or anyone else provided, except as may have been contained in the Uniform Franchise Disclosure Document received by you):

1) any sales, income or other projections of any kind or nature; or

2) any statements, representations, charts, calculations or other materials which stated or suggested any level or range of sales, income, profits or cash flow; or

3) any representations as to any profits you may realize in the operations of the Franchised Business or any working capital or other funds necessary to reach any 'break-even' or any other financial level.

If any such information, promises, representations and/or warranties have been provided to you, they are unauthorized and inherently unreliable. You agree to advise us of the delivery of any such information. You must not rely upon any such information, nor shall we be bound by it. We do not, nor do we attempt to, predict, forecast or project future performance, revenues or profits of any you or any franchisee. We are unable to reliably predict the performance of a KEI Center even operated by us, and certainly cannot predict results for your KEI Center.

H. You acknowledge and agree that the success of the business venture contemplated to be undertaken by you is speculative and will be dependent on your personal efforts, and success is not guaranteed; and further acknowledge that we have just recently begun franchising and are not an experience franchisor and our franchise system is relatively unproven. You acknowledge and represent that you have entered into this Agreement and made an investment only after making an independent investigation of the opportunity, including having received a list with your Uniform Franchise Disclosure Document of others currently operating, or who have operated, our franchises.

I. You acknowledge that you (and each of your owners) has received, fully read and understood, and all questions have been answered regarding, i) a copy of our Franchise Disclosure Document with all exhibits at least ten (10) business days prior to signing any binding documents or paying any sums (whichever occurred first), and ii) a copy of this Agreement and all other agreements complete and in form ready to sign at least five (5) business days prior signing any binding documents or paying any sums (whichever occurred first).

J. You understand, acknowledge and agree that (1) we may have offered franchises in the past, may currently be offering franchises and/or may offer franchises in the future, on economic and/or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents and (2) there may be instances where we have varied, or will vary, the terms on which we offer franchises, the charges we (and/or our Affiliates) make or otherwise deal with our Franchisees to suit the circumstances of a particular transaction, the particular circumstances of that Franchisee or otherwise, in each case in our Business Judgment.

K. You understand that we are relying on you to bring forward in writing at this time any matters inconsistent the representations contained in this Article 20. You agree that if any of the statements or matters set forth in this Article 20 are not true, correct and complete that you will make a written statement regarding such next to your signature below so that we may address and resolve any such issue(s) at this time.

L. You acknowledge and agree that the officers, directors, employees, and agents of the Franchisor act only in a representative capacity and not in an individual capacity, and that no other persons and/or entities other than the Franchisor has or will have any duties or obligations to you.

IN WITNESS WHEREOF, you and we have executed and delivered this Agreement in __________ counterparts on the day and year first above written.

THIS AGREEMENT WILL NOT BECOME EFFECTIVE UNLESS AND UNTIL SIGNED BY THE PRESIDENT OR A VICE PRESIDENT OF FRANCHISOR. NO FIELD REPRESENTATIVE OR OTHER PERSON IS AUTHORIZED TO EXECUTE THIS AGREEMENT FOR FRANCHISOR.

FRANCHISOR:

KEI Franchising Corp.
a California corporation

By: ___________________________
Title: President

(Signatures continue on following page)

FRANCHISEE (Individual)

____
Signature

____
Printed Name

____
Signature

____
Printed Name

FRANCHISEE (Corp., LLC or Partnership)

____
Legal Name of Franchisee Entity

a____________________________ _____________________________
Jurisdiction of Formation Corporation, LLC or Partnership

By: ____________________________________
Name

____
Signature
Title: __________________________________

Exhibit 1

OWNER'S GUARANTY AND ASSUMPTION OF CORPORATE FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution by KEI Franchising Corp., a California corporation, ("Franchisor") of the franchise agreement of even date herewith (the "Agreement") between Franchisor and ____________________, a(n) ________________ corporation (the "Corporate Franchisee"), each of the undersigned hereby personally and unconditionally, jointly and severally: (1) guarantees to Franchisor, its Affiliates, the Franchisor-Related Persons/Entities (as defined in the Agreement) and each of their successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the undersigned will be bound by, and punctually pay and perform, each and every undertaking, agreement and covenant set forth in the Agreement; (2) agrees to be personally bound by, and personally liable for, the breach of, each and every provision in the Agreement; and (3) agrees to be personally bound by, and personally liable for, each obligation of the Corporate Franchisee to Franchisor and/or any company affiliated or related in any way with or to Franchisor, including all past, current and/or future obligations of the Corporate Franchisee, the undersigned intending that this guarantee be unqualifiedly general and without limitation in scope, nature and/or effect. Franchisor (and/or its Affiliates) need not bring suit first against the undersigned in order to enforce this guarantee and may enforce this guarantee against any or all of the undersigned as it chooses in its sole and absolute discretion.

Each of the undersigned waives:

(1) acceptance and notice of acceptance by Franchisor, of the foregoing undertakings;

(2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;

(3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

(4) any right the undersigned may have to require that an action be brought against Franchisor, Corporate Franchisee or any other person as a condition of liability; and

(5) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

(1) his or her direct and immediate liability under this guaranty will be joint and several;

(2) he and/or she will render any payment or performance required under the Agreement on demand if the Corporate Franchisee fails or refuses to do so punctually;

(3) such liability will not be contingent or conditioned on pursuit by Franchisor of any remedies against the Corporate Franchisee or any other person;

(4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time-to-time grant to the Corporate Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Agreement;

(5) the liabilities and obligations of the undersigned, whether under this document or otherwise, will not be diminished or otherwise affected by the Termination, rescission, expiration or otherwise of the Agreement; and

(6) the provisions of Articles 18 and 20 of the Agreement are incorporated in and will apply to this document as if fully set forth herein and shall apply to any dispute involving the Franchisor and any of the undersigned.

In connection with such guarantee and the Franchisor (a) not requiring that the Franchise be initially awarded in the name of one or more of the Guarantors and/or (b) not requiring the payment of a full transfer fee in connection with any related transfer from the undersigned to the Corporate Franchisee, each of the undersigned hereby grants a General Release of any and all claims, liabilities and/or obligations, of any nature whatsoever, however arising, known or unknown, against the Franchisor and/or any or all of the Franchisor-Related Persons/Entities.

IN WITNESS WHEREOF, each of the undersigned has here unto affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)	PERCENTAGE OF OWNERSHIP OF CORPORATE FRANCHISEE
____________________________	______________________%
____________________________	______________________%
____________________________	______________________%
____________________________	______________________%

Corporate Franchisee:

________________________, a ______________ corporation.

By ___________________________________

Its ___________________________________

Franchise Agreement Number: _______

Exhibit 1.2

Current Form of
KEI® Releasing Language
(subject to change)

Release-General Provisions. The Franchisee(s), jointly and severally, hereby release and forever discharge each and all of the Franchisor-Related Persons/Entities (as defined below) of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, howsoever arising, **known or unknown**, fixed or contingent, past or present, that the Franchisee(s) (or any of them) now has or may hereafter have against all or any of the Franchisor-Related Persons/Entities by reason of any matter, cause or thing whatsoever from the beginning of time to the date hereof (the "Claims"), it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims against any of the Franchisor-Related Persons/Entities are hereby forever canceled and forgiven.

THE FRANCHISEE (S) ACKNOWLEDGE THAT THEY ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

THE FRANCHISEE(S), BEING AWARE OF THIS CODE SECTION, HEREBY EXPRESSLY WAIVE ALL OF THEIR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, CALIFORNIA AND/OR JURISDICTIONS OF FRANCHISEE(S)' RESIDENCE AND LOCATION OF FRANCHISED UNITS.

Provided that if this Release is given in connection with the award of a franchise, then this release shall not apply to Claims relating to the offer and sale of such franchise under the California Franchise Investment Law or any rule or order issued thereunder.

The Franchisee(s) expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by Franchisee(s), and it is the Franchisee(s) intention to forever settle, adjust and compromise any and all present and/or future disputes with respect to all matters from the beginning of time to the date of this document finally and forever and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Franchisee(s) are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Franchisee(s) represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Franchisee(s), in the Franchisee(s) independent judgment, believe necessary or appropriate. The Franchisee(s) have not relied on any statement, promise, representation or otherwise, whether of fact, law or otherwise, or lack of disclosure of any fact, law or otherwise, by the Franchisor-Related Persons/Entities or anyone else, not expressly set forth herein, in executing this document and/or the related releases.

Franchisee(s) Initials: ______/___________

No Assignment or Transfer of Interest. The Franchisee(s) represent and warrant that there has been, and there will be, no assignment or other transfer of any interest in any Claims that the Franchisee(s) may have against any or all of the Franchisor-Related Persons/Entities, all Claims having been fully and finally extinguished, and the Franchisee(s) agree to forever indemnify and hold the Franchisor-Related Persons/Entities harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred by any of the Franchisor-Related Persons/Entities as a result of any person asserting any interest in any of the Claims and/or any voluntary, involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer or otherwise. It is the intention of the parties that this indemnity does not require payment by any of the Franchisor-Related Persons/Entities as a condition precedent to recovery against the Franchisee(s) under this indemnity.

Franchisee(s) Initials: _________________

Attorneys Fees. If the Franchisee(s), or anyone acting for, or on behalf of, the Franchisee(s) or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commence, join in, or in any manner seek relief through any suit (or otherwise) arising out of, based upon or relating to any of the Claims released hereunder or in any manner asserts against all or any of the Franchisor-Related Persons/Entities any of the Claims released hereunder, the Franchisee(s) agree to pay all attorneys' fees and other costs incurred by any of the Franchisor-Related Persons/Entities in defending or otherwise responding to said suit or assertion directly to the Franchisor-Related Persons/Entities incurring such costs.

Franchisee(s) Initials: _______/__________

"Franchisor-Related Persons/Entities." KEI Franchising Corp., its past, current and future: predecessors, successors, partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees and/or any affiliated companies and/or persons, and each of their respective partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees, as well as any company(ies)/person(s) acting by, through, under or in concert or affiliated or associated in any way with any of the foregoing, including (among others) KEI Franchising Corp., and each of its shareholders, officers, directors, agents, attorneys, accountants, and/or employees, as well as any of the Affiliates, predecessors, successors and/or assigns of any of the foregoing.

Franchisee(s) Initials: _________________

Date of Releases, Joint and Several Liability. The releases granted hereunder shall be deemed effective as of the date hereof. The liabilities and obligations of each of the Franchisee(s) (and any other person/entity providing releases to the Franchisor-Related Persons/Entities) shall be joint and several.

Franchisee(s) Initials: ________/_________

KEI Franchising Corp.

Exhibit 2.2

Commercial Accounts Area

The "Commercial Accounts Area" is as follows:

____

____

____

____

Your Territory will be established by us as a geographical area within the Commercial Accounts Area. Your initial Territory will be established by you and us as described in Section 2.2 A of this Franchise Agreement. You understand and agree that we may adjust the boundaries of the Territory from time to time in our Business Judgment, provided that any adjusted Territory will remain within the Commercial Accounts Area, unless you and we agree to extend the boundaries of the Commercial Accounts Area. We will provide you with at least thirty (30) days advance written notice of such an adjustment.

Note: Boundary lines include only the area <u>within</u> the boundary line and extend only to the middle of the boundary demarcation (for example, only to the <u>middle</u> of a street or highway, unless specified otherwise.) Your rights are limited as set forth in the Franchise Agreement.

FRANCHISOR:	FRANCHISEE:
KEI Franchising Corp. a California corporation	______________________ Signature
	______________________ Printed Name
By: ____________________ Signature Title: President	______________________ Signature
	______________________ Printed Name

EXHIBIT B TO

KEI FRANCHISING CORP

FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

EXHIBIT B TO

KEI FRANCHISING CORPORATION

FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

KEI FRANCHISING CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

DWYER AND COMPANY
Certified Public Accountant

P.O. Box 1447 • 3111 Sunset Blvd., Suite K • Rocklin, California 95677 • (916) 624-7995 • FAX (916) 624-7996
1293 Lincoln Way, Suite B • Auburn, California 95603 • (530) 888-7130 • FAX (530) 888-0741
www.dwyer-cpa.com

Independent Auditor's Report

To the Board of Directors
Kei Franchising Corporation
Chandler, Arizona

We have audited the accompanying financial statements of KEI Franchising Corporation (a California corporation) which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of income, changes in stockholders' equity, and cash flows for the years ended in December 2017, 2016 and 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kei Franchising Corporation as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years ended in December 2017, 2016 and 2015, in accordance with accounting principles generally accepted in the United States of America.

Darrell J. Dwyer, Certified Public Accountant
Rocklin, California
January 25, 2018

KEI FRANCHISING CORPORATION

BALANCE SHEET
DECEMBER 31, 2017 and 2016

	2017		2016	
ASSETS				
CURRENT ASSETS				
Cash	$ 47,881		$ 47,717	
Bullion	15,721		15,721	
Accounts receivable	1,800		2,000	
Receivables-shareholders	10,027		10,027	
Assets held for resale	21,000		0	
TOTAL CURRENT ASSETS		$ 96,429		$ 75,465
FIXED ASSETS, net of accumulated depreciation		52,776		57,204
INTANGIBLE ASSETS, net of accumulated amortization		592		1,159
TOTAL ASSETS		$ 149,797		$ 133,828
LIABILITIES AND SHAREHOLDER'S EQUITY				
CURRENT LIABILITIES				
Accounts payable	$ 800		$ 1,000	
Accrued expenses	5,477		7,489	
Current portion of long-term debt	6,875		6,600	
TOTAL CURRENT LIABILITIES		$ 13,152		$ 15,089
LONG-TERM LIABILITIES, net of current amount		7,158		14,032
TOTAL LIABILITIES		20,310		29,121
SHAREHOLDER'S EQUITY				
Common Stock Authorized, 1,500 shares, no par value; Issued and outstanding, 1,000 shares	$ 49,000		$ 49,000	
Retained Earnings	80,487		55,707	
TOTAL SHAREHOLDER'S EQUITY		129,487		104,707
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		$ 149,797		$ 133,828

See accompanying notes

KEI FRANCHISING CORPORATION

STATEMENT OF INCOME AND RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2017, 2016 and 2015

	2017		2016		2015	
Revenues earned						
Service	$ 70,595		$ 96,748		$ 70,892	
Royalties	48,175		46,820		54,102	
TOTAL REVENUE		118,770		$ 143,568		$ 124,994
General and administrative expenses						
Officer salaries	$ 19,707.00		$ 37,000		$ 32,000	
Payroll tax expense	1,629		3,064		2,778	
Accounting	6,650		6,390		6,170	
Advertising	0		280		300	
Bank fees	331		0		259	
Depreciation & amortization	4,995		8,632		13,463	
Dues & subscriptions	65		450		70	
Insurance	4,840		4,452		4,252	
Interest	721		1,785		2,889	
Legal & professional	2,036		3,365		1,397	
Licenses & fees	520		1,329		450	
Meals & entertainment	3,244		90		743	
Miscellaneous	80		0		687	
Office expense	45		902		4,448	
Postage	320		563		256	
Repairs	641		4,388		0	
Sales rebates	4,953		6,882		7,652	
Subcontractor	10,165		9,534		8,531	
Supplies	2,168		4,697		1,031	
Telephone & internet	6,712		8,198		6,070	
Travel	3,669		0		272	
Uniforms	1,619		2,051		1,773	
Vehicle expenses	4,044		5,266		10,178	
		79,154		109,318		105,669
		39,616		34,250		19,325
Other income (expense)						
Miscellaneous income		0		5,601		0
Interest income		0		0		3
Decrease in holding value of asset		0		0		(1,843)
Gain (loss) on sale of assets		6,464		13,314		0
Income before taxes		46,080		53,165		17,485
Income tax expense		800		800		800
NET INCOME		45,280		52,365		16,685
BEGINNING RETAINED EARNINGS		55,707		59,542		58,560
Distributions		20,500		56,200		15,703
ENDING RETAINED EARNINGS		$ 80,487		$ 55,707		$ 59,542

See accompanying notes

KEI FRANCHISING CORPORATION

STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY
YEARS ENDED DECEMBER 31, 2017 and 2016

	Common Stock		Retained	Total Stockholder's
	Shares	Amount	Earnings	Equity
Balance as of January 1, 2016	1,000	49,000	59,542	108,542
Net Income			52,365	52,365
Stockholder Distributions			(56,200)	(56,200)
Balance as of December 31, 2016	1,000	49,000	55,707	104,707
Balance as of January 1, 2016	1,000	49,000	55,707	104,707
Net Income			45,280	45,280
Stockholder Distributions			(20,500)	(20,500)
Balance as of December 31, 2016	1,000	49,000	80,487	129,487

See accompanying notes

KEI FRANCHISING CORPORATION

STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017, 2016 and 2015

	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	$ 45,280	$ 52,365	$ 16,685
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation & amortization	4,995	8,632	13,463
Decrease in holding value	0	0	1,843
(Gain)loss on sale of assets	(6,464)	(13,314)	0
	43,811	47,683	31,991
(Increase)decrease in:			
Accounts receivable	200	0	-
Assets held for resale	(21,000)	15,418	(972)
Increase(decrease) in:			
Accounts payable	(200)	(746)	(3,836)
Accrued expenses	(2,012)	708	2,148
Current portion of long term debt	275	(6,444)	7,124
NET CASH PROVIDED BY OPERATING ACTIVITIES	21,074	56,619	36,455
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	0	0	(2,850)
Purchase of investments	(14,536)	0	-
Sales of property and equipment	21,000	12,342	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	6,464	12,342	(2,850)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principle payments on long-term debt	(6,874)	(24,586)	(12,006)
Borrowings on long-term debt	0	0	-
Payment on shareholder loan	0	0	-
Distributions	(20,500)	(56,200)	(15,703)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(27,374)	(80,786)	(27,709)
NET INCREASE(DECREASE) IN CASH	$ 164	$ (11,825)	$ 5,896
CASH AT JANUARY 1, 2016, 2015and 2014	47,717	59,542	53,646
CASH AT DECEMBER 31, 2016, 2015 and 2014	$ 47,881	$ 47,717	$ 59,542

SUPPLEMENTAL DISCLOSURES

		2017	2016	2015
Interest paid		$ 721	$ 1,785	$ 2,889
Income taxes paid	(Note A)	$ 800	$ 800	$ 800

See accompanying notes

KEI FRANCHISING CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Kei Franchising Corporation (a California corporation) (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Business Activity

Kei Franchising Corporation is a service provider performing window cleaning services, and also offering window cleaning franchises for sale to others. The Company adds customers to window cleaning routes until a route represents, in the opinion of management, sufficient gross sales volume to enable a franchise award. The route will then be transferred to a franchisee in exchange for a cash payment plus annual royalties charged as a percentage of franchisee gross income. The contracts are typically free of seller contingencies.

Cash

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Bullion

The Company holds physical silver coin as a short term investment, as it is highly liquid and readily convertible to cash. Gain or loss will be recognized upon sale.

Concentration of Credit Risk

The Company currently performs work primarily in Arizona, and is subject to economic fluctuations in this area. No single customer accounts for more than 5% of sales.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

The Company uses the direct write off method to account for uncollectible receivables rather than the allowance method, as these amounts have been deemed immaterial.

Depreciation and Amortization

Depreciation is provided principally on the straight-line or declining balance method over the estimated useful lives of the assets, as follows: leasehold improvements, twenty years; machinery and equipment, three to ten years; vehicles, three to seven years; office equipment, five years, computer equipment, three to five years.
Amortization is provided principally on the straight-line method over the assigned lives of the intangible assets, as follows: organization expenses, five years; franchise costs, fifteen years.

Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under these provisions, the Company passes through taxable income to its shareholders as earned. The Company is subject to the California surtax on small business corporate income for California source income. The Company has elected to use the cash method of reporting income and expenses for income tax purposes. Under this method, revenue is recognized when received and expenses are recognized when paid.

NOTE B-PROPERTY AND EQUIPMENT

Property and equipment are summarized by major classifications as follows:

Vehicles	$ 82,179
Machinery & equipment	3,155
Less accumulated depreciation	(32,558)
	$ 52,776

NOTE C-INTANGIBLE ASSETS

Intangible assets are summarized by major classifications as follows:

Organization expenses	$3,363
Franchise costs	17,015
	$20,378
Less accumulated amortization	(19,786)
	$ 592

NOTE D-RELATED PARTY TRANSACTIONS

The distributions presented in the Statement of Income and Retained Earnings are distributions to the shareholders made in 2017. Receivable-shareholders are advances to shareholders, anticipated to be repaid in 2018.

NOTE E-INCOME TAXES

The components of income tax expense are as follows:

	2017
Current	$800
Deferred	0
	$800

NOTE F-ASSETS HELD FOR RESALE

Assets held for resale represent existing routes purchased from previous franchisees and expected to be resold within the next twelve months.

NOTE G-LONG-TERM DEBT

Notes payable to a finance company, payable in monthly installments of $ 610 including interest at 4.09%, final payments due December, 2019, collateralized by vehicles.	$ 14,033
Less current portion	6,,875
Long-term debt	$7,158

Maturities of long-term debt are as follows:

Year Ending December 31:	Amount
2018	6,875
2019	7,158
2020	0
2021	0
2022	0

DWYER AND COMPANY
Certified Public Accountant

P.O. Box 1447 • 3111 Sunset Blvd., Suite K • Rocklin, California 95677 • (916) 624-7995 • FAX (916) 624-7996
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Independent Auditor's Report

To the Board of Directors
Kei Franchising Corporation
Chandler, Arizona

We have audited the accompanying financial statements of KEI Franchising Corporation which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related statements of income, changes in stockholders' equity, and cash flows for the years ended in December 2016, 2015 and 2014, and the related notes to the financial statements.

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kei Franchising Corporation as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years ended in December 2016, 2015 and 2014, in accordance with accounting principles generally accepted in the United States of America.

Darrell J. Dwyer, Certified Public Accountant
Rocklin, California
February 2, 2017

KEI FRANCHISING CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

KEI FRANCHISING CORPORATION

BALANCE SHEET
DECEMBER 31, 2016 and 2015

	2016		2015	
ASSETS				
CURRENT ASSETS				
Cash	$ 47,717		$ 59,173	
Cash equivalents	15,721		13,878	
Accounts receivable	2,000		2,000	
Receivables-shareholders	10,027		10,027	
Assets held for resale	0		16,658	
TOTAL CURRENT ASSETS		$ 75,465		$ 101,736
FIXED ASSETS, net of accumulated depreciation		57,204		64,701
INTANGIBLE ASSETS, net of accumulated amortization		1,159		2,294
TOTAL ASSETS		$ 133,828		$ 168,731
LIABILITIES AND SHAREHOLDER'S EQUITY				
CURRENT LIABILITIES				
Accounts payable	$ 1,000		$ 1,746	
Accrued expenses	7,489		6,781	
Current portion of long-term debt	6,600		13,044	
TOTAL CURRENT LIABILITIES		$ 15,089		$ 21,571
LONG-TERM LIABILITIES, net of current amount		14,032		38,618
TOTAL LIABILITIES		29,121		60,189
SHAREHOLDER'S EQUITY				
Common Stock	$ 49,000		$ 49,000	
Authorized, 1,500 shares, no par value;				
Issued and outstanding, 1,000 shares				
Retained Earnings	55,707		59,542	
TOTAL SHAREHOLDER'S EQUITY		104,707		108,542
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		$ 133,828		$ 168,731

See accompanying notes

KEI FRANCHISING CORPORATION

STATEMENT OF INCOME AND RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2016, 2015 and 2014

	2,016		2,015		2,014	
Revenues earned						
Service	96,748		$ 70,892		$ 55,300	
Royalties	46,820		54,102		57,430	
TOTAL REVENUE		$ 143,568		$ 124,994		$ 112,730
General and administrative expenses						
Officer salaries	37,000		$ 32,000		$ 28,000	
Payroll tax expense	3,064		2,778		2,520	
Accounting	6,390		6,170		5,340	
Advertising	280		300		333	
Bank fees	0		259		243	
Depreciation & amortization	8,632		13,463		8,146	
Dues & subscriptions	450		70		50	
Insurance	4,452		4,252		3,201	
Interest	1,785		2,889		759	
Legal & professional	3,365		1,397		2,334	
Licenses & fees	1,329		450		790	
Meals & entertainment	90		743		667	
Miscellaneous			687		205	
Office expense	902		4,448		1,851	
Postage	563		256		293	
Repairs	4,388		0		0	
Sales rebates	6,882		7,652		8,652	
Subcontractor	9,534		8,531		8,188	
Supplies	4,697		1,031		1,678	
Telephone & internet	8,198		6,070		7,974	
Travel	0		272		2,919	
Uniforms	2,051		1,773		0	
Vehicle expenses	5,266		10,178		6,760	
		109,318		105,669		90,903
		34,250		19,325		21,827
Other income (expense)						
Miscellaneous income		5,601				
Interest income		0		3		10
Decrease in holding value of asset		0		(1,843)		(5,099)
Gain (loss) on sale of assets		13,314		0		(3,795)
Income before taxes		53,165		17,485		12,943
Income tax expense		800		800		800
NET INCOME		52,365		16,685		12,143
BEGINNING RETAINED EARNINGS		59,542		58,560		63,178
Distributions		56,200		15,703		16,761
ENDING RETAINED EARNINGS		$ 55,707		$ 59,542		$ 58,560

See accompanying notes

KEI FRANCHISING CORPORATION

STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY
YEARS ENDED DECEMBER 31, 2016 and 2015

	Common Stock		Retained	Total Stockholder's
	Shares	Amount	Earnings	Equity
Balance as of January 1, 2015	1,000	49,000	58,560	107,560
Net Income			16,685	16,685
Stockholder Distributions			(15,703)	(15,703)
Balance as of December 31, 2015	1,000	49,000	59,542	108,542
Balance as of January 1, 2016	1,000	49,000	59,542	108,542
Net Income			52,365	16,685
Stockholder Distributions			(56,200)	(15,703)
Balance as of December 31, 2016	1,000	49,000	55,707	109,524

See accompanying notes

KEI FRANCHISING CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Kei Franchising Corporation (a California corporation) (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Business Activity

Kei Franchising Corporation is a service provider performing window cleaning services, and also offering window cleaning franchises for sale to others. The Company adds customers to window cleaning routes until a route represents, in the opinion of management, sufficient gross sales volume to enable a franchise award. The route will then be transferred to a franchisee in exchange for a cash payment plus annual royalties charged as a percentage of franchisee gross income. The contracts are typically free of seller contingencies.

Cash

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Cash Equivalents

The Company holds physical silver coin as a short term investment, as it is highly liquid and readily convertible to cash. The value is based on the closing price of silver as traded in active markets as of the balance sheet date. Gains and losses in value are recognized in the statement of income.

Concentration of Credit Risk

The Company currently performs work primarily in Arizona, and is subject to economic fluctuations in this area. No single customer accounts for more than 5% of sales.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

The Company uses the direct write off method to account for uncollectible receivables rather than the allowance method, as these amounts have been deemed immaterial.

Depreciation and Amortization
Depreciation is provided principally on the straight-line or declining balance method over the estimated useful lives of the assets, as follows: leasehold improvements, twenty years; machinery and equipment, three to ten years; vehicles, three to seven years; office equipment, five years, computer equipment, three to five years.
Amortization is provided principally on the straight-line method over the assigned lives of the intangible assets, as follows: organization expenses, five years; franchise costs, fifteen years.

Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under these provisions, the Company passes through taxable income to its shareholders as earned. The Company is subject to the California

KEI FRANCHISING CORPORATION

STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016, 2015 and 2014

	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	$ 52,365	$ 16,685	$ 12,143
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation & amortization	8,632	13,463	8,146
Decrease in holding value	0	1,843	5,099
(Gain)loss on sale of assets	(13,314)	0	3,795
	47,683	31,991	29,183
(Increase)decrease in:			
Accounts receivable	0	-	(2,000)
Assets held for resale	15,418	(972)	-
Increase(decrease) in:			
Accounts payable	(746)	(3,836)	5,582
Accrued expenses	708	2,148	1,120
Current portion of long term debt	(6,444)	7,124	2,280
NET CASH PROVIDED BY OPERATING ACTIVITIES	56,619	36,455	36,165
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	0	(2,850)	(87,023)
Purchase of investments	0	-	-
Sales of property and equipment	12,342	-	4,100
NET CASH PROVIDED BY INVESTING ACTIVITIES	12,342	(2,850)	(82,923)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principle payments on long-term debt	(24,586)	(12,006)	(9,332)
Borrowings on long-term debt	0	-	67,324
Payment on shareholder loan	0	-	-
Distributions	(56,200)	(15,703)	(16,761)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(80,786)	(27,709)	41,231
NET INCREASE(DECREASE) IN CASH	$ (11,825)	$ 5,896	$ (5,527)
CASH AT JANUARY 1, 2016, 2015and 2014	59,542	53,646	59,173
CASH AT DECEMBER 31, 2016, 2015 and 2014	$ 47,717	$ 59,542	$ 53,646

SUPPLEMENTAL DISCLOSURES

		2016	2015	2014
Interest paid		1,785	$ 2,889	$ 759
Income taxes paid	(Note A)	$ 800	$ 800	$ 800

See accompanying notes

surtax on small business corporate income. The Company has elected to use the cash method of reporting income and expenses for income tax purposes. Under this method, revenue is recognized when received and expenses are recognized when paid.

NOTE B-PROPERTY AND EQUIPMENT

Property and equipment are summarized by major classifications as follows:

Vehicles	$ 82,179
Machinery & equipment	3,155
Less accumulated depreciation	(28,130)
	$ 57,204

NOTE C-INTANGIBLE ASSETS

Intangible assets are summarized by major classifications as follows:

Organization expenses	$3,363
Franchise costs	17,015
	$20,378
Less accumulated amortization	(19,219)
	$ 1,159

NOTE D-RELATED PARTY TRANSACTIONS

The distributions presented in the Statement of Income and Retained Earnings are distributions to the shareholders made in 2016. Receivable-shareholders are advances to shareholders, anticipated to be repaid in 2016.

NOTE E-INCOME TAXES

The components of income tax expense are as follows:

	2016
Current	$800
Deferred	0
	$800

NOTE F-ASSETS HELD FOR RESALE

Assets held for resale represent existing routes purchased from previous franchisees and expected to be resold within the next twelve months.

NOTE G-LONG-TERM DEBT

Notes payable to a finance company, payable in monthly installments of $ 610 including interest at 4.09%, final payments due December, 2019, collateralized by vehicles.	$ 20,632
Less current portion	6,600
Long-term debt	$14,032

Maturities of long-term debt are as follows:

Year Ending December 31:	Amount
2017	6,600
2018	6,871
2019	7,161
2020	0
2021	0

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EXHIBIT C TO

KEI FRANCHISING CORP

FRANCHISE DISCLOSURE DOCUMENT

STATEMENT OF PROSPECTIVE FRANCHISEE

KEI FRANCHISING CORP.

STATEMENT OF PROSPECTIVE FRANCHISEE

[Note: Dates and Answers Must Be Completed in the Prospective Franchisee's Own Handwriting.]

Since the Prospective Franchisee (also called "me," "our," "us," "we" and/or "I" in this document) and KEI Franchising Corp. (also called the "Franchisor," "you" or "your") both have an interest in making sure that no misunderstandings exist between them, and to verify that no violations of law might have occurred, and understanding that the Franchisor is relying on the statements I/we make in this document, I/we assure the Franchisor as follows:

A. The following dates and information are true and correct:

1.	_____________, 20___ **Initials** _____________	The date of my/our first face-to-face meeting with any person to discuss the possible purchase of a KEI Franchise.
2.	_____________, 20___ **Initials** _____________	The date on which I/we received a Franchise Disclosure Document about a KEI Franchise.
3.	_____________, 20___ **Initials** _____________	The date when I/we received a fully completed copy (other than signatures) of the Franchise Agreement and all other documents I/we later signed.
4.	_____________, 20___ **Initials** _____________	The earliest date on which I/we signed the Franchise Agreement or any other binding document (not including any Letter or other Acknowledgment of Receipt.)
5.	_____________, 20___ **Initials** _____________	The earliest date on which I/we delivered cash, check or other consideration to the Franchisor, or any other person or company.

B. Representations and Other Matters:

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "side deals," options, rights-of-first-refusal or otherwise of any type (collectively, the "representations"), including, but not limited to, any which expanded upon or were inconsistent with the Disclosure Document, the Franchise Agreement or any other written documents, have been made to or with me/us with respect to any matter (including, but not limited to, advertising, marketing, site location and/or development, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise) nor have I/we relied in any way on any such representations, except as expressly set forth in the

Franchise Agreement or a written Addendum thereto signed by the Prospective Franchisee and the President of the Franchisor, except as follows:

____.

(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

Prospective Franchisee's Initials: ____________________________________

2. No oral, written, visual or other claim, guarantee or representation (including, but not limited to, charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise), which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, was made to me/us by any person or entity, nor have I/we relied in any way on any such, except for information (if any) expressly set forth in Item 19 of the Franchisor's Disclosure Document (or an exhibit referred to therein), except as follows:

   ____.

   (If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

   Prospective Franchisee's Initials: ________________________________

3. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including, but not limited to, the Prospective Franchisee obtaining any financing, the Prospective Franchisee's selection, purchase, lease or otherwise of a location, any operational matters or otherwise) or the Prospective Franchisee fully performing any of the Prospective Franchisee's obligations, nor is the Prospective Franchisee relying on the Franchisor or any other entity to provide or arrange financing of any type, nor have I/we relied in any way on such, except as expressly set forth in the Franchise Agreement, or a written Addendum thereto signed by the Prospective Franchisee and the President of the Franchisor, except as follows:

   ____.

   (If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

   Prospective Franchisee's Initials: ________________________________

4. The individuals signing for the "Prospective Franchisee" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Prospective Franchisee and each of such individuals has received the Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each written Addendum and any Personal Guarantees.

   Prospective Franchisee's Initials: ________________________________

5. I/we have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and the Franchisor has strongly recommended that I/we obtain such independent professional advice. I/we have also been strongly advised by the Franchisor to discuss my/our proposed purchase of, or investment in, a KEI Franchise with existing KEI Franchisees prior to signing any binding documents or paying any sums and I/we have been supplied with a list of existing KEI Franchisees.

   Prospective Franchisee's Initials: ________________________________

6. I acknowledge receiving, reviewing and signing the receipt page for the Disclosure Document that was delivered to me (the "Receipt"). I confirm that the Franchise Seller Information contained

within the Receipt is complete and accurately identifies all of the persons who sold or arranged for the sale of my franchise and were involved in the franchise sales activities.

Prospective Franchisee's Initials: ___________________________________

7. I confirm that, as advised, I've spoken with past and/or existing KEI Franchisees, and that I personally made the decision as to which, and how many, KEI Franchisees to speak.

Prospective Franchisee's Initials: ___________________________________

8. I/we understand that: entry into any business venture necessarily involves some unavoidable risk of loss or failure, while the purchase of a franchise may improve my/our chances for success, the purchase of a KEI Franchise (or any other) is a speculative investment, an investment beyond that outlined in the Disclosure Document may be required to succeed, there exists no guaranty against possible loss or failure in this or any other business and the most important factors in the success of any KEI Franchise, including the one to be operated by me/us, are my/our personal business, marketing, sales, management, judgment and other skills.

Prospective Franchisee's Initials: __________________________________

9. I/we understand and agree that the Franchisor does not furnish or endorse, or authorize its salespersons or others to furnish or endorse, any oral, written or other information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, that such information (if any) not expressly set forth in Item 19 of the Franchisor's Disclosure Document (or an exhibit referred to therein) is not reliable and that I/we have not relied upon it, that no such results can be assured or estimated and that actual results will vary from unit to unit, Franchise to Franchise, and may vary significantly.

Prospective Franchisee's Initials: ___________________________________

If there are any matters inconsistent with the statements in this document, or if anyone has suggested that I sign this document without all of its statements being true, correct and complete, I/we will (a) **immediately** inform the Franchisor's attorney (562-596-0116) and the Franchisor's President and (b) make a written statement regarding such next to my signature below so that the Franchisor may address and resolve any such issue(s) at this time and before either party goes forward.

I/we understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

Date: ____________________________

PROSPECTIVE FRANCHISEE (Individual)

____
Signature

____
Printed Name

____
Signature

____
Printed Name

PROSPECTIVE FRANCHISEE (Corp., LLC or Partnership) - Must be accompanied by appropriate personal guarantee(s)

____
Legal Name of Entity

a_______________________ _____________________________________
Jurisdiction of Formation   Corporation, LLC or Partnership

By: _________________________________
Name

____
Signature

Title: _________________________________

PRINCIPALS

_________________________________   _________________________________

_________________________________   _________________________________

All of the above is true, correct and complete to the best of my knowledge:

____
Franchise Marketing Representative

Reviewed by: KEI Franchising Corp.

_______________________________ ______________________________
Don Black, President   Franchise Agreement Number

EXHIBIT D TO

KEI FRANCHISING CORP

FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF OPERATIONS MANUAL

Kei Window Cleaning

OPERATIONS MANUAL

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CHAPTER 9: MANAGING OF THE FRANCHISEES Pages 39 - 41

EXHIBIT E TO

KEI FRANCHISING CORP

FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

AND

AGENTS FOR SERVICE OF PROCESS

STATE	**STATE ADMINISTRATOR**	**AGENT FOR SERVICE OF PROCESS**
CALIFORNIA	Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677	California, Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attn: Franchise Section 525 West Ottawa G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909 (517) 241-6345
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
		(651) 539-1600
NEBRASKA	Nebraska Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171	Nebraska Department of Banking and Finance Bureau off Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau Franchise Section 120 Broadway, 23rd Floor New York, New York 10271-0332 (212) 416-8236 (Phone) (212) 416-6042 (Fax)	New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor, Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol Fifth Floor, Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Securities Division State of Rhode Island Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920 (401) 462-9582	Director, Securities Division Department of Business Regulation Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920 (401) 462-9582
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Director, Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, Ninth Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street. First Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Franchise Registration Division of Securities Wisconsin Department of Financial Institutions 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 266-1064	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 266-1064

(In all other states process may be served on us at our corporate address)

EXHIBIT F TO

KEI FRANCHISING CORP

FRANCHISE DISCLOSURE DOCUMENT

STATE ADDENDUM

CALIFORNIA ADDENDUM TO
KEI FRANCHISING CORP.
FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

ADDITIONAL DISCLOSURES REQUIRED BY
THE STATE OF CALIFORNIA IN THE
FRANCHISE DISCLOSURE DOCUMENT

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.

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

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LOW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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

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

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

The Franchise Agreement requires binding arbitration. Any arbitration (and any arbitration appeal) will be conducted exclusively at a neutral location in the county in which our then-current headquarters is located, which may change from time to time, with the costs borne by all parties equally. This provision may not be enforceable under California law.

Prospective franchisees are encouraged to consult private counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

The Franchise Agreement requires you to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

Neither the Franchisor, nor any person listed in Item 2 of the FDD is subject to any currently effective order or decree resulting from a pending or concluded action brought by a public agency and relating to the franchise or to a federal, state or Canadian franchise, securities, antitrust, trade regulation, or trade practice law.

Neither the Franchisor, any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

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

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act.

EXHIBIT G TO

KEI FRANCHISING CORP

FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT AND FORMER FRANCHISEES

List of Current and Former Franchisees as of 12/31/2017

Current Franchisees for the Fiscal Year ending December 31, 2017

KEI Center Number:

1. **Bryan Pitzer, P.O. Box 26257, Eugene, OR 97402, (541) 687-9696**
3. **Alan Ashenfarb, P.O. Box 7104, Citrus Heights, CA 9562, (916) 424-3482**
4. **Don Thomas, P.O. Box 7296, Citrus Heights, CA 95621, (916) 558-0224**
5. **Patrick Gore, P.O. Box 1608, Folsom, CA 95763, (888) 878-8837 x815**
6. **Dave Burns, P.O. Box 1703, Davis, CA 95617, (530) 740-0616**
7. **Daniel Garcia, P.O. Box 189424, Sacramento, CA 95818 (888) 878-8837 x807**
8. **Joe Deus, P.O. Box 1654 Rancho Cordova, CA (888) 878-8837X810**
10. **Brian Kaylor, P.O. Box 1950, Elk Grove, CA 95759 (916) 325-4117**
12. **Steve Everhart, P.O. Box 1961, Fair Oaks, CA 95628, (916) 554-7188**
13. **Jerod Popejoy, P.O. Box 30003, Stockton, CA 95213 (209) 469-7407**
15. **Mike Flores, P.O. Box 7502, Tempe, Arizona 85281 (888) 878-8871 x815**
17. **Chris Brown, PO. Box 31354, Mesa, Arizona 85278 (888) 878-8837 x 817**

Former Franchisees for the Fiscal Year ending December 31, 2017

1. **KEI #14 Barrett Rupp, P.O. Box 50491 Phoenix, AZ 85076 PH/ 888-878-8837 x 814. KEI bought back KEI #14 and merged the route into KEI #16 (Re-acquired by franchisor)**

2. **Valerie Vallejo, P.O. Box 33154, Mesa, AZ 85275 PH.888-878-8837 x817 transferred KEI #17 to Chris Brown in December 2017 (Transfer)**

EXHIBIT H TO

KEI FRANCHISING CORP

FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

ITEM 23
RECEIPTS
(KEEP THIS COPY FOR YOUR RECORDS)

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 KEI Franchising Corporation offers you a franchise, then we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale, except in the following jurisdictions where:

Michigan requires that we give you this Disclosure Document at the earlier of 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

New York requires you to receive 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.

If KEI Franchising Corporation does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit E.

Issuance Date: February 12, 2018.

The name, principal business address of the franchise seller(s) are: Don Black and James Black, 36343 W. Cartegna Lane, Maricopa, Arizona 85138, (888) 878-8837.

KEI Franchising Corporation authorizes the respective state agencies identified on Exhibit E to receive service of process for us in the particular state.

I have received a Disclosure Document dated February 12, 2018, including the following Exhibits:

A. Franchise Agreement with Exhibits
B. Financial Statement
C. Statement of Prospective Franchisee
D. Table of Contents of Manual
E. List of State Administrators and Agents for Service of Process
F. California Addendum
G. List of Current and Former Franchisees
H. Receipt for Franchise Disclosure Document

____________________ ____
Date Prospective Franchisee

____________________ ____
Date Prospective Franchisee

ITEM 23
RECEIPTS
(RETURN THIS COPY TO US)

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Issuance Date: February 12, 2018.

The name, principal business address of the franchise seller(s) are: Don Black and James Black, 36343 W. Cartegna Lane, Maricopa, Arizona 85138

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G. List of Current and Former Franchisees
H. Receipt for Franchise Disclosure Document

____________________ ______________________________________
Date Prospective Franchisee

____________________ ______________________________________
Date Prospective Franchisee

Please return this copy to: Donald L. Black, KEI Franchising Corp., 36343 W. Cartegna Lane, Maricopa, Arizona 85138.