FRANCHISE DISCLOSURE DOCUMENT

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC
A Colorado Limited Liability Company
2805 Wilderness Place, Suite 900
Boulder, CO 80301
Telephone: 720-575-7949
661-886-5028
www.midtownsweeps.com

Midtown Chimney Sweeps Franchising, LLC is offering a franchise program known as Midtown Chimney Sweeps specializing in cleaning of residential and commercial chimneys and light maintenance and repair of all types of chimneys, fireplaces and other room heater appliances such as wood stoves, pellet stoves, and gas stoves. We also offer fireplace installation, chimney relining, and dryer vent cleaning services.

The total investment necessary to begin operation of one Midtown Chimney Sweeps Business franchise ranges from $159,012 – $175,398. This includes $142,000 - $147,300 that must be paid to the franchisor or an affiliate. You may purchase an additional territory at the same time as the first territory for $15,000.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Byron Schramm at 2805 Wilderness Place, Suite 900, Boulder, CO 80301; 661-886-5028.

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

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

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

Issuance Date: July 16, 2026

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

3. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

4. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

INFORMATION FOR PROSPECTIVE FRANCHISEES IN MICHIGAN

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

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

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

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

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

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

(F) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state. (The above language has been included in this Disclosure Document as a condition for registration. We and you do not agree that the parties are restricted from choosing to conduct arbitration outside of Michigan and believe that each of the provisions of the Franchise Agreement, including each of the arbitration provisions, is fully enforceable. We and you intend to rely on the federal pre-emption under the Federal Arbitration Act.)

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

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

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

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

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

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

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

The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.

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

Any questions regarding the notice should be directed to:

State of Michigan
Department of Attorney General
Franchise Section - Consumer Protection Division
G. Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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ATTACHMENTS TO DISCLOSURE DOCUMENT:

A Franchise Agreement and Exhibits to Franchise Agreement:
- I. Addendum to Franchise Agreement
- II. Statement of Ownership
- III. Authorization Agreement for Prearranged Payments
- IV. Riders to Franchise Agreement for Specific States

B Confidentiality/Application Agreement
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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

Midtown Chimney Sweeps Franchising, LLC, a Colorado limited liability company, is offering to prospective franchisees the opportunity to operate a MIDTOWN CHIMNEY SWEEPS Business in accordance with the terms described in this Disclosure Document. To simplify the language in this Disclosure Document, the terms "**We,**" "**Us,**" or "**Our**" means Midtown Chimney Sweeps Franchising, LLC, the franchisor. "**You**" or "**Your**" means the person who buys a franchise from us. If you are an entity, "you" or "your" also includes your owners.

Unless otherwise indicated, the term "**MIDTOWN CHIMNEY SWEEPS Business**" means a franchised business specializing in residential and commercial chimney sweeping and light maintenance and repair of chimneys, fireplaces, and home heater appliances such as wood stoves, pellet stoves, and gas stoves, all using our methods. We also offer fireplace installation, chimney relining, and dryer vent cleaning services.

The Franchisor, Its Parent, Predecessor, and Affiliates. We are a Colorado limited liability company organized on January 17, 2014. We do business under our corporate name and no other name. We offer and sell franchises that operate under the name "Midtown Chimney Sweeps." Our principal business address is 2805 Wilderness Place, Suite 900, Boulder, CO 80301.

Attachment J contains our agents for service of process.

Parent- We have a parent, SchrammSon Enterprises, LLC, a Colorado limited liability company formed on February 7, 2014, with the same principal place of business as we have.

Predecessor- Since at least 1979, the father of our founder, Byron Schramm, worked in the general construction and fireplace installation business in Lancaster, California, which included providing chimney sweep services similar to the type of services provided in a MIDTOWN CHIMNEY SWEEPS Business. In 1999, Byron Schramm began working in the family business, and he subsequently acquired the business from his father in 2004. Byron Schramm further developed many of the systems and related licensed methods of doing business that have now become the main part of a MIDTOWN CHIMNEY SWEEPS Business. Mr. Byron Schramm may be considered a predecessor of ours.

Affiliates- We have an affiliate, Midtown Sweeps, Inc. formed on July 25, 2011, with a principal place of business of 2805 Wilderness Place, Suite 900, Boulder, CO 80301. Midtown Sweeps, Inc. has varyingly done chimney repair and operated one or more outlets since 2011, but has not offered franchises in any line of business and does not offer products or services to our franchisees.

Our Business. We offer and sell franchises for MIDTOWN CHIMNEY SWEEPS Businesses. We are not engaged in any other business. We may also own or operate similar businesses, but we do not do so at present.

MIDTOWN CHIMNEY SWEEPS Business Franchise Program. Under the Franchise Agreement (the "Franchise Agreement"), which is attached as Attachment A to this Disclosure Document, we offer qualified purchasers the right to establish and operate a MIDTOWN CHIMNEY SWEEPS Business within a specified Territory (the "Protected Territory").

The Franchise Agreement gives you the right to operate your MIDTOWN CHIMNEY SWEEPS Business under the names and marks "**MIDTOWN CHIMNEY SWEEPS™**", "**MIDTOWN SWEEPS®**" and "**THE CHIMNEY EXPERTS™**", and other marks designated by us (all referred to as the "Marks").

You must operate in accordance with our unique system for operating the businesses and related licensed methods of doing business (the "Licensed Methods"), and according to our Operations Manual (the "Operations Manual"), within the Protected Territory.

As a franchisee of ours, you must offer cleaning of residential and commercial chimneys and light maintenance and repair of all types of chimneys, fireplaces and room heater appliances such as wood stoves, pellet stoves, and gas stoves. Midtown Chimney Sweeps Businesses also offer fireplace installation, chimney relining, and dryer vent cleaning services.

Under certain circumstances, you may reserve one or more Protected Territories for which you may acquire a MIDTOWN CHIMNEY SWEEPS Business franchise within a 90-day time period in exchange for the payment of a nonrefundable deposit, as described in Item 5.

Referral Payment. If you refer a prospective franchisee to us who was not previously known to us, and that person becomes a franchisee of ours, we will pay you a referral payment of $2,500 or 10% of the initial franchise fee paid, whichever is less. If the new franchisee pays its initial franchise fee in installments, the payment will be made on a pro rata basis. Payment to you will be made within 30 days of the date on which applicable funds are received from the new franchisee.

Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

The Market. The market for your MIDTOWN CHIMNEY SWEEPS Business includes owners or occupiers of residential and commercial buildings, including homeowners, landlords, tenants, and property managers. The market is generally established and developed, but is growing as new buildings are constructed with either wood or gas burning fireplaces or other room or decorative heater appliances or as owners and occupiers of existing building learn about the advantages of regular cleaning of their wood, pellet or gas burning fireplaces or other heater appliances. The sales of chimney sweep services and maintenance of fireplaces and other heater appliances tend to be seasonal.

Laws and Regulations. You must comply with federal, state and local laws that apply to your business. You must comply with the International Residential Code which regulates the construction and dimensions of fireplaces and chimneys, the Division of Occupational Health and Safety which requires that employees be given proper equipment when dealing with toxic substances, The National Fire Protection Association (NFPA 211), which provides chimney codes that should be observed during chimney cleaning, inspection and repair, and the National Fireplace Institute, which sets certification standards for chimney relining. Some states and municipalities have General Contractor's License or other requirements for chimney cleaning, fireplace installation, and chimney relining. Some municipalities disallow wood-burning fireplaces and require fireplaces to meet strict standards in compliance with the Environmental Protection Agency. Additionally, states and municipalities have different regulations for educational requirements, certifications, chemical use and permit requirements. You should investigate the application of these laws further.

Prior to signing the Franchise Agreement, we strongly recommend that you consult your attorney to make sure that you will be able to obtain all necessary permits and licenses in order to operate your MIDTOWN CHIMNEY SWEEPS Business in your Protected Territory.

Competition. If you acquire a MIDTOWN CHIMNEY SWEEPS Business, you will compete with local, regional, and national companies that offer chimney sweep services, fireplace installation, chimney relining, and dryer vent cleaning services.

Prior Business Experience of Franchisor, Its Predecessor and Its Affiliates. We have been engaged in the sale of franchises to operate MIDTOWN CHIMNEY SWEEPS Businesses since 2014. We currently do not operate any MIDTOWN CHIMNEY SWEEPS Businesses. Our predecessor, Byron Schramm, has operated businesses similar to MIDTOWN CHIMNEY SWEEPS Businesses in California since 2004 through an entity he owned named SchrammSon Inc., until he sold it to a franchisee of ours in 2014, and in Colorado since 2011 through an entity he owned named Midtown Sweeps, Inc., until he sold it to a franchisee of ours in 2015. Midtown Sweeps, Inc. does chimney repair work. Since 2019, Midtown Sweeps, Inc. has also run one or more affiliated outlets. Neither our parent nor predecessor have offered franchises in any line of business in the past, and neither of them currently provides any products or services to our franchisees, although they may do so in the future.

ITEM 2
BUSINESS EXPERIENCE

Manager, President, and Director of Training: Byron D. Schramm

Mr. Schramm is our founder. He serves as one of our Managers, President and Director of Training, positions he has held since our inception in 2014. From August 2014 to the present, Mr. Schramm has also owned and operated two of our franchise territories in Colorado. He is also a Manager of our parent, SSON Enterprises. He previously owned and operated businesses similar to MIDTOWN CHIMNEY SWEEPS Businesses through his company Midtown Sweeps, Inc., from 2011 to 2015, as discussed in Item 1. Mr. Schramm has operated a chimney sweeping and fireplace service business since 2004.

ITEM 3
LITIGATION

Prior Actions

James Laut and Laut Enterprises, LLC d/b/a Midtown Sweeps of South Denver v. Midtown Chimney Sweeps Franchising, LLC, Case No. 2019-1667A (Judicial Arbiter Group, filed December 2, 2019). Franchisee filed a demand for arbitration against us for breach of franchise agreement, improper notices of default and breach of franchise agreement, declaratory relief that franchise agreement is not terminated, and rescission of release agreement between the parties. We filed a counterclaim for breach of the franchise agreement and counterfeiting our Marks. On April 24, 2020, the parties settled this case and the two cases below whereby the Franchisee agreed to pay to us $1,321.20, return our Operations Manual and other materials, the parties exchanged releases, and dismissed the matters with prejudice.

Laut Enterprises, LLC d/b/a Midtown Sweeps of South Denver v. Midtown Chimney Sweeps Franchising, LLC, Case No. 2019CV34146 (Denver County District Court, filed October 28, 2019). Franchisee filed suit against us for a temporary motion for restraining order to enjoin us from enforcing termination of the franchise agreement, issuing notices of default or termination, and claiming interference with franchisee's and customers relationships. This case was settled on April 24, 2020 as described in the first *James Laut* case above.

James Laut v. Midtown Chimney Sweeps Franchising, LLC, Case No. 2019CV034578 (Denver County District Court, filed on December 2, 2019). Franchisee filed suit against us for a temporary motion for restraining order to enjoin us for us from enforcing termination of franchise agreement, issuing notices of

default or termination, and claiming interference with franchisee and customers relationships. This case was settled on April 24, 2020 as described in the first *James Laut* case above.

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

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

You must pay to us an initial franchise fee ("Initial Franchise Fee") of $49,000 for a franchise with a Protected Territory of approximately 110,000 households. You may also purchase a second franchise for a $15,000 initial franchise fee if purchased at the same time. You pay the Initial Franchise Fee in full when you execute the Franchise Agreement or, when circumstances warrant, we will allow you to pay the Initial Franchise Fee in 4 – 6 monthly installments, with no interest or finance charge.

If you have served as a veteran of the armed forces of the United States, you may be eligible to receive a discount of 10% off of the Initial Franchise Fee that would otherwise be due.

Equipment and Supplies

Before opening for business, you must purchase approximately $16,500 of equipment and supplies (drop cloths, uniforms, initial tool and equipment package) from us.

Vehicle

Before opening for business, you must purchase a vehicle, shelving, ladder rack, and vehicle wrap from us for approximately $76,500 - $81,800.

In certain cases and in our discretion, we may allow potential franchisees to "reserve" a Protected Territory in which they may later purchase a MIDTOWN CHIMNEY SWEEPS Business franchise (the "Reserved Territory"). If you desire to reserve a Protected Territory, and we agree to let you do so, you and we will sign the "Territory Reservation Deposit Agreement" in the form attached as Attachment D (the "Deposit Agreement"). Under the Deposit Agreement, you will pay us a deposit of $5,000 (the "Deposit") for each Reserved Territory, and we will agree not to award a franchise for or operate our own MIDTOWN CHIMNEY SWEEPS Business within that Reserved Territory for a period of 90 days (the "Reservation Period"). The Deposit will be credited against the Initial Franchise Fee for the MIDTOWN CHIMNEY SWEEPS Business franchise for the Reserved Territory if you purchase it prior to the expiration of the Reservation Period, otherwise the Deposit is entirely nonrefundable in all circumstances. The Deposit may not be applied to the Initial Franchise Fee for a MIDTOWN CHIMNEY SWEEPS Business franchise with a Protected Territory other than the Reserved Territory without our consent. If you execute a Deposit Agreement but fail to purchase the MIDTOWN CHIMNEY SWEEPS Business franchises for the Reserved Territory within the Reservation Period, you forfeit the Deposit and must sign a release of any claims against us. If you execute a Deposit Agreement and desire to complete the purchase of the MIDTOWN CHIMNEY SWEEPS Business franchises for the Reserved Territory, you must comply with all of our requirements for

obtaining a franchise, including signing our Franchise Agreement and paying the full remainder of the Initial Franchise Fee.

The Initial Fees are fully earned and nonrefundable once paid. Except as is provided in this Item 5, the Initial Franchise Fee and Deposit are uniform to all persons currently acquiring a franchise, although we may negotiate reduced fees in certain cases based on specific circumstances.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Successor Franchise Fee[1,5]	$4,000 times the number of Franchises set forth in the Addendum	At time of renewal	You will sign a then current Franchise Agreement upon exercise of your successor franchise rights. Franchise Agreement ("FA") Sec. 3.3.f
Fee for Improper Solicitation of Customers Outside of Protected Territory[1]	All revenues derived from applicable customers	As incurred	We may require this fee to be paid to us or to the franchisee with rights to the territory where such customers are located. FA Sec. 4.2.b
Additional Training, Assistance & Refresher Training[1]	$350 per day, plus travel and lodging expenses, which may increase with changes in the Consumer Price Index	As incurred	We provide an initial training program for up to two persons for free. You are responsible for paying your expenses for any training. FA Sec. 6.3.a
Annual Convention and Other Meeting Fee[1,4]	Actual amount as calculated per formula in Remarks column to the right.	As incurred	You are responsible for paying a pro rata cost of the annual convention and other mandatory meetings. We may, at our option, prorate the cost of the annual convention among all franchisees, regardless of actual attendance, and charge you 125% of that prorated cost if you fail to attend. We may waive this requirement, or part of this requirement, for franchisees that attend. FA Sec. 6.3.b
Noncompliance Service Charge[1,4]	$500 or $1,000 per event of noncompliance, depending on the type of noncompliance	As incurred	We have the right to impose this charge, in addition to our other rights and remedies, if you are not in compliance with your Franchise Agreement or our standards and specifications. This charge will increase to $1,000 if you fail to maintain required insurance following notice from us, or use or possess unapproved products, materials or equipment. FA Sec. 11.4

Type of Fee	Amount	Due Date	Remarks
Royalty Fee[1,4]	The greater of (i) 7% of your actual Gross Revenues of the previous reporting period, or (ii) $250 per month per MIDTOWN CHIMNEY SWEEPS Business	Monthly by the 5th of each month for the prior month	"**Gross Revenues**" includes all revenues of any kind received from customers or otherwise generated from or associated with your MIDTOWN CHIMNEY SWEEPS Business, excluding sales taxes. Beginning on the date set forth in the Addendum of your Franchise Agreement, you must meet certain Minimum Monthly Gross Revenues obligations. We reserve the right to require that the Royalty Fee be paid weekly. **"Gross Revenues" does not include:** • Parts-only transactions under $1,000. • Revenue from when a franchisee sells parts to another franchisee, in any dollar amount. FA Sec. 12.1
Technology and Advertising Fee[1,3,4]	The greater of (i) 4% of your actual Gross Revenues of the previous month, or (ii) a minimum of $156 per month per MIDTOWN CHIMNEY SWEEPS Business	Monthly by the 5th of each month for the prior month	If applicable, the minimum Technology and Advertising Fee will apply for each Protected Territory that you purchase. FA Sec. 12.2
Job Fee[1,2,3,4]	$26 per completed Job plus a monthly flat rate that varies depending on the number of phone lines you acquire, but is not less than $186 per month. See Note 2 below.	Monthly by the 5th of each month for the prior month	You must pay the full Job Fee for each Protected Territory that is purchased. FA Sec. 12.3
Insufficient Funds Fee[1]	$35	As incurred	Payable for each denied or rejected check or credit card, or denied request for ACH Withdrawal. FA Sec. 12.6.e
Late Fees and Interest[1,4]	$50 late fee per incident plus 1.5% interest per month, or maximum allowed by law	When payment is overdue	Payable if your Royalty Fee or other amounts due us or any of our affiliates are not paid when due. FA Sec. 12.7

Type of Fee	Amount	Due Date	Remarks
Shipping Costs and Taxes[1, 4]	Will vary	Prior to shipment or as agreed	You are responsible for all taxes, shipping costs and other costs incurred by us in selling and shipping equipment or supplies to you. FA Sec. 12.10
Customer Satisfaction Reimbursement[1,4]	Actual amount of reimbursement that we make	As incurred	If we refund a customer of yours fees paid to you, you agree to reimburse us. FA Sec. 12.11
National Account Fees	Varies from 1-20% of the invoice amount	At time of invoicing	When we handle billing or invoicing on national account clients, we mark up the customer invoice by this amount. FA Sec. 12.12
Third party charges	Actual amount of the third party charge plus our administrative cost	At time the charge is incurred	If we pay monies to a third party on your behalf, you agree to reimburse these costs to us plus a reasonable fee for our administrative costs. FA Sec. 12.13
Supplier Approval[1]	Actual costs of supplier Approval	Upon receipt of bill	We reserve the right to charge you a fee for reviewing a proposed supplier of any goods or services to be used in connection with your MIDTOWN CHIMNEY SWEEPS Business. If we determine that it is necessary to inspect the supplier's facilities or conduct tests, we will require you or the supplier to pay our actual costs incurred for inspection and testing. FA Sec. 14.2
Audit Fee[1]	Actual costs of audit	As incurred	You pay the cost of the audit if you fail to submit reports or if the audit shows an understatement of at least 2% of Gross Revenues during the audit period. Any amounts unpaid, unreported, or underreported must be paid in full, with a late fee and interest as noted immediately above. FA Sec. 16.3
Transfer Fee[1,5]	$4,000	Before transfer is effective	Payable by you or the transferee when the Franchise Agreement is transferred by you. If we identify the transferee for your Franchise Agreement, you will not be required to pay this Transfer Fee but will instead pay us the Resale Assistance Fee described below. FA Sec. 17.3.c
Resale Assistance Fee[1,5]	The lesser of $20,000 or 30% of the total consideration you receive for the sale of your Franchise Business	Before transfer is effective	Payable to us, instead of the Transfer Fee described above, if we identify the transferee for your Franchise Agreement. FA Sec. 17.3.c

Type of Fee	Amount	Due Date	Remarks
Transferee Training Fee[1,5]	$1,500	Prior to training	If you transfer your franchise, the transferee may be required to attend our initial training program and pay this training fee, which includes our Chimney University training program. FA Sec. 17.3.f
Indemnification	Actual costs of indemnifications	Upon receipt of bill	You are solely responsible for and must indemnify and hold us harmless for all loss, damage, claims or demands arising in connection with your operation of your MIDTOWN CHIMNEY SWEEPS Business. FA Sec. 19.3
Attorney Fees and Costs	Actual fees and costs	As incurred	Payable if we are the prevailing party in litigation with you. FA Sec. 22.11

[1] Fees and costs are imposed, collected by, and payable to us. All these fees are nonrefundable. Except as is described in this Disclosure Document, all fees are generally imposed uniformly on all franchisees who sign our current Franchise Agreement, but we may in unique situations modify certain fees. Certain fees set forth in the current Franchise Agreement may change in the future. Therefore, franchisees may have fees imposed on them that are different from those represented in this table.

[2] The Job Fee varies depending on several factors. At a minimum, for each Protected Territory that you acquire, the Job Fee will include (i) $26 per job for each completed job, (ii) $21 per online booked job, (iii) $130 per month to offset our costs to operate the scheduling center (or such fee as we incur), (iv) $44 per month for each Co-Op Line and Market Expansion Line, if any, that we provide you, and (v) $12 per month for your share of the national Toll-Free Number that we maintain for our franchisees. If our costs increase, we pass through the actual charges to you, which may be higher than these figures.

You must have at least one Co-Op Line for each Protected Territory you acquire. You are not required to have a Market Expansion Line in your MIDTOWN CHIMNEY SWEEPS Businesses. You may acquire multiple Co-Op Lines for each Protected Territory if you desire or one or more Market Expansion Lines if you request and we agree to provide them. If you acquire additional Co-Op Lines or Market Expansion Lines, the cost is $44 per month per line, which is added to the Job Fee. In certain situations, you and other franchisees with Protected Territories that are adjacent to your Protected Territory may decide to acquire an extra Co-Op Line to be shared and used in Broad Area Marketing. In that case, the portion of the Job Fee related to that Co-Op Line will be divided equally among the applicable franchisees, or in another manner that we determine to be equitable based on the circumstances. See Item 11 for a further discussion of Co-Op Lines, Market Expansion Lines and Broad Area Marketing.

[3] The Technology and Advertising Fee and any of the elements comprising the Job Fee and may be increased by us no more frequently than once per year, up to the extent that our actual costs increase.

[4] Before you commence operations of your MIDTOWN CHIMNEY SWEEPS Business, you must sign and deliver to us the forms and complete the procedures we have established to debit your bank account for the Royalty Fee, Job Fee, Technology and Advertising Fee, and other payments due to us under the Franchise Agreement or otherwise for the ACH Withdrawal. See Exhibit III to the Franchise Agreement ("ACH Withdrawal"). If you change your account or transfer your account to a different bank,

you must notify us within one day, and sign and deliver to us and your bank new documents to permit us to debit your bank account within three days. We require you to pay all amounts due by means other than ACH Withdrawal whenever we deem appropriate, and may require that you execute the forms and complete the procedures we may establish to permit us to charge your fees to a credit card. Royalty Fees are payable on the 5th of each month, although we reserve the right to collect the Royalty Fee and other fees and amounts due to us on a weekly or other payment schedule.

[5] You must pay a successor franchise fee for each individual MIDTOWN CHIMNEY SWEEPS Business for which you are exercising successor franchise rights. You must also pay, as applicable, a transfer fee or a resale assistance fee, and a transferee training fee for each MIDTOWN CHIMNEY SWEEPS Business that is transferred. If you comply with our requirements for a successor franchise or transfer, the successor franchise and transfer rights may be exercised for each MIDTOWN CHIMNEY SWEEPS Business individually or collectively.

[6] The Technology and Advertising Fee is payable each month beginning when you start operations.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (Note 1)	$49,000	$49,000	Check or Electronic Transfer	Upon signing of Franchise Agreement.	Us
Reservation of Protected Territory (Note 2)	$0	$5,000	Cash	If you reserve a Protected Territory, this amount will be paid upon signing of Deposit Agreement.	Us
Equipment, Uniforms, and Supplies (Note 3)	$16,500	$16,500	As arranged	Upon signing of Franchise Agreement	Us
Vehicle (Note 4)	$75,000	$80,000	As Arranged	As Arranged	Us
Vehicle Wrap (Note 5)	$1,500	$1,800	As Arranged	As Arranged	Us
Initial Training Expenses (Note 6)	$1,700	$4,200	As Arranged	As Arranged	Third Parties

Type of Expenditure	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
Insurance Deposit (Note 7)	$850	$2,250	As Arranged	As Arranged	Insurance Companies
Legal Fees (Note 9)	$2,000	$3,000	As Arranged	As Arranged	Attorney
Accounting / Bookkeeping Fees (Note 9)	$0	$1,500	As Arranged	Monthly	Bookkeeper
Computer Hardware and Software (Note 10)	$0	$1,000	As Arranged	As Arranged	Vendors
Office Equipment and Supplies (Note 11)	$100	$500	As Arranged	As Arranged	Vendors
Royalty Fee for One Protected Territory (1st 3 Months) (Note 12)	$750	$750	ACH Withdrawal	Monthly	Us
Technology and Advertising Fee for one Protected Territory (1st 3 Months) (Note 13)	$468	$468	ACH Withdrawal	Monthly	Us
Job Fee for one Protected Territory (1st 3 months) (Note 14)	$1,144	$1,430	ACH Withdrawal	Monthly	Us
Additional Funds (Working Capital - 3 months) (Note 15)	$1,000	$8,000	As Arranged	As Arranged	Vendors
Totals (Notes 16 and 17)	$150,012	$175,398			

Note 1 **Initial Franchise Fee.** The initial franchise fee is $49,000. You may also purchase a second franchise for a $15,000 initial franchise fee if purchased at the same time. The above table is based on the purchase of one franchise. If you purchase more than one franchise, your initial investment will be higher. You pay the Initial Franchise Fee in full when you execute the Franchise Agreement or, when circumstances warrant, we will allow you to pay the Initial Franchise Fee in 4 – 6 monthly installments, with no interest or finance charge.

If you have served as a veteran of the armed forces of the United States, you may be eligible to receive a discount of 10% off of the Initial Franchise Fee that would otherwise be due.

Note 2 **Reservation of Protected Territory.** In certain circumstances, we may allow you to acquire the right to reserve a Protected Territory for a 90-day period in exchange for a $5,000 deposit, as described in Item 5. The deposit is payable upon execution of the Deposit Agreement. If you acquire the MIDTOWN CHIMNEY SWEEPS Business franchise for the reserved territory within the reservation period, the deposit will be applied against the Initial Franchise Fee for that franchise. Except for this limited right to have the deposit applied against the Initial Franchise Fee, the deposit is nonrefundable in all circumstances.

Note 3 **Equipment, Uniforms, and Supplies.** You must acquire from us an Initial Equipment and Supplies Package and Uniforms when you sign your Franchise Agreement. You must have one complete set of equipment and supplies for each technician you employ.

Note 4 **Vehicle.** You will need to purchase from us a service van. You may need more than one service van if you hire more than one service technician. The estimate set forth in this table assumes that you will have just one service van.

Note 5 **Van Wrap.** You must purchase van wrap from us for your vehicle which we will install for you. The estimate set forth in this table assumes that you will have just one service van.

Note 6 **Initial Training Expenses.** For each training program, you are required to pay your travel and living expenses during the time of training for each person attending your training. In addition, if you desire to offer fireplace installation and chimney relining, you must meet our minimum qualifications and attain locally required licensing. Travel expenses will vary depending upon a variety of factors, such as how far you must travel to reach training, the type of lodging you select, and whether you attend initial fireplace installation and chimney relining or duct vent cleaning training.

Note 7 **Insurance Deposit.** We estimate that your initial insurance premium deposit will be approximately $850 to $2,250 and will include payments for worker's compensation, general liability, errors and omissions, commercial auto, equipment and personal property coverage. The total insurance premium is estimated at $2,000 to $6,000 per year depending on how many vehicles are used in your MIDTOWN CHIMNEY SWEEPS Business and the amount of your gross business income.

Note 8 **Legal Fees.** You should engage an attorney to assist with this franchise purchase and to help form a business entity, if you so choose, and review any contracts or agreements that may be needed by you in order to begin operating your MIDTOWN CHIMNEY SWEEPS Business.

Note 9 **Accounting/Bookkeeping Fees.** You may desire to retain an accounting or bookkeeping service to assist in the set up and preparation of a financial reporting system. You are required to use forms that we provide to you for reporting your business activities to us.

Note 10 **Computer Hardware and Software.** These are the estimated costs for computer hardware and software to operate the franchised business.

Note 11 **Office Equipment and Supplies.** You will need a smart phone, calculator, executive planner, pens, refrigerator magnets (used as your business cards), work orders, paper, pencils, paper clips, stapler, binder clips and other miscellaneous items.

Note 12 **Royalty Fees.** The Franchise Agreement requires you to pay to us a Royalty Fee of 7% of your Gross Revenues generated through your MIDTOWN CHIMNEY SWEEPS Business, but not less

than $250 per month for each MIDTOWN CHIMNEY SWEEPS Business you acquire.

Note 13 Technology and Advertising Fees. The Franchise Agreement requires you to pay to us a Technology and Advertising Fee of 4% of your Gross Revenues generated through your MIDTOWN CHIMNEY SWEEPS Business, but not less than $156 per month for each MIDTOWN CHIMNEY SWEEPS Business you acquire.

Note 14 Job Fee. When you sign your initial Franchise Agreement and pay the Initial Franchise Fee, you become a member of our scheduling center. We estimate that initially you may do between eight and ten jobs per month during the first three months after you have commenced business. The chart also assumes, on the low end, that you will acquire one Co-Op Line but will not acquire any Market Expansion Lines, and on the high end, that you will acquire one Co-Op Line and one Market Expansion Line during the first three months of operations.

Note 15 Additional Funds. The estimate of additional funds is based on an owner-operated business and does not include any allowance for an owner's draw or salary. The estimate of $1,000 to $8,000 is for approximately three months. We estimate that, in general, you may expect to put additional cash into the business during at least the first three months, and sometimes longer.

Note 16 Estimated Initial Investment. The figures and footnotes listed above are estimates and we cannot guarantee that you will not have additional expenses starting your MIDTOWN CHIMNEY SWEEPS Business. We have relied on the years of experience in this industry by our founder, Byron Schramm, in compiling these estimates. You should review these figures carefully with a business advisor before making any decision to purchase this franchise opportunity.

Note 17 Refunds. No fees or payments to us are refundable under any circumstances. However, the Deposit may be applied against Initial Franchise Fees in certain circumstances, as described in Note 2. Payments to third parties may or may not be refundable depending on your agreement with such third parties; however, usually such payments are nonrefundable.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The Goods or Services Required to be Purchased or Leased

Advertising Material.

You must either use advertising templates which we make available or specify or obtain our approval before placing any advertising, including signs, forms, and stationary. You must purchase certain advertising and promotional materials, apparel brochures, fliers, forms, refrigerator magnet business cards, and letterhead from approved vendors only. You must not engage in any advertising of your MIDTOWN CHIMNEY SWEEPS Business unless we have previously approved the medium, content and method. You must not advertise or list your MIDTOWN CHIMNEY SWEEPS Business in any classified telephone directories without our prior written permission.

Bookkeeping, Accounting, Financial Statements, and Reports.

All of your bookkeeping and accounting records, financial statements, and all reports you submit to us must conform to our requirements. You will be required to report information regarding your

MIDTOWN CHIMNEY SWEEPS Business through the Midtown Scheduling and Marketing System, or in another manner that we specify. In particular, you must report to us the information required to close out all job orders scheduled through the scheduling center.

In addition, you must use the bookkeeping software we specify, presently Quickbooks Online, and our Chart of Accounts.

Certifications and Memberships.

You must obtain such Certifications as we specify. Presently, you must complete our Chimney University Certification program; and to engage in chimney relining, you must be certified by the National Fireplace Institute (NFI), in the fuel type that you will be working on. For example, if you are installing and working on a woodburning appliances, you must have the NFI wood certification. If you are working on a gas fireplace installation or lining you must have the Gas Fireplace Certification. You must become a member of any franchise, trade, or other associations or organizations that in our opinion are useful in the operation of a MIDTOWN CHIMNEY SWEEPS Business.

The following table summarizes these requirements:

Midtown Service Type	**Chimney Sweeping**	**Installation and Relining**
Midtown Insurance Requirements	-Commercial General Liability -Contractor's Professional Liability -Business Auto -Worker's Compensation	Everything in Chimney Sweeping plus: Product Liability
Midtown Certification Requirement	Chimney University	National Fireplace Institute (NFI, any fuel type) (By fuel type)
Midtown Work Description	- Chimney sweeping. - Chimney inspection. - Crown coat, chimney saver. - Dryer vent cleaning, commercial & residential. - Heatshield. - Part-time fresh air duct cleaning- a few residential jobs per year.	- Chimney relining. - Calculating size of liners for furnaces, home heating devices, & water heaters. - Delivery and installation of wood, pellet, and gas appliances like inserts, and freestanding stove tradeouts.

Equipment, Supplies, and Uniforms

You must purchase your equipment (including your chimney sweep vacuum), supplies, and uniforms from us.

Furniture and Fixtures.

You must purchase furniture and fixtures pursuant to our specifications.

Insurance.

Before you provide your first service for a customer through your MIDTOWN CHIMNEY SWEEPS Business, you must obtain certain minimum insurance coverage as required in the Operations Manual. Insurance requirements are currently as follows:

(i) Commercial General Liability insurance with a limit of not less than $1 million per occurrence and $2 million general aggregate, bodily injury and property damage. A certificate of insurance with an ISO CG 2029 endorsement (or equivalent) attached naming Midtown Chimney Sweeps Franchising, LLC as additional insured, is to be given to Franchisor at each insurance policy renewal.

(a) Contractor's Professional Liability endorsement, to include coverage for the chimney inspection process.

(ii) Business Auto coverage for all owned, non-owned and hired vehicles with minimum limits of $500,000 for any one accident. A certificate of insurance showing Midtown Chimney Sweeps Franchising, LLC as additional insured is to be given to Franchisor at each insurance policy renewal.

(iii) Workers' Compensation and Employer's Liability insurance (if you have employees) with coverage sufficient to meet the legal requirements in your local franchise area.

(iv) Other insurance as may be required by statute or other laws of the state and/or local governmental entities in which your MIDTOWN CHIMNEY SWEEPS Business is located and operated. All insurance policies must be written by an insurance company satisfactory to us and provide for 30 days' advance written notice to us of cancellation or any material alteration.

We may increase these limits, require new types of coverage, or change these requirements from time to time upon notice to you.

You must maintain this insurance coverage during the entire term of your Franchise Agreement. You should consult an attorney or insurance advisor for additional recommended coverage.

Lease.

Normally, you will operate from your home. In the event that you lease a location, your site selection is subject to our approval.

Signage.

You must purchase signage from our designated suppliers pursuant to our specifications or approval.

Training Services.

If you desire to offer fireplace installation or chimney relining, you must qualify to do so by having a substantial work experience deemed adequate in our opinion, and having proper training and certification from the National Fireplace Institute and licensing within your state, county or city for such activities.

Van and Wrap.

You must purchase a service van and wrap from us.

Whether We or Our Affiliates Are Approved Suppliers

We are an approved supplier of advertising material, but not the sole approved supplier.

We are an approved supplier, and the sole approved supplier, or certain equipment, supplies, uniforms, and your service van and wrap.

Our affiliate is not currently an approved supplier of goods or services to franchisees.

Officer Interests in Suppliers

Our officer, Byron Schramm, owns an interest in us.

Alternative Suppliers

If you desire to purchase any items from an unapproved supplier, you or the supplier must submit to us a written request for approval. We will consider all relevant factors in an approval request, including the quality of goods and services, capacity of supplier, financial condition, terms and other requirements consistent with other supplier relationships. We do not have any specific written criteria. We may inspect the supplier's facilities and require that samples from the supplier be delivered or made available to us or our designee for testing. You or the proposed supplier shall pay us in advance for all of our reasonable costs in regard to inspecting the supplier, its facilities and the items involved (see Item 6 concerning the supplier approval fee). We will normally notify the supplier and you of our decision in writing within a commercially reasonable time, but no later than 30 days after a request. We may at times re-inspect the facilities and products of any previously approved supplier at your expense or the expense of the supplier. We may revoke our approval if the supplier fails to meet any of our standards and specifications at any time. Except for ownership interests in us, no officer of ours holds any ownership interest in any of our approved suppliers

Issuance of Specifications

We issue specifications to franchisees and approved suppliers in our Operations Manual or other informational bulletins.

Revenue from Required Purchases

During our last fiscal year ending on December 31, 2025, we earned $1,047.15 from the sale of uniforms and vacuums to franchisees, representing .16% of our total revenue of $635,341.86.

No affiliated company of ours derived revenues from the sale of any products or services to our franchisees.

Required Purchases and Leases as a Proportion of Costs

We estimate that your required purchases will represent approximately 70-80% of all purchases and leases by you in connection with the cost of establishing your Franchised Business, and approximately 5-15% of the costs of operating your Franchised Business.

Supplier Payments to Us

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases. However, neither we nor our affiliates received any rebates based on purchases by franchisees during our last fiscal year.

Purchasing or Distribution Cooperatives

We do not have purchasing or distribution cooperatives at this time.

Purchase Arrangements

We may negotiate purchase arrangements with suppliers (including price terms) for your benefit, and currently there are such arrangements in place with some approved nurseries and planter suppliers.

Material Benefits

We do not provide material benefits to you based on your use of a particular supplier. However, in order to renew your franchise agreement, you must be in compliance with it, including supplier standards, and we can terminate your franchise agreement if you breach it.

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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 the Franchise Agreement and in other items of this Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Franchise Agreement ("**FA**") Sections 4.1 and 11.1	Items 7 and 11
b. Pre-opening purchases/leases	FA Sections 4.1, 7.1 and 11.1	Items 7 and 8
c. Site development and other pre-opening requirements	FA Sections 4.1, 7.1 and 11.1	Items 7, 8 and 11
d. Initial and ongoing training	FA Article 6	Item 11
e. Opening	FA Sections 7.3 and 11.1	Item 11
f. Fees	FA Section 5.1 and Article 12; Deposit Agreement ("**DA**") Sections 1, 2, and 7.11	Items 5, 6, 7, 8, and 11
g. Compliance with standards and policies/Operating Manual	FA Articles 7, 9 and 14, and Section 11.1	Items 8, 11 and 16
h. Trademarks and proprietary information	FA Article 15 and Sections 9.2 and 20.5	Items 13 and 14
i. Restrictions on products/services offered	FA Sections 1.1 and 11.1	Items 8 and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA Section 4.2; DA Sections 1 and 2	Item 12
l. Ongoing product/service purchases	FA Sections 11.1 and 14.2	Item 8
m. Maintenance, appearance and remodeling requirements	FA Sections 4.1, 7.1, and 11.1 and Article 9	Not Applicable
n. Insurance	FA Article 21	Items 7 and 8
o. Advertising	FA Article 13	Items 6, 7, 8 and 11
p. Indemnification	FA Section 19.3	Item 6
q. Owner's participation/ management/staffing	FA Section 11.1	Item 15

Obligation	Section in Agreement	Disclosure Document Item
r. Records and reports	FA Section 11.1 and Article 16	Items 8 and 11
s. Inspections and audits	FA Section 11.3 and Article 16	Items 6 and 11
t. Transfer	FA Section 11.2 and Article 17; DA Section 8	Items 6 and 17
u. Renewal	FA Sections 3.3 and 3.4	Items 6 and 17
v. Post-termination obligations	FA Sections 18.5 through 18.10; DA Section 6	Item 17
w. Non-competition covenants	FA Article 20; DA Section 6	Item 17
x. Dispute resolution	FA Section 22.1; DA Section 7	Item 17

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation. However, we will allow you to pay to us the initial franchise fee in installments, as we disclose in Item 5.

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

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

Pre-Opening Obligations.

Prior to providing your first services to a customer through your MIDTOWN CHIMNEY SWEEPS Business, we (or our designee) will provide the following assistance and services to you (Section 8.1 of FA unless otherwise noted):

A. We will designate your Protected Territory (Sections 4.2 and 8.1 of FA).

B. We will review and approve or disapprove the site selected by you for the MIDTOWN CHIMNEY SWEEPS Business, and, if applicable, the lease or purchase agreement for your site (Sections 4.1 and 8.1 of FA).

C. We will identify the equipment, materials and supplies necessary for your MIDTOWN CHIMNEY SWEEPS Business to permit you to begin operations, including the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (Sections 7.1 and 8.1 of FA).

D. We will conduct the initial training program for you or your Operations Manager (as defined below) and up to one additional employee, at a time and location designated by us, and some of which will be provided to you through the Internet via our e-learning platform (Sections 6.1 and 8.1 of FA).

E. We will provide lists of approved items of equipment, inventory, and supplies (by brand name and/or by standards and specifications) and lists of approved suppliers for those items. (Article 14 of FA).

F. We will loan to you one copy of the Operations Manual and other manuals and training aids designated by us for use in the Licensed Methods, as they may be revised by us (Section 8.1 and Article 9 of FA).

G. We will provide you access to our Inner Circle portion of our website for delivery of marketing information and other relevant information. (Section 8.1.h of FA)

H. We will provide you a membership to our scheduling center and a Co-Op Line. At your request, we will provide you additional Co-Op Lines and, in our discretion, Market Expansion Lines. Your Job Fee will increase for each Co-Op Line and Market Expansion Line you acquire. We will also provide you with guidance related to accessing the Midtown Scheduling and Marketing System, scheduling jobs on the Internet, and any other functions of the system. You must comply with any terms related to the scheduling center and the Midtown Scheduling and Marketing System related to the scheduling of appointments and your MIDTOWN CHIMNEY SWEEPS Business.(Section 10.1.e of FA)

I. We will provide advice and guidance in preparing to provide services through your MIDTOWN CHIMNEY SWEEPS Business, including standards and procedures for obtaining inventory and supplies, providing approved services, advertising, promoting and operating your MIDTOWN CHIMNEY SWEEPS Business (Section 8.1, Article 9, and Section 10.1.d of FA).

Site Selection.

Under the Franchise Agreement, you must operate your MIDTOWN CHIMNEY SWEEPS Business only at and from a single location (the "Business Location"). We recommend that you launch your MIDTOWN CHIMNEY SWEEPS Business from your personal residence in order to reduce your expenses. You may choose to select a commercial location for your Business Location when your MIDTOWN CHIMNEY SWEEPS Business can justify the additional expense, although we do not require that you obtain a commercial location. If your residence is used as the Business Location, then it must meet all applicable rules and regulations to qualify as a home office for tax purposes, but our approval is not required. If your Business Location is not in your residence, then we must review and approve your site selection and the lease or purchase agreement for your site. Our review and approval of your site selection will be based on an analysis of local competing businesses, demographics, visibility, accessibility, suitability of the premises to be leased, and other factors more fully described in the Operations Manual. If

we do not approve the site selection, you must select another site. See Section 4.1 of FA. For as long as you unable to locate a site that meets our approval, you will be required to operate out of your residence.

You must have a physical location address in each of your Protected Territories for marketing purposes in those territories. These locations may not be a post office box, drop box, or other private mailbox number address. You are not required to operate your business from these physical addresses. We will assist you in locating a suitable location for marketing purposes under this paragraph. These requirements may be modified and expanded in the Operations Manual.

Time to Opening.

You will be deemed to have commenced operations of your MIDTOWN CHIMNEY SWEEPS Business when you have completed the initial training program described below. The Franchise Agreement is typically signed during or at the completion of the initial training program. See the section titled "Training Programs" below.

The typical length of time between signing the Franchise Agreement and providing your first service to a customer through your MIDTOWN CHIMNEY SWEEPS Business is estimated to be between 15 and 45 days. Factors that will affect the length of time it takes you to start providing these services include your ability to obtain permits for operating your MIDTOWN CHIMNEY SWEEPS Business, your local advertising campaign, and when you or your Operations Manager can attend and complete the required initial training programs Chimney University Certification.

You may not commence your MIDTOWN CHIMNEY SWEEPS Business and we reserve the right to block your access to the scheduling center until you or your Operations Manager have passed the Chimney University certification tests to ensure uniform and competent customer service.

If you have not provided your first service to a customer through your MIDTOWN CHIMNEY SWEEPS Business within 75 days after signing your Franchise Agreement, then we can terminate the Franchise Agreement and keep the entire Initial Franchise Fee as liquidated damages, not as a penalty.

Continuing Obligations.

During the operation of your MIDTOWN CHIMNEY SWEEPS Business, we (or our designee) will provide the following assistance and services to you (Section 10.1 of FA unless otherwise noted):

A. We will provide continuing courses of training, at times and locations designated by us, which may be provided through the Internet via our e-learning platform. (Sections 6.3 and 10.1 of FA).

B. At our discretion, we may inspect your MIDTOWN CHIMNEY SWEEPS Business and/or work performed for some of your customers, as we deem advisable (Sections 10.1 and 11.3 of FA).

C. We will provide you updated lists of approved items of equipment, inventory, and supplies (by brand name and/or by standards and specifications) and updated lists of approved suppliers for those items.

D. We will periodically provide you advice and guidance in operating your MIDTOWN CHIMNEY SWEEPS Business through meetings, printed materials and/or other media, as we make available to all of our franchisees.

E. We will schedule appointments for you through our scheduling center and provide the Co-Op Line(s) and Market Expansion Line(s), if any. We do not make any warranties related to the Midtown Scheduling and Marketing System, and we are not responsible for any incidental, special, or consequential damages, or for any claims made by third parties against you, related to the operation of our Scheduling and Marketing System, or any errors or interruptions in those operations.

F. We will provide the Toll-Free Number as described in Item 7. A portion of the Job Fee that you pay us includes a fee for the Toll-Free Number. In lieu of us paying for the Toll-Free Number directly, we may require you to sign up with the Toll-Free Number telephone carrier to use the Toll-Free Number and pay the rates for the Toll-Free Number directly to the telephone carrier. As discussed below, you must use the Toll-Free Number in certain advertisements for your MIDTOWN CHIMNEY SWEEPS Business. We reserve the right to discontinue or change the Toll-Free Number in our sole discretion.

Sources of Supply.

Although not included in the Franchise Agreement, and although we are not required to perform these services under the Franchise Agreement, we will use commercially reasonable efforts to provide the following guidance and assistance on a continuing basis to enhance the growth and performance of our franchise program:

A. We will continue to search for more cost-efficient sources of supply. With the strength of group purchasing, we will endeavor to purchase supplies and inventory at reduced prices.

B. We will endeavor to maintain an inventory of promotional material and sales and service manuals, available at reasonable costs.

C. We may perform periodic quality control and secret shopper visits to your MIDTOWN CHIMNEY SWEEPS Business. During these visits all operations may be inspected and recommendations may be made to correct deficiencies, improve techniques, and enhance the efficiency of your MIDTOWN CHIMNEY SWEEPS Business.

D. We may continually improve our Licensed Methods in order to meet changing consumer demands and market conditions. Accordingly, we reserve the right to change the Licensed Methods and Operations Manual as needed due to these changes. You must promptly adopt these modifications and improvements at your sole expense.

Advertising Programs. (Articles 12 and 13 of FA)

The Technology and Advertising Fund. You are required to remit to us an advertising fee equal to 4% of your Gross Revenues each month, or a minimum of $156 per month, as of the date of this Disclosure Document ("Technology and Advertising Fee"). The percentage amount and the minimum amount of the Technology and Advertising Fee may be increased at any time at our sole discretion upon 60 days' notice to you, subject to those restrictions listed in Note 3 to Item 6. The Technology and Advertising

Fee will be payable monthly on the 5th day of each month. If you acquire the right to operate multiple MIDTOWN CHIMNEY SWEEPS Businesses under the Franchise Agreement, then you will pay the greater of 3% of your Gross Revenues each month, or a minimum of $156 per month for each of your MIDTOWN CHIMNEY SWEEPS Businesses. (Section 12.2 of FA).

The Technology and Advertising Fund is administered by us, at our discretion. The Technology and Advertising Fund proceeds may be used for researching, preparing, maintaining, administering and directing advertising and promotional materials and public relations programs, including production of commercial print, radio, television, magazine, newspaper, Internet advertising, direct response literature, direct mailings, brochures, collateral materials advertising, customer interaction, bookings of jobs, customer satisfaction surveys, surveys of advertising effectiveness, and other advertising or public relations expenditures, for any international, national, or regional media. We may use in-house personnel or outside advertising and marketing agencies to create or place advertising material.

We may reimburse ourselves from the Technology and Advertising Fund for administrative costs, including the salaries of public relations personnel or persons administering the advertising services, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that we or our authorized representatives incur with the programs or work funded by the Technology and Advertising Fund.

We do not have the Technology and Advertising Fund audited. Upon request, we will make available to you, no later than 120 days after the end of each calendar year, an annual unaudited financial statement for the Technology and Advertising Fund that shows how the Technology and Advertising Fund proceeds have been spent.

Each franchised, licensed and company-owned MIDTOWN CHIMNEY SWEEPS Business will be required to pay on an equivalent basis into the Technology and Advertising Fund, except that we, in our sole discretion, may designate some or all of the Technology and Advertising Fund of a particular MIDTOWN CHIMNEY SWEEPS Business be paid to a Local Advertising Group instead of the Technology and Advertising Fund.

We do not guarantee that advertising expenditures from the Technology and Advertising Fund will benefit you or any other franchisees directly or on a pro rata basis. Except as described in this Item 11, we assume no direct or indirect liability or obligation to collect amounts due to the Technology and Advertising Fund or to maintain, direct or administer the Technology and Advertising Fund. We have no fiduciary obligation to you in connection with the operation of the Technology and Advertising Fund, and we will not be liable for any act or omission with respect to the operation of the Technology and Advertising Fund or the use of the Technology and Advertising Fund that is consistent with this Agreement and is done in good faith.

Technology and Advertising Fees not spent in any fiscal year will be carried forward and spent in the ensuing fiscal year. If the advertising expenditure is more than the Technology and Advertising Fees collected during any calendar year, we may loan funds to the Technology and Advertising Fund on such terms that are no more favorable than the Technology and Advertising Fund could receive from other lending sources generally available to the Technology and Advertising Fund, and we will be reimbursed from the Technology and Advertising Fees during the same or subsequent years to the extent of such advances. None of the Technology and Advertising Fees will be used for advertising that is primarily for solicitation for the sale of franchises.

Although we intend the Technology and Advertising Fund to be of perpetual duration, we reserve the right to terminate the Technology and Advertising Fund. We will not terminate the Technology and Advertising Fund, however, until all monies in the Technology and Advertising Fund have been expended for advertising or promotional purposes.

Currently, we do not have an advertising council that advises us on the Technology and Advertising Fund or other advertising matters, though we reserve the right to establish an advertising council in the future on the terms we establish. Once an advertising council is created, we may disband or terminate the council in our sole discretion.

We may remit a portion of Technology and Advertising Fund contributions back to one or more franchisees on any terms and conditions we determine in our sole discretion, including reimbursement of local advertising expenditures made by a franchisee. We may use this fund to support software solutions that will benefit franchisees in running their businesses, even if these expenses are not entirely or directly marketing and advertising efforts. We may choose to hire a business coach to assist a franchisee to develop a marketing plan, or reimburse ourselves for salary and travel expenses for a home office staff person to promote the business in a certain target community.

During the 2025 fiscal year, 37.97% of the Technology and Advertising Fund was spent on PPC Campaigns and national search ranking internet expenses, 20.91% was spent on website development and infrastructure, 31.95% was spent on contract labor for search optimization, and on the design and production of advertising materials, reputation management and conferences-consumer marketing. The remaining portion of this fund, 9.17%, was spent on administrative costs. This fund carried a $23,398.11 balance to the next year. No portion of the Technology and Advertising Fund was spent to solicit new franchise sales.

We are not obligated to spend any amount on advertising in the geographical area where you are or will be located.

Local Advertising. You are not required to spend any minimum amounts for local advertising, although we strongly recommend you conduct local advertising.

You must submit to us for our approval, at least 30 days prior to its implementation, a local advertising and marketing plan each year of the Franchise Agreement by which you intend to market your MIDTOWN CHIMNEY SWEEPS Business during the next 12-month period. If you acquire the right to operate multiple MIDTOWN CHIMNEY SWEEPS Businesses under the Franchise Agreement, you must submit and obtain our approval for, a local advertising and marketing plan for each MIDTOWN CHIMNEY SWEEPS Business. You may not use any advertising and marketing plans unless they have been approved in advance in writing by us, and you must cease using those plans upon our request. Any advertising or marketing plans submitted to us which are not approved or disapproved by us within 30 days of our receipt are deemed disapproved.

You may develop advertising materials for your own use, at your own cost. You must submit to us for our approval, at least 30 days prior to usage, all advertising materials that you desire to use. You may not use any advertising materials, including materials for Focused Marketing or Broad Area Marketing, both defined below, unless they have been approved, in advance, in writing by us, and you must cease using those materials upon our request. Any advertising or marketing materials submitted to us which are not approved or disapproved by us within 30 days of our receipt are deemed disapproved.

You and other MIDTOWN CHIMNEY SWEEPS franchisees may conduct Focused Marketing and Broad Area Marketing for your or its MIDTOWN CHIMNEY SWEEPS Businesses in accordance with the terms set forth in the Franchise Agreement and the Operations Manual.

"**Focused Marketing**" is marketing in which a franchisee has control over the specific location of the distribution or display of the marketing. Focused Marketing typically includes direct solo mailings that a franchisee sends, door hangings that a franchisee distributes, newspaper advertising where a franchisee can limit the area in which the newspaper containing its advertisements are distributed, Internet advertising where a franchisee can limit the display of the advertising to Internet users in a certain defined area, and billboard advertising. A franchisee may not conduct Focused Marketing outside of its Protected Territory. (Section 13.2 of FA)

"**Broad Area Marketing**" is any other form of marketing, and includes (i) advertising performed via a mass medium, such as yellow page advertisements, radio and television commercials, and general Internet advertising not based on the location of the Internet user; and (ii) shared mailings such as Valpak, deal-of-the-day websites, other advertising websites such as Angie's List, crowdsourcing programs such as Groupon and Living Social, and other similar situations in which a third party provides advertising services based on its own predetermined territories or areas of distribution. Each area of distribution or display of Broad Area Marketing is referred to as a "**3rd Party Marketing Area**." (Section 13.2 of FA)

You may not conduct Broad Area Marketing when the 3rd Party Marketing Area is located entirely outside of your Protected Territory. However, due to the nature of Broad Area Marketing, you may not be able to limit a Broad Area Marketing program strictly to your Protected Territory. Therefore, if you desire to conduct Broad Area Marketing for your MIDTOWN CHIMNEY SWEEPS Business in a 3rd Party Marketing Area that includes all or a portion of your Protected Territory and an area outside of the Protected Territory, you must obtain our prior written consent. We may withhold our consent for any reason. Once our consent is given, we may withdraw it at any time by notice to you. Among other reasons, we may refuse to consent to such Broad Area Marketing, or withdraw our consent, if the portion of your Protected Territory in the 3rd Party Marketing Area represents a disproportionately small percentage of the entire 3rd Party Marketing Area.

If you desire to conduct Broad Area Marketing for your MIDTOWN CHIMNEY SWEEPS Business in a 3rd Party Marketing Area that includes all or a portion of your Protected Territory and the protected territory of another MIDTOWN CHIMNEY SWEEPS franchisee or franchisees, in addition to all other requirements related to such advertising, you must first notify the other MIDTOWN CHIMNEY SWEEPS franchisee(s) and provide the other MIDTOWN CHIMNEY SWEEPS franchisee(s) the opportunity to participate in the Broad Area Marketing program in exchange for paying a portion of the costs associated with the Broad Area Marketing. If you and the other applicable MIDTOWN CHIMNEY SWEEPS franchisee(s) participating in the Broad Area Marketing program elect to acquire another Co-Op Line as part of your Broad Area Marketing, each of you will be responsible for paying us the portion of the Job Fee related to the Co-Op Line. We may require the other MIDTOWN CHIMNEY SWEEPS franchisee(s), or if you receive a notice from another MIDTOWN CHIMNEY SWEEPS franchisee, require you, to participate in the Broad Area Marketing. The costs of a Broad Area Marketing program may be apportioned based on the number of households in each franchisee's protected territory that is included in the applicable 3rd Party Marketing Area or on such other equitable basis as the applicable franchisees may determine, or if the applicable franchisees, including you, are unable to agree on the basis for allocation of such costs, as determined by us in our sole discretion. Any decision of ours will be final and binding on you.

If you refuse to participate in a Broad Area Marketing program after receiving notice from us that such participation is required, you will be in default of your Franchise Agreement. In that case, we may terminate your Franchise Agreement, or in lieu of us terminating your franchise, we can authorize the other MIDTOWN CHIMNEY SWEEPS franchisee to proceed with its Broad Area Marketing program. In that event, any customer in your Protected Territory who retains the services of the other MIDTOWN CHIMNEY SWEEPS franchisee as a result of the Broad Area Marketing program will be deemed the same as a customer resulting from a referral to or unsolicited inquiry of such other MIDTOWN CHIMNEY SWEEPS franchisee, and to whom the other MIDTOWN CHIMNEY SWEEPS franchisee may service. (Section 13.2.d of FA)

To the extent that a 3rd Party Marketing Area includes the protected area of a MIDTOWN CHIMNEY SWEEPS Business operated by us or we desire to engage in a Broad Area Marketing program for any MIDTOWN CHIMNEY SWEEPS Business we operate, we will be bound to the policy described above.

Except as prohibited or limited by law, you must, at your sole cost, fully participate in all promotional campaigns, prize contests, customer loyalty programs, special offers, discount programs including deal-of-the-day and crowdsourcing programs, and other programs, whether international, national, regional, or local in nature, which we prescribe. In addition, at your sole cost, you must honor any coupons, customer loyalty programs or credits, gift certificates, discounts, or other authorized promotional offers that we prescribe for the franchise system, unless we agree otherwise.

Any van wrap advertising or radio or television advertising for your MIDTOWN CHIMNEY SWEEPS Business must refer to the Toll-Free Number or to one of your Co-Op numbers and no other telephone number. Any general Internet advertising for your MIDTOWN CHIMNEY SWEEPS Business not based on the location of the Internet user and, in our discretion, any other Broad Area Marketing, must refer to either the Toll-Free Number or the number for a Co-Op Line. All other advertising must refer to a Co-Op Line or Market Expansion Line telephone number and not the Toll-Free Number. You may not use or advertise any phone number other than the Toll-Free Number, a Co-Op Line Number, or a Market Expansion Line number in your MIDTOWN CHIMNEY SWEEPS Business. We may modify the requirements for which telephone numbers may or must be used in particular advertising situations through the Operations Manual.

You may not establish a website or advertise in any electronic media, including the Internet, without our prior written approval. In order to obtain our approval, you must submit to us all information pertaining to these advertisements. We may withhold our consent for any website or electronic advertising you create or establish for any reason. You must comply with our guidelines related to the use of any social networking or social media website, including Facebook, Twitter, LinkedIn, or Google+.

In the event that there are any disputes between you and any other MIDTOWN CHIMNEY SWEEPS franchisee or between you and us regarding any advertising issues, including whether a particular form of marketing constitutes Focused Marketing or Broad Area Marketing, or issues related to a 3rd Party Marketing Area or apportionment of any Broad Area Marketing program costs, our determination in our sole discretion will be binding upon the parties and final.

Local Advertising Groups. We may require you to join a local advertising group ("Local Advertising Group") that includes other franchisees in your market area. If we do, you must contribute to the Local Advertising Group in accordance with the rules and regulations of the Local Advertising Group. We may direct you or other franchisees to pay all or part of the required National Advertising Fees to the

Local Advertising Group. The membership, rules and regulations of a Local Advertising Group, including how advertising fees are to be spent, will be determined by the Local Advertising Group's member franchisees, but must be approved in advance by us. The Local Advertising Group must operate based on written governing documents, and those documents will be available for review by franchisees. A Local Advertising Group must provide quarterly financial reports to us, and those reports will be available for review by franchisees at our headquarters. We can require Local Advertising Groups be changed, dissolved or merged. If a Local Advertising Group is established in a market area, all company-owned MIDTOWN CHIMNEY SWEEPS Businesses operating in that market area, if any, will contribute to the Local Advertising Group on an equivalent basis with franchisees.

Computer Requirements.

You must acquire and use a computer system in your MIDTOWN CHIMNEY SWEEPS Business operations., preferably an android tablet or a laptop, either of which must have internet access or be able to use customers' Wi-Fi, and be able to run Microsoft 365 or comparable. We reserve the right to establish additional requirements for a computer system in the future and you must conform your computer system to our requirements upon 60 days' notice to you. The estimated cost of purchasing this required computer system ranges from $0, if you already have the necessary computer system, to $1,000.

You must accept credit and debit cards from customers of your MIDTOWN CHIMNEY SWEEPS Business. The Payment Card Industry ("PCI") requires all companies that process, store, or transmit credit or debit card information to protect the cardholders' information by complying with the PCI Data Security Standard ("PCI DSS"). Therefore, you must be PCI compliant by following and adhering to the then-current PCI DSS, currently found at www.pcisecuritystandards.org, or any similar or subsequent standard for the protection of cardholder data throughout the term of your Franchise Agreement. PCI mandates the PCI DSS compliance. You may not charge your customers any additional fees or service charges if they elect to pay by credit or debit card.

You are responsible for the on-going maintenance and support for your computer system. We estimate your annual costs of maintenance and repair costs to be approximately $250 to $500 per year. Neither we nor any affiliate or third party is obligated to provide any ongoing maintenance, repairs, upgrades or updates for your computer system. Neither we nor any affiliate or third party is obligated to provide or assist you in obtaining the above items or services. We may in the future require you to obtain these items or services from us or designated suppliers.

We have independent access to your computer system with respect to operational, financial, and customer data and information sent or received via email. There are no contractual restrictions on our right to access such information. You are required to use an @midtownsweeps.com email domain and you understand that we have access to the account. You may choose to acquire other @midtownsweeps.com email addresses at our current monthly cost, presently $9.60 per month.

You must have a telephone and number for your MIDTOWN CHIMNEY SWEEPS Business telephone. We require you have a smart phone so you can receive calls on the job and check your schedules regularly.

For each MIDTOWN CHIMNEY SWEEPS Business you acquire, we will provide you a telephone line with a number that is local to your Protected Territory (the "Co-Op Line"). The Co-Op line is required to be used on all marketing materials that are intended to attract new customers and which may circulate outside your Protected Territory, such as tri-fold brochures and business cards. It is also used to increase

your exposure on the Internet. This Co-Op Line will ring into the scheduling center for scheduling of jobs based on the zip code entered by the caller. The jobs scheduled through a Co-Op Line shall be assigned by the scheduling center to the franchisee with the protected territory rights to the zip code provided by the caller, regardless of which franchisee's Co-Op Line is called. You must have at least one Co-Op Line for each MIDTOWN CHIMNEY SWEEPS Business or Protected Territory, which we will provide as part of the Job Fee. You may acquire additional Co-Op Lines with payment of an increased Job Fee as described in Item 6.

You may also request, at your option and for an additional increase in the Job Fee, for us to provide you another telephone line with a number local to your Protected Territory which rings into the Scheduling Center for scheduling of jobs only for your MIDTOWN CHIMNEY SWEEPS Business, regardless of the location of the job or the caller (a "Market Expansion Line"). A Market Expansion line is a line dedicated to a particular Protected Territory or to a particular franchisee. Incoming callers on a Market Expansion line will be directly booked to the franchisee who owns that line. Our decision to provide and allow the use of a Market Expansion Line will be in our sole discretion if we determine that use of a Market Expansion Line is appropriate based on the circumstances of your MIDTOWN CHIMNEY SWEEPS Business and Protected Territory. We may discontinue providing and allowing use of any Market Expansion Line if we determine in our sole discretion that circumstances are no longer appropriate for the Market Expansion Line. If we provide you a Market Expansion Line, this phone number may be used on marketing materials that does not typically circulate outside the Protected Territory, such as refrigerator magnets, and mail directed to returning customers. You are not required to acquire a Market Expansion Line.

If our telephone carrier does not have coverage within your Protected Territory, you will be required to obtain a local telephone line for the required Co-Op Line for each MIDTOWN CHIMNEY SWEEPS Business and any additional telephone line desired, arrange for the connection of the line to the scheduling center, and, unless we specify otherwise, reassign the line to our telephone carrier and transfer to us the rights in the line, at which point the local line will be deemed a Co-Op Line or Market Expansion Line to be provided by us to you.

We will also provide a single toll-free custom telephone number for the entire Midtown Chimney Sweeps franchise system (the "Toll-Free Number"), which will connect to the scheduling center and schedule appointments for franchisees based on the zip code entered by the caller.

You and your customers will also be able to schedule jobs with the scheduling center over the Internet using our Internet-based system (the "Midtown Scheduling and Marketing System"). This Midtown Scheduling and Marketing System will also be used for certain marketing purposes. It is your responsibility to check and monitor your schedule through the Midtown Scheduling and Marketing System and operate your MIDTOWN CHIMNEY SWEEPS Business in accordance with that schedule.

You must comply with all terms and conditions established by us related to the use of any website that we operate or provide, including the terms of use, privacy policy, and any other legal notices available on the website. You must comply with the terms of the privacy policy as the party disclosing information in regard to any information you disclose to us or other parties through the website, and as the party collecting the information with regard to any personal information of any third parties that you receive through the website. In particular, you must comply with the privacy policy as the collecting party related to any information disclosed by the scheduling center to you which was received by the scheduling center through the Midtown Scheduling and Marketing System over the Internet. You must comply with our e-mail and social media communications standards, as set forth in the Operations Manual.

All of the software programs and Internet applications or websites that we require you to use in your MIDTOWN CHIMNEY SWEEPS Business, including but not limited to the Midtown Scheduling and Marketing System, are deemed part of the Licensed Methods under the Franchise Agreement.

Operations Manual.

The Table of Contents of our Operations Manual, together with the number of pages in each section, is set forth in Attachment F. Our Operations Manual consists of 107 total pages.

Training Programs. (Article 6 of FA)

We provide a comprehensive initial training program at no additional charge for you, or if you are an entity, a person designated by you to assume primary responsibility for the management of your MIDTOWN CHIMNEY SWEEPS Business (the "Operations Manager"), and up to one additional employee, provided the training of the additional employee is done at the same time as your or your Operations Manager's training. We may require any other principal(s) or employee(s) of your MIDTOWN CHIMNEY SWEEPS Business to attend and satisfactorily complete all or any part of our training programs. If you are acquiring your MIDTOWN CHIMNEY SWEEPS Business as the result of a transfer, you will be required to pay a transferee's training fee of $1,500. Before providing your first service to a customer through your MIDTOWN CHIMNEY SWEEPS Business, you or your Operations Manager must attend and complete our training program to our satisfaction. It is required that you, your Operations Manager and all of your principal(s) or employee(s) participating in the initial training program sign a Confidentiality/Application Agreement prior to taking the initial training course. That Confidentiality/Application Agreement is attached to this Disclosure Document as Attachment B.

Our initial training programs consist of three parts. Part one is our introductory training, which is conducted after you sign your Franchise Agreement (the "Introductory Training Program"). Part two is our training program to prepare you to take the Chimney University certification test. You or your Operations Manager is required to successfully complete Chimney University to operate your MIDTOWN CHIMNEY SWEEPS Business. Finally, our advanced training program (the "Advanced Training Program") will be conducted after you have passed your CERTIFIED CHIMNEY PROFESSIONAL certification test. You or your Operations Manager must attend and satisfactorily complete all three parts of our initial training program.

You must successfully complete our Chimney University initial training program, to our satisfaction, prior to the time that you provide your first service to a customer through your MIDTOWN CHIMNEY SWEEPS Business. All of these training programs use written materials developed by us and approved vendors.

In addition, if you desire to offer fireplace installation and chimney relining, you must meet our minimum requirements and will be required to obtain more training and certification from the National Fireplace Institute, and pay their fees for the training and certification. You must also be licensed in your local area.

You are responsible for the transportation and living expenses of you or your Operations Manager and any of your employees while attending the Introductory Training Program and the Advanced Training Program.

Byron Schramm conducts our initial training. We describe the nature and length of Bryon Schramm's experience in the field and with us in Item 2.

We plan on being flexible in scheduling training to accommodate our personnel, you and your employees. There are currently no fixed (i.e. monthly or bi-monthly) training schedules for the Introductory Training Program or the Advanced Training Program. As of the date of this Disclosure Document, our training programs consist of the following topics:

TRAINING PROGRAM

Introductory Training Program

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Who we Are and How we Got Here: Growth of a Chimney Brand	2	0	Littleton, CO
How we Advertise: Visit the Marketing Guru	1	0	Littleton, CO
What to Expect: Management Duties & FDD Review	2	0	Littleton, CO
See the Action: Live Bookings in Scheduling Center	1	0	Littleton, CO
What is it like Doing the Work? Perform a Real Chimney Sweep	0	2	Littleton, CO
TOTAL TRAINING	**6 hours**	**2 hours**	

Advanced Training Program---

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Midtown operating systems (Scheduling, Portal, CRM) training for training resources, job bookings, invoicing, processing payments, etc.	2 - 3	0	Boulder, CO
Field Operations: Preparing Quotes, completing inspection reports, etc.	1 - 2	0	Boulder, CO
Job & Roof Safety Requirements	1 – 2	0	Boulder, CO
Sweeping Room Heaters; Freestanding Stoves; Hearth Stoves; Fireplace Inserts; Pellet Stoves; Dryer Vents; Gas Fireplace; Fireplace and Chimney Inspection	0	32 - 40	Boulder, CO
Advanced Marketing and Operational Concepts	2 – 4	0	Boulder, CO
TOTAL TRAINING	**6 – 11 Hours**	**32 – 40 Hours**	

If we determine that it is appropriate or necessary, we can require that you or your Operations Manager, as applicable, re-attend and successfully complete the Introductory Training Program or Advanced Training Program, at your sole cost and expense. If we determine that you or your Operations Manager require training in addition to the Introductory Training Program and Advanced Training Program, or if you reasonably request additional training and we in our sole discretion agree to provide it, then we will provide notice to you of the additional training, and we will conduct the additional training program at a location we designate. You will be responsible for paying the travel, lodging and other costs for you, your Operations Manager, or your other representatives, and you will be required to pay us our reasonable fees for conducting additional training.

We may present seminars, international, national or regional conventions, continuing development programs or other meetings. Most of these are voluntary and your attendance is not required. However, you or your Operations Manager must attend any mandatory seminars, programs or meetings we conduct, not to exceed two of these programs per year. We will give you at least 30 days' prior written notice of any seminar, convention, program or meeting that is mandatory. All mandatory training will be offered without a tuition charge; provided that we may allocate the costs incurred in holding these training programs, including facility costs, materials expenses, food and banquet expenses, and all other expenses for related activities, equally among all franchisees whose attendance is required, regardless of attendance at the meeting or convention. You will be required to pay your pro-rata share if you attend the meeting or convention and 125% of your pro-rata share if you do not attend the meeting or convention. We may choose to waive all or a portion of the costs of attendance for any attendees of any convention or meeting without being obligated to waive any costs for non-attendees of the convention or meeting. You will also be responsible for all transportation and living expenses incurred while attending these programs. If you fail to attend a program at which attendance is deemed mandatory, we may, without waiving any other rights, also require you to attend and complete a make-up or alternative program at a location determined by us, and you will be responsible for the costs of the make-up program.

ITEM 12
TERRITORY

We recommend that your Business Location be your personal residence, as this approach will save you a substantial amount of money. You may, however, select a commercial office building, industrial office complex or business park facility as your Business Location. We must review and approve your selection of your Business Location. You must also have a physical location address in each of your Protected Territories for marketing purposes.

You will receive a designated territory as your Protected Territory that will be delineated by county, city, zip codes, street boundaries, or other designated geographical boundaries as determined by Census Bureau statistics. Your Protected Territory will contain approximately 110,000 households.

You will operate from one location, your Business Location, and you must notify us before relocating your Business Location. We will generally approve your relocation to a new Business Location if the new location is your new personal residence, or, otherwise, if the new location is located in your Protected Territory. Your Business Location does not need to be located in your Protected Territory.

As long as you remain in compliance with your Franchise Agreement, we will not operate locations or grant franchises for a MIDTOWN CHIMNEY SWEEPS Business within your Protected Territory. However, if customers contact our scheduling center via our phone, online scheduler, or any other means and request a service that you do not currently provide, we reserve the right to give the job to a neighboring franchisee of our choice so that the customer can be serviced under the Midtown name and not go elsewhere for service. However, the other franchisee may not engage in solicitation of more business while in your territory, and the same limitation will apply to you if you are offered a job in another franchisee's territory. Other franchisees may engage in Broad Area Marketing covering areas that may include your Protected Territory and may accept business resulting from referrals or unsolicited inquiries from customers within your Protected Territory, just as you may do outside of your Protected Territory as described below. Provided you are in compliance with your Franchise Agreement, you will maintain rights to your Protected Territory, even though the population may increase. Based on the above, 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.

Your rights to your Protected Territory are dependent upon your achieving the following Performance Requirements:

Time Period	Gross Revenue Requirement
Year 1 per Territory	$50,000
Year 2 per Territory	$75,000
Year 3 per Territory	$100,000
Year 4 per Territory	$125,000
Year 5 and beyond per Territory	$150,000

You are not restricted on the number of vans, chimney sweep equipment, vacuums, chimney sweep equipment or vent cleaning equipment you may operate or use in your Protected Territory.

You do not receive the automatic right under the Franchise Agreement to acquire additional franchises for MIDTOWN CHIMNEY SWEEPS Businesses with Protected Territories adjacent to your Protected Territory, or any other options, rights of first refusal, or similar rights to acquire any additional franchises from us. In certain cases, in our sole discretion, potential franchisees may acquire an option to open a MIDTOWN CHIMNEY SWEEPS Businesses in a defined Reserved Territory pursuant to a Deposit Agreement. The Deposit Agreement and Reserved Territories are discussed in Item 5. We may in our discretion offer you the right to acquire additional franchises in the future.

You must devote your marketing to customers solely in your Protected Territory, although you may accept business resulting from referrals or unsolicited inquiries from customers outside your Protected Territory. You may engage in Broad Area Marketing covering an area that includes but extends beyond your Protected Territory under certain conditions as stated in Item 11, above. You may not solicit customers from outside your Protected Territory without our prior written approval. If you do solicit customers outside your Protected Territory, without our prior approval, then we have the right to require you to send all of the revenues derived from those customers to the franchisee who has acquired the territory where those customers are located, or to us.

Focused Marketing and Broad Area Marketing materials distributed or displayed within a franchisee's own protected territory are not considered a solicitation with regard to customers outside of the franchisee's protected territory. If a customer located outside of the protected territory of a particular MIDTOWN CHIMNEY SWEEPS Business is exposed to advertising by that franchisee that is distributed or displayed in that franchisee's protected territory, and that customer later retains the services of that franchisee as a result of the advertising, that franchisee may provide those services to the customer regardless of the location of the customer.

We may adopt Cross-Territorial Protocols to handle details with respect to solicitation and servicing of customers where multiple territories are involved. You agree to abide by them.

Beginning on the date set forth in the Addendum, which will be the first day of the fourth full calendar month after the effective date of your Franchise Agreement, you will be required to achieve minimum gross revenues sufficient to pay us the minimum Royalty Fee of $250 per month per Protected Territory (the "Minimum Monthly Gross Revenues"), or if you fail to achieve the Minimum Monthly Gross Revenues in any calendar month, you must pay us the minimum Royalty Fee regardless of your actual Gross Revenues. Further, if your total Gross Revenues over any 12-month period does not equal or exceed

the total of the Minimum Monthly Gross Revenues for the same 12-month period, we will have the right to terminate your Franchise Agreement.

We have and retain the right under the Franchise Agreement to: (a) develop and establish other franchise systems for different products or services utilizing proprietary marks not now or in the future designated as part of the Licensed Methods, and to grant licenses for these other franchised or licensed systems without providing you any right in those systems; (b) open, operate, sell, and/or manage MIDTOWN CHIMNEY SWEEPS Businesses outside the Protected Territory; (c) use or license others to use the Marks and Licensed Methods for the operation of MIDTOWN CHIMNEY SWEEPS Businesses at any location other than in the Protected Territory; (d) use the Marks and the Licensed Methods in connection with the provision of other services and products or in alternative channels of distribution (including, but not limited to, Internet, catalog, mail order, telemarketing or other direct marketing sales), without regard to location; (e) use the Marks and the Licensed Methods in connection with licensing to others to provide, or the provision by us directly of, services and products to commercial customers without regard to location in situations in which we determine in our sole discretion that you will not be permitted by the commercial customer to provide the services, or if you are unable to adequately provide services to the commercial customers, including in cases where the commercial customer requires union labor which you are unable to provide or where the size or other aspects of the work make it unlikely in our determination that you will be able to provide a satisfactory level and quality of service; and (f) use and license the use of other proprietary marks or methods of doing business which are not the same as, or confusingly similar to, the Marks or Licensed Methods, whether in alternative channels of distribution (including, but not limited to, Internet, catalog, mail order, telemarketing or other direct marketing sales), at any location, including within the Protected Territory, which may be similar to or different from MIDTOWN CHIMNEY SWEEPS Businesses. We retain and may exercise these rights without any compensation to you.

We can acquire or be acquired by, or engage in any other transaction with, other businesses (competitive or not) with companies or units located anywhere, including arrangements where other units are (or are not) converted to the Licensed Methods or other format, or in which company-owned, franchised or other businesses (including your MIDTOWN CHIMNEY SWEEPS Business) are (or are not) converted to another format (whether competitive or not), or both, and is maintained as the same concept, or as a separate concept in your Protected Territory. You must fully cooperate with any of these conversions, at your sole expense.

National Accounts

We alone retain the exclusive right to establish relations with clients who have locations in multiple franchisee territories who desire for us to administer their account at the corporate level (National Accounts"). Typically, these clients desire to channel their job requests and billing solely through us at the corporate level. We then make these jobs available to franchisees. You may elect to accept such jobs if they become available in your territory or not. When we handle billing or invoicing on national account clients, we mark up the customer invoice typically 1-20% to cover our costs for administering this work and handling the billing and invoicing. In some instances, there may be other fees or fee splits. You agree to these mark ups, fees and fee splits. In addition, if there is a dispute on any work performed for a National Account, you agree that we may mediate and resolve the dispute and you agree to be bound by our decision. If you decline a National Account job made available to you in your territory, then we may offer the job to a nearby

franchisee or in some cases, another chimney care company not affiliated with us, or an employee or officer of our company.

ITEM 13
TRADEMARKS

The franchise agreement licenses to you the right to use the following Marks registered with the United States Patent and Trademark Office ("USPTO") on the Principal Register, unless otherwise indicated:

Mark	Registration/Serial Number	Date of Registration
MIDTOWN SWEEPS	4193719	August 21, 2012
MIDTOWN CHIMNEY SWEEPS	4663096	December 30, 2014
– MIDTOWN – CHIMNEY EST. SWEEPS 1979	5208639	May 23, 2017
SWEEP. INSPECT. TRUST	5866414	September 29, 2019
MIDTOWN CHIMNEY SERVICES	6627117	January 25, 2022
– MIDTOWN – CHIMNEY EST. SERVICES 1979	6627115	January 25, 2022

We have filed all required affidavits and renewals related to the registration of these Marks.

We also claim a common law trademark on the phrase "THE CHIMNEY EXPERTS."

You may use our Marks only in the manner authorized and permitted by us and you may not directly or indirectly contest the ownership or rights of Mr. Schramm or us in the Marks. You cannot use the name "Midtown" as part of your business name. You cannot use our Marks as part of an electronic address, domain name or on any websites on the Internet, or with modifying words, designs or symbols, except as we may license to you, without our prior written consent, which may be withheld for any reason. You may not use our Marks with an unauthorized product or service, or in a manner not authorized in writing by us.

There are currently no effective determinations of the USPTO, the Trademark Trial and Appeals Board, or any state trademark administrator or court, or any pending infringement, opposition, cancellation proceedings. There are nopending material federal or state litigation regarding the franchisor's use or ownership right in the Marks.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. We are not required to take affirmative action when notified of these use or claims.

We will have the sole right to control any administrative proceedings or litigation involving any of the Marks, but you must cooperate with us in such actions at your expense. The Franchise Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative proceeding or litigation involving your use of the Marks.

If we discontinue or modify our Marks, you must adopt and use any new marks as required by us. Any expenses you incur because of adopting and using these marks are your responsibility.

We have no actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents Rights and Copyrights.

We currently have no patents or patents pending that are material to the franchise.

We claim a copyright and treat the information in the Operations Manual as confidential trade secrets. We also claim a copyright in our other written materials, but you are permitted to use the materials as part of your MIDTOWN CHIMNEY SWEEPS Business.

Operations Manual and Other Confidential Information.

Our Operations Manual and related materials are proprietary and confidential. They are our property to be used by you only as described in and during the term of the Franchise Agreement. The Operations Manual and other materials that contain our Marks or are otherwise proprietary to us must be returned to us if your Franchise Agreement expires or is terminated for any reason.

The Franchise Agreement requires you to maintain all of our Confidential Information as confidential both during and after the term of the Franchise Agreement. "**Confidential Information**" includes all information, data, techniques and know-how designated or treated by us as confidential and includes the Operations Manual. You may not at any time disclose, copy or use any Confidential Information except as specifically authorized by us. Under the Franchise Agreement, you agree that all information, data, techniques and know-how developed or assembled by you or your employees or agents during the term of the Agreement and pertaining to the Licensed Methods will be deemed a part of the Confidential Information protected under the Franchise Agreement. You may not use our Confidential Information in any unauthorized manner and you must take reasonable steps to prevent their disclosure to others. We require you, your Operations Manager and each of your officers, partners, directors, beneficial owners and employees who participate in the initial training program to execute our

Confidentiality/Application Agreement in the form attached to this Disclosure Document as Attachment B, prior to any participation in the program.

Our right to use or license the copyrighted and other proprietary and confidential materials is not materially limited by any agreement or known infringing use. There is no determination of any administrative office or any court regarding these materials.

ITEM 15
OBLIGATIONS TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

A MIDTOWN CHIMNEY SWEEPS Business is designed to be an owner-operated business. However, you are not required to personally participate in the direct operation of your MIDTOWN CHIMNEY SWEEPS Business. If you do not personally participate in the direct operation of your MIDTOWN CHIMNEY SWEEPS BUSINESS on a daily basis, you must appoint an Operations Manager, who must participate in the direct operation of your MIDTOWN CHIMNEY SWEEPS BUSINESS on a daily basis. If you are a business entity, your designated Operations Manager does not need to have an ownership interest in you.

You or your Operations Manager must successfully complete the initial training programs required by us. You may have one additional person attend the initial training programs with you or your Operations Manager. Any replacements or subsequent Operations Managers must be trained fully according to our standards by either you or us. If we provide this additional training, we may charge a fee to you.

If you are an entity, each individual who holds an ownership interest in you must personally guarantee all of your obligations under the Franchise Agreement.

We may require you to cause each of your Operations Managers, officers, directors, partners or shareholders, employees, independent agents, and any member of your or their immediate families, to execute our standard Nondisclosure and Noncompetition Agreement. We will require you to cause each of your Operations Managers, officers, directors, partners or shareholders, and any member of your or their immediate families, who participates in the initial training program to execute the Confidentiality/Application Agreement attached as Attachment B, prior to any participation in the program. If we require any immediate family member to execute our standard Nondisclosure and Noncompetition Agreement or Confidentiality/Application Agreement after your execution of the Franchise Agreement, you must use your best efforts to cause the execution of that agreement.

You must successfully pass a background check in order to purchase this franchise.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate your MIDTOWN CHIMNEY SWEEPS Business in strict conformity with all prescribed methods, procedures, policies, standards, and specifications in the Licensed Methods, as described in the Operations Manual and in other writings provided to you by us. You must use your Business Location only for the operation of the MIDTOWN CHIMNEY SWEEPS Business (except if it is also your personal residence) and you may not operate any other business at or from your Business Location without our express prior written consent, which may be withheld for any purpose.

You may offer and sell only those goods and services that we approve. We maintain a written list of approved goods and services in the Operations Manual, which we may change.

You must offer all goods and services that we designate as required for all franchises. In addition, we may require you to comply with other requirements (such as state or local licenses, training, marketing, insurance) before we will allow you to offer certain optional services.

We reserve the right to designate additional required or optional services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements.

National Accounts

For National Account clients, we and the client may negotiate prices. If you accept a job offered by a national account client, you agree to charge the negotiated price. You do not have to accept a national account job offered to you.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTIONS

THE FRANCHISE RELATIONSHIP

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

Provision	**Section in Franchise or Other Agreement**	**Summary**
a. Length of the Franchise Term	Franchise Agreement ("**FA**") Section 3.1; Deposit Agreement ("**DA**") Section 2	7 years. A reservation of a Reserved Territory under the Deposit Agreement lasts for 90 days.
b. Renewal or extension of the term	FA Section 3.3	3 successive term of 7 years each, subject to certain conditions.
c. Requirements for you to renew or extend	FA Section 3.3	Not less than 120 days nor more than one year written notice; compliance with Franchise Agreement; satisfaction of all monetary obligations owed us; execution of our current form of Franchise Agreement (which may contain terms and conditions materially different from your original Franchise Agreement); meet current qualification and training requirements; modify MIDTOWN CHIMNEY SWEEPS Business and operations to conform with current Operations Manual; execution of a general release[2]; pay successor franchise fee; others.

Provision	Section in Franchise or Other Agreement	Summary
d. Termination by you	FA Section 18.4	You can terminate the Franchise Agreement (i) without cause at any time following the fourth anniversary of the Franchise Agreement upon 90 days notice; or (ii) by selling the franchise pursuant to the terms of the Franchise Agreement; or (iii) by not renewing. Subject to applicable state law.
e. Termination by us without cause	FA Section 18.3	We can terminate at our option if there is a force majeure event that prevents us from performing our obligations under the Franchise Agreement and continues for longer than six months.
f. Termination by us with cause	FA Sections 18.1 and 18.2	We can terminate only if you commit any one of several listed violations.
g. "Cause" defined-curable defaults	FA Section 18.2	You have 10 days to cure a failure to make payments, misuse of Marks, and failure to submit reports or other records; and 30 days to cure other defaults under Franchise Agreement not listed as non-curable (subject to state law).
h. "Cause" defined-non-curable defaults	FA Section 18.1; DA Sections 1 through 4	Non-curable defaults under the Franchise Agreement include unauthorized disclosure of Operations Manual or other confidential information; abandonment of MIDTOWN CHIMNEY SWEEPS Business; 3 notices of default during the term even if cured; insolvency; criminal convictions; unauthorized transfer; material misrepresentation on initial application; failure to complete training; sexual harassment or discrimination; failure to obtain required license or certification; contesting our ownership in Marks; improper business practices; breach of related agreement; guaranty becomes unenforceable or inadequate; others (subject to state law); Non-curable defaults under the Deposit Agreement include material misrepresentation on initial application; breaches of related agreements; others (subject to state law).

Provision	Section in Franchise or Other Agreement	Summary
i. Your obligations on termination/non-renewal	FA Sections 18.5 through 18.10	Includes payment of money owed to us; payment of an amount equal to the Royalty Fees due over the shorter of three years or the remaining term under the Franchise Agreement, if terminated due to your default; discontinue using Marks; return Operations Manual and other materials; transfer phone numbers and listings; shut down websites and transfer web addresses; cease operating MIDTOWN CHIMNEY SWEEPS Business; amend or cancel assumed names; use no marks likely to cause confusion; offer us the option to purchase your inventory and equipment and assume your lease; modify premises; abide by all post-termination covenants (see row "r" also); others. We have the right to take these actions if you fail to do so. Any loans to you from us become immediately due.
j. Assignment of contract by us	FA Section 17.1	No restriction on right to transfer.
k. "Transfer" by you – defined	FA Section 17.2 DA Section 8	Includes assignment of Franchise Agreement, transfer of an ownership interest in business entity, transfer of substantial portion of assets of business, transfers by operation of law.
l. Our approval of transfer by you	FA Sections 17.3; DA Section 8	We have the right to approve all transfers of your Franchise Agreement and Deposit Agreement.
m. Conditions for our approval of transfer	FA Sections 17.3 and 17.4	Notice; comply with Franchise Agreement; payment of all monetary obligations owed us; transferee signs current form of Franchise Agreement (which may contain terms and conditions materially different from the original Franchise Agreement); transfer fee or resale assistance fee paid; general release signed; transferee purchases assets and assumes liabilities of business including outstanding promotional offers; training fee paid; transferee completes initial training program; transferee meets current standards; purchase agreement approved; others (see row "r" also).
n. Our right of first refusal to acquire your business	FA Section 17.6	We have the option to match any offer for your MIDTOWN CHIMNEY SWEEPS Business.
o. Our option to purchase your business	FA Sections 18.7 and 18.8	We have the option to purchase the assets or assume or enter into a lease for any non-residential premises of your MIDTOWN CHIMNEY SWEEPS Business upon termination or expiration.

Provision	Section in Franchise or Other Agreement	Summary
p. Your death or disability	FA Section 17.5	Franchise must be assigned (see rows "l" and "m" above) to a third party approved by us within 90 days. In our sole judgment we may operate the business as long as we deem necessary or practical.
q. Non-competition covenants during the term of the franchise	FA Section 20.1	Prohibited from offering a competing business (subject to applicable state law).
r. Non-competition covenants after the franchise is terminated or expires	FA Section 20.2; DA Section 6	No competition for 2 years within a 25 mile radius of your Protected Territory or the Protected Territory of any other MIDTOWN CHIMNEY SWEEPS Business (subject to applicable state law).
s. Modification of the agreement	FA Section 23.1; DA Section 8	The Franchise Agreement may be modified by a writing signed by both parties or, at our option, upon approval of 75% of our franchisees affected by the modification. The Deposit Agreement may be modified only by a writing signed by both parties. The Operations Manual may be modified unilaterally by us.
t. Integration/ merger clause	FA Section 23.2; DA Section 8	Only the terms of the Franchise Agreement and Deposit Agreement are binding (subject to state law). Any representations or promises outside of this Disclosure Document, the Franchise Agreement, and the Deposit Agreement may not be enforceable. Nothing in the Franchise Agreement or Deposit Agreement is intended to disclaim any representations made by us in this Disclosure Document.
u. Disputes resolution by arbitration or mediation	FA Section 22.9; Exhibit IV; DA Section 7.9	You must mediate claims against us before filing suit. Arbitration only applies as specified in a State Rider to the Franchise Agreement.
v. Choice of forum	FA Section 22.2; DA Section 7.2	Colorado (subject to applicable state laws)
w. Choice of law	FA Section 22.1; DA Section 7.1	Federal and Colorado law (subject to applicable state laws).

ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote our franchise. You may use the name of a public figure or celebrity in your promotional efforts or advertising only with our approval.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

Revenues for those MIDTOWN CHIMNEY SWEEPS Business Territories that operated for a full calendar in 2025 (the "Reporting Territories"). We also include a second table with Median information in these same categories.

As of December 31, 2025, we had 39 outlets, 31 of which remained in operation for the entire calendar year. During 2025, 8 outlets ceased operations or were not renewed and therefore are not included in the Reporting Territories. No new territories opened part way through 2025. Where a franchise operates multiple outlets, Gross Revenues have been allocated evenly across those outlets for purposes of this analysis.

2. The information regarding the Gross Revenues and numbers of jobs in the tables below has been prepared from data obtained from the unaudited information submitted by the Reporting Territories through our scheduling center.

3. The total size of each Protected Territory is approximately 110,000 households.

Table 1-Average Revenue Information-2025

Total Number of Reporting Territories Included	2025 Average Annual Total Gross Revenues
31	**$168,501.86**

NOTES for Table 1:

1. Column 2 shows the annual total Gross Revenues for the calendar year 2025, on average, for the Reporting Territories, 4 out of 31, or 13%, of the Reporting Territories attained or surpassed the average shown in Column 3 in 2025.

Table 2-Median Revenue Information-2025

Total Number of Reporting Territories Included	2025 Median Total Gross Revenues
31 in 2025	**$244,315.08**

NOTES for Table 2:

1. Column 2 shows the median total Gross Revenues for the calendar year 2025 for the Reporting Territories. 4 out of 31, or 13%, of the Reporting Territories attained or surpassed the median shown in Column 3 in 2025.

NOTES APPLICABLE TO BOTH TABLES:

1. The tables above do not show any costs incurred by the Reporting Territories.

2. The highest and lowest Gross Revenue for territories in the tables above for 2025 was as follows: Highest- $1,669,881.20; Lowest- $43,619.41.

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

Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

The financial performance representation figures do not reflect the cost of sales, operating expenses or other costs or expenses that must be deducted from the Gross Revenues 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 MIDTOWN CHIMNEY SWEEPS Business. Franchisees or former franchisees listed in this Disclosure Document may be one source of this information.

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing MIDTOWN CHIMNEY SWEEPS Business, however, we may provide you with the actual records of that MIDTOWN CHIMNEY SWEEPS Business. 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 Byron Schramm at 2805 Wilderness Place, Suite 900, Boulder, CO 80301, and (720) 575-7949, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2023 to 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	**2023**	**34**	**36**	**+2**
	2024	**36**	**39**	**+3**
	2025	**39**	**31**	**-8**
Company-Owned	**2023**	**0**	**0**	**0**
	2024	**0**	**0**	**0**
	2025	**0**	**0**	**0**
Total Outlets	**2023**	**34**	**36**	**+2**
	2024	**36**	**39**	**+3**
	2025	**39**	**31**	**-8**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2023 to 2025

State	Year	Number of Transfers
Colorado	**2023**	**1**
	2024	**0**
	2025	**0**
North Carolina	**2023**	**0**
	2024	**0**
	2025	**2**
Pennsylvania	**2023**	**0**
	2024	**0**
	2025	**0**
Total	**2023**	**1**
	2024	**0**
	2025	**2**

Table No. 3
Status of Franchised Outlets
For Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at the End of the Year
California	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
	2023	12	0	0	0	0	0	12

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at the End of the Year
Colorado	2024	12	0	0	0	0	0	12
	2025	12	0	0	0	0	0	12
Iowa	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Michigan	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	2	0	0	0	0
Minnesota	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	2	0	1
Nebraska	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
New Jersey	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
North Carolina	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Ohio	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	2	0	0	0
Pennsylvania	2023	2	0	0	0	0	0	2
	2024	2	3	0	0	0	0	5
	2025	5	0	0	0	0	0	5
Utah	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	2	0	0	0	0
Washington	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Totals	**2023**	**34**	**2**	**0**	**0**	**0**	**0**	**36**
	2024	**36**	**3**	**0**	**0**	**0**	**0**	**39**
	2025	**39**	**0**	**4**	**2**	**2**	**0**	**31**

Table No. 4
Status of Company-Owned Outlets
For Years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Colorado	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Minnesota	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	2	2	0	0
Totals	**2023**	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**
	2025	**0**	**0**	**2**	**2**	**0**	**0**

Table No. 5
Projected Openings as of December 31, 2025

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Colorado	0	1	0
Oklahoma	0	1	0
Pennsylvania	0	1	0
TOTALS	0	3	0

Attachment G contains a list of the names of all franchisees and the address and business telephone numbers of their outlets.

Attachment H contains a list of the name and last known city, state and telephone number of each franchisee who has had a MIDTOWN CHIMNEY SWEEPS Business terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the 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.

During the last three fiscal years no franchisees have signed confidentiality clauses that would restrict their ability to speak openly about their experiences with us.

We have no franchisee advisory council or other trademark-specific franchisee association.

ITEM 21
FINANCIAL STATEMENTS

Attachment I contains our audited financial statements as of our fiscal years ended December 31, 2025, 2024, and 2023, as well as our unaudited Balance Sheet as of March 31, 2026 and our unaudited Profit & Loss Statement for the time period January 1, 2026 – March 31, 2026.

ITEM 22
CONTRACTS

Attached are copies of the following agreements relating to the offer of the franchise:

Attachment A	Franchise Agreement (and attachments)
	I. Addendum to Franchise Agreement
	II. Statement of Ownership
	III. Authorization Agreement for Prearranged Payments
	IV. Riders to Franchise Agreement For Specific States
Attachment B	Confidentiality/Application Agreement
Attachment D	Territory Reservation Deposit Agreement
Attachment E	Current Form of General Release

ITEM 23
RECEIPTS

Attachment M of this Disclosure Document contains receipt pages. Please sign and date each of them as of the date you received this Disclosure Document, detach the second receipt page, and promptly return it to us as specified on that page.

ATTACHMENT A
TO FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC

FRANCHISE AGREEMENT

Franchisee: _____
Date: ___
Protected Territory: _____

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC
FRANCHISE AGREEMENT
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EXHIBITS

I. ADDENDUM TO FRANCHISE AGREEMENT
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III. AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS
IV. RIDERS TO FRANCHISE AGREEMENT FOR SPECIFIC STATES

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC
FRANCHISE AGREEMENT

THIS AGREEMENT ("**Agreement**") is made effective as of the date set forth on the signature page hereof, between **MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC,** a Colorado limited liability company ("**MCSF,**" "**we**," or "**us**"), and the franchisee named on the signature page of this Agreement ("**Franchisee**" or "**you**"), who agree as follows:

1. BACKGROUND AND PURPOSE

1.1. Background.

MCSF has developed and owns a unique system for establishing, operating and marketing businesses ("**MIDTOWN CHIMNEY SWEEPS Businesses**") specializing in cleaning of residential and commercial chimneys, maintenance and repair of chimneys, fireplaces and other room heater appliances such as wood stoves, pellet stoves, and gas stoves, fireplace installation, chimney relining, and dryer vent cleaning (the "**Services**"), and sales of approved inventory, supplies, materials, equipment and other products (the "**Products**"), under the marks "MIDTOWN CHIMNEY SWEEPS™," "MIDTOWN SWEEPS®," THE CHIMNEY EXPERTS™, and related service marks, trademarks, logos and trade names (collectively the "**Marks**") and using MCSF's unique system for operating the businesses and related licensed methods of doing business (the "**Licensed Methods**").

1.2. System.

MCSF grants the right and license to qualified individuals and entities to use the Marks and Licensed Methods to establish and operate MIDTOWN CHIMNEY SWEEPS Businesses under its franchise system ("**System**").

1.3. Purpose.

Franchisee desires to establish a MIDTOWN CHIMNEY SWEEPS Business and MCSF desires to grant Franchisee the right and license to operate MIDTOWN CHIMNEY SWEEPS Business under the terms and conditions contained in this Agreement.

2. GRANT OF FRANCHISE

2.1. Grant of Franchise.

MCSF grants to Franchisee, and Franchisee accepts from MCSF, the number of franchises ("**Franchises**," or individually a "**Franchise**") as set forth on the Addendum to Franchise Agreement, attached hereto as Exhibit I and incorporated herein by reference (the "**Addendum**"), for (i) the right and license to open and operate a MIDTOWN CHIMNEY SWEEPS Business, and (ii) the license to use the Marks solely in connection with the establishment and operation of a MIDTOWN CHIMNEY SWEEPS Business within a Protected Territory(ies) (as defined in **Section 4.2** below). If Franchisee is granted multiple Franchises for multiple Protected Territories, as indicated on the Addendum, the terms "**MIDTOWN CHIMNEY SWEEPS Business**," "**Franchise**" and "**Protected Territory**" as used herein shall be deemed to refer collectively to all of Franchisee's MIDTOWN CHIMNEY SWEEPS Businesses, Franchises and Protected Territories, except in those cases where multiple MIDTOWN CHIMNEY SWEEPS Businesses, Franchises or Protected Territories are specifically addressed.

2.2. Scope of Franchise Operations.

Franchisee shall use its best efforts to promote the MIDTOWN CHIMNEY SWEEPS Business. Franchisee agrees to use the Marks and Licensed Methods, as they may be changed, improved and further developed by MCSF from time to time, only in accordance with the terms and conditions of this Agreement, including the Addendum and the other Exhibits to this Agreement, which are attached to, and incorporated into, this Agreement.

3. TERM AND EXPIRATION

3.1. Term.

The term of this Agreement is for a period of seven years from the date this Agreement is executed by MCSF, unless sooner terminated as provided herein.

3.2. Continuation

If Franchisee continues to operate the MIDTOWN CHIMNEY SWEEPS Business with MCSF's express or implied consent following the expiration or termination of this Agreement, the continuation will be on a month-to-month extension of this Agreement. This Agreement will then be terminable by either party on 30 days' written notice. Otherwise, all provisions of this Agreement will apply while Franchisee continues to operate the MIDTOWN CHIMNEY SWEEPS Business.

3.3. Successor Franchise.

Provided Franchisee is not in default hereunder either at the time of its notice of exercise of successor franchise rights or at the time of the grant of the successor franchise rights, at the end of the term of this Agreement Franchisee will have the option to renew this Franchise, or any individual Franchise if Franchisee is granted multiple Franchises under this Agreement, for three additional terms of seven years each by acquiring successor franchise rights, provided that Franchisee has met all of the following requirements:

a. Franchisee executes MCSF's then current form of Franchise Agreement (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise), which may have terms substantially different than those set forth in this Agreement, within 30 days after Franchisee's receipt of such Franchise Agreement from MCSF. If Franchisee is exercising the successor franchise rights of less than all of the Franchises granted under this Agreement, the Addendum to the new Franchise Agreement executed by Franchisee shall reflect the reduction of the number of Franchises, Protected Territories and fees (as applicable).

b. Franchisee maintained compliance with all of the provisions of this Agreement during the term, including payment, on a timely basis, of all fees and other payments due hereunder. "**Compliance**" means, at a minimum, that Franchisee has not (i) failed to timely cure any breach of this Agreement specified by MCSF in a written notice to Franchisee; or (ii) received any written notification from MCSF of breach hereunder more than three times during the 24-month period prior to the expiration of the term of this Agreement, regardless of whether such breaches were timely cured.

c. Franchisee satisfies the then current standards applicable to all new MCSF franchisees, including MCSF's then current qualification and training requirements.

d. Franchisee maintains or modifies the MIDTOWN CHIMNEY SWEEPS Business and its operations at Franchisee's sole expense (the necessity of which will be in the sole discretion of MCSF) to conform to the then current Operations Manual (hereinafter defined).

e. Except where prohibited by law, Franchisee executes a general release of any and all claims against MCSF and its affiliates, and their respective officers, directors, employees and agents, whether in their corporate or individual capacities, arising out of or relating to this Agreement.

f. Franchisee pays to MCSF a successor franchise fee in the amount of $4,000 times the number of Franchises set forth in the Addendum, which is due and payable upon execution of MCSF's then current Franchise Agreement and will be nonrefundable under all circumstances once paid. Except for the successor franchise fee described in the preceding sentence, an initial franchisee fee will not be charged upon execution of the successor Franchise Agreement. If Franchisee is exercising the successor franchise rights for multiple Franchises granted under this Agreement, Franchisee must pay the successor franchise fee for each individual Franchise.

3.4. Exercise of Option for Successor Franchise.

Franchisee may exercise its option for a successor franchise by giving written notice of such exercise to MCSF not less than 120 days, but not more than one year, prior to the scheduled expiration of this Agreement. Franchisee's successor franchise rights will become effective upon Franchisee's compliance with **Section 3.3** above. MCSF will provide Franchisee with copies of the then current Franchise Agreement within 30 days of Franchisee's notice of exercise of its option for a successor franchise. If Franchisee fails to execute and deliver the successor Franchise Agreement to MCSF within 30 days after Franchisee's receipt thereof from MCSF, then Franchisee shall be deemed to have irrevocably declined to exercise its option for a successor franchise and the Franchisee's option for a successor franchise shall terminate as of such date.

4. TERRITORY

4.1. MIDTOWN CHIMNEY SWEEPS Location.

Franchisee's MIDTOWN CHIMNEY SWEEPS Business will be operated from a location agreed upon by MCSF and Franchisee ("**MIDTOWN CHIMNEY SWEEPS Location**"), which may be Franchisee's residence (if Franchisee is one or more individuals) or the residence of an owner of Franchisee (if Franchisee is a business entity). The MIDTOWN CHIMNEY SWEEPS Location is designated in the Addendum. If the MIDTOWN CHIMNEY SWEEPS Location is not located in Franchisee's residence, MCSF must review and approve the lease or purchase agreement based on an analysis of local competing businesses, demographics, visibility, accessibility, suitability of the premises to be leased, and other factors more fully described in the Operations Manual. If MCSF does not approve the location selected by Franchisee, Franchisee must select another site. Franchisee must have the prior written approval of MCSF for the location of the MIDTOWN CHIMNEY SWEEPS Location, and the MIDTOWN CHIMNEY SWEEPS Location may not be relocated without the prior written consent of MCSF. Franchisee agrees to comply with any standards established by MCSF from time to time regarding Franchisee's MIDTOWN CHIMNEY SWEEPS Location within 30 days of receipt of written notice from MCSF of such standards.

4.2. Protected Territory.

a. MCSF has designated a protected territory for each Franchise acquired by Franchisee as set forth in the Addendum (the "**Protected Territory**" regardless of how many Franchises are set forth in the Addendum) in which MCSF agrees it will not operate, or grant a Franchise to a third party to operate, a MIDTOWN CHIMNEY SWEEPS Business utilizing the Marks, subject to the rights of other franchised or MCSF-owned MIDTOWN CHIMNEY SWEEPS Businesses to engage in Broad Area Marketing (defined in **Section 13.2**) covering areas that may include the Protected Territory and to accept business resulting from referrals or unsolicited inquiries from customers within the Protected Territory (as described in **Section 4.2.b** below). Franchisee shall maintain its rights in the Protected Territory even though the population may increase.

b. Franchisee must devote its marketing to customers solely in the Protected Territory, although Franchisee may accept business resulting from referrals or unsolicited inquiries from customers outside the Protected Territory. However, if customers contact our scheduling center via our phone, online scheduler, or any other means and request a service that you do not currently provide, we reserve the right to give the job to a neighboring franchisee of our choice so that the customer can be serviced under the Midtown name and not go elsewhere for service. However, the other franchisee may not engage in solicitation of more business while in your territory, and the same limitation will apply to you if you are offered a job in another franchisee's territory. Franchisee may engage in Broad Area Marketing covering an area that includes but extends beyond the Protected Territory under certain conditions as stated in **Section 13.2** below. Franchisee may not solicit customers from outside its Protected Territory without the prior written approval of MCSF, which approval may be withheld for any reason. If Franchisee does solicit any customers outside the Protected Territory without the prior written approval of MCSF, then MCSF has the right to require Franchisee to immediately send all of the revenues derived from those customers to the franchisee who has acquired the territory where such customers are located, or to MCSF, as specified by MCSF.

c. Performance Requirements**.** Your rights to your Protected Territory are dependent upon your achieving the following Performance Requirements:

Time Period	Gross Revenue Requirement
Year 1 per Territory	$50,000
Year 2 per Territory	$75,000
Year 3 per Territory	$100,000
Year 4 per Territory	$125,000
Year 5 and beyond per Territory	$150,000

4.3. MCSF's Reservation of Rights.

Franchisee understands and agrees that MCSF has and retains the rights under this Agreement to: (a) develop and establish other franchise systems for different products or services utilizing proprietary marks not now or hereafter designated as part of the Licensed Methods, and to grant licenses thereto, without providing Franchisee with any rights therein; (b) open, operate, sell and/or manage MIDTOWN CHIMNEY SWEEPS Businesses outside the Protected Territory; (c) use, and to license others to use, the Marks and Licensed Methods for the operation of MIDTOWN CHIMNEY SWEEPS Businesses at any location other than in the Protected Territory; (d) use the Marks and the Licensed Methods in connection with the provision of other services and products or in alternative channels of distribution (including, but not limited to, Internet, catalog, mail order, telemarketing or other direct marketing sales), without regard to location; (e) use the Marks and the Licensed Methods in connection with the licensing to others to provide, or the provision by MCSF directly of, services and products to commercial customers without regard to location in situations in which MCSF determines in its sole discretion that Franchisee will not be permitted by the commercial customer to provide the services, or if Franchisee is unable to adequately provide services to such commercial customers, including in cases where the commercial customer requires union labor which Franchisee is unable to provide or where the size or other aspects of the work make it unlikely in MCSF's determination that Franchisee will be able to provide a satisfactory level and quality of service; and (f) use and license the use of other proprietary marks or methods of doing business which are not the same as, or confusingly similar to, the Marks or Licensed Methods, whether in alternative channels of distribution (including, but not limited to, Internet, catalog, mail order, telemarketing or other direct marketing sales), at any location (including within the Protected Territory), which may be similar to or different from MIDTOWN CHIMNEY SWEEPS Businesses. MCSF retains and may exercise these rights without any compensation to Franchisee. MCSF can acquire or be acquired by, or engage in any other transaction with, other businesses (competitive or not), companies, or units located anywhere, including arrangements where other units are (or are not) converted to the System or other format, or in which company-owned, franchised or other businesses (including MIDTOWN CHIMNEY SWEEPS Businesses) are (or are not) converted to another format (whether competitive or not), or both, and is maintained as the same concept, as a new concept, or as a separate concept in the Protected Territory. Franchisee must fully cooperate with any of these conversions, at Franchisee's sole expense.

Cross-Territorial Protocols

We may adopt Cross-Territorial Protocols to handle details with respect to solicitation and servicing of customers where multiple territories are involved. You agree to abide by them.

National Accounts

"National Account" means relations with clients with outlets in multiple territories who desire for Franchisor to administer their account at the corporate level.

We alone retain the exclusive right to establish relations with clients who have locations in multiple franchisee territories who desire for us to administer their account at the corporate level (National Accounts"). Typically, these clients desire to channel their job requests and billing solely through us at the corporate level. We then make these jobs available to franchisees. You may elect to accept such jobs if they become available in your territory or not. When we handle billing or invoicing on national account clients, we mark up the customer invoice typically 1-20% to cover our costs for administering this work and handling the billing and invoicing. In some

instances, there may be other fees or fee splits. You agree to these mark ups, fees and fee splits. In addition, if there is a dispute on any work performed for a National Account, you agree that we may mediate and resolve the dispute and you agree to be bound by our decision. If you decline a National Account job made available to you in your territory, then we may offer the job to a nearby franchisee or in some cases, another chimney care company not affiliated with us, or an employee or officer of our company.

5. INITIAL FRANCHISE FEE

5.1. Initial Franchise Fee.

Franchisee will pay MCSF an initial franchise fee of $49,000, which shall be due and payable in full upon execution of this Agreement. If Franchisee desires to purchase a second franchise at the same time as the initial franchise, then the initial franchise fee on the second territory is $15,000. Franchisee acknowledges and agrees that MCSF has earned the Initial Franchise Fee upon receipt thereof, and that the Initial Franchise Fee is not refundable to Franchisee once paid.

5.2 Initial Equipment and Supply Package

You will also need to acquire our Initial Equipment and Supply Package from us for approximately $16,500. We may waive or modify this requirement if you already own some or all of the items in the package or have similar approved equipment or supplies needed to operate a MIDTOWN CHIMNEY SWEEPS Business.

5.3 Vehicle

You will need to acquire your van, shelving, ladder rack, and van wrap from us for approximately $76,500 - $81,800. We may modify this requirement if you already own a van that meets our specifications.

6. TRAINING

6.1. Initial Training Program.

Franchisee (or if Franchisee is an entity, a person designated to assume primary responsibility for the management of Franchisee's MIDTOWN CHIMNEY SWEEPS Business (an "**Operations Manager**")) shall attend and satisfactorily complete (at MCSF's sole determination) the initial training programs (the "**Initial Training Programs**") prior to providing the first Service to a customer through the MIDTOWN CHIMNEY SWEEPS Business. The Initial Training Programs consist of three parts. Part one is MCSF's introductory training, which is conducted after Franchisee signs this Agreement (the "**Introductory Training Program**"). Part two is MCSF's training program to prepare Franchisee to take the CERTIFIED CHIMNEY PROFESSIONAL™ certification test (the "**CERTIFIED CHIMNEY PROFESSIONAL Certification Training Program**"). Finally, part three is MCSF's advanced training program (the "**Advanced Training Program**"), which will be conducted after Franchisee or its Operations Manager has passed the CERTIFIED CHIMNEY PROFESSIONAL™ certification test. Franchisee or its Operations Manager must attend and satisfactorily complete all three parts of the Initial Training Programs. Franchisee shall be responsible for all wages, travel and living expenses incurred by itself or its Operations Manager and for any other representative of Franchisee attending the Initial Training Programs. MCSF will allow one person, in addition to Franchisee or its Operations Manager, chosen by Franchisee and approved by MCSF, to attend the Initial Training Programs without tuition charged, provided that the training of the additional person is at the same time as the training of the Franchisee or its Operations Manager. MCSF may require any other representative(s) of Franchisee to attend and satisfactorily complete (at MCSF's sole determination) the Initial Training Programs. MCSF may charge for any additional representatives of Franchisee who attend the Initial Training Programs. If, under the terms of this Agreement or otherwise, Franchisee needs or desires to have persons attend the Initial Training Programs after Franchisee's attendance of the Initial Training Programs, then Franchisee must pay the then current tuition charged by MCSF for those persons, in addition to all wages, travel and living expenses incurred in connection with their attendance at the Initial Training Programs. If MCSF determines, in its sole discretion, that Franchisee or its Operations Manager (as applicable) is unable to satisfactorily complete the Initial Training Programs, MCSF shall have the right to terminate this Agreement upon written notice to Franchisee,

and MCSF may keep the Initial Franchise Fee paid by Franchisee to MCSF as liquidated damages, and not as a penalty.

In addition, if you desire to offer fireplace installation and chimney relining, you must attend 2 days of manufacturer training.

6.2. Length of Training.

The Introductory Training Program will consist of up to 16 hours of instruction and on-the-job training to be conducted over three business days at MCSF's facilities in Littleton, Colorado, or another location designated by MCSF. The Certified Chimney Professional Certification Training Program will consist of approximately 27 hours of online instruction that Franchisee will do at the Franchisee's MIDTOWN CHIMNEY SWEEPS Location or such other location as Franchisee shall select. Franchisee or its Operations Manager must complete the Certified Chimney Professional Certification Training Program and become a CERTIFIED CHIMNEY PROFESSIONAL before Franchisee may attend the Advanced Training Program. The Advanced Training Program will consist of up to 52 hours of instruction and on-the-job training to be conducted over up to five business days at MCSF's facilities in Littleton, Colorado, or another location designated by MCSF. MCSF reserves the right to waive all or a portion of the Initial Training Programs or to alter the training schedule, if in MCSF's sole discretion, Franchisee or its Operations Manager, as applicable, has sufficient prior experience.

6.3. Additional Training.

a. If MCSF in its sole discretion determines at any time during the term of this Agreement that Franchisee requires training in addition to the Initial Training Programs, or if Franchisee reasonably requests such additional training and MCSF in its sole discretion agrees to provide it, then MCSF will provide notice to Franchisee of such additional training, and MCSF will conduct such additional training program(s) at a location designated by MCSF. Franchisee will be responsible for paying its travel, lodging and other costs, and shall pay MCSF its reasonable fees for conducting additional training, which fees may be changed from time to time.

b. From time to time, MCSF may conduct additional meetings, seminars, conventions, and training programs. Franchisee or its representatives may attend such programs at their own expense and shall attend such programs for which MCSF has determined that Franchisee's attendance is required. MCSF will not require Franchisee to attend regional, national, or international training programs more often than twice a year. MCSF will give Franchisee at least 30 days' prior written notice of any ongoing seminar, convention, program or meeting being held at which Franchisee's or its Operations Manager's attendance is required. All mandatory training programs will be offered without a tuition charge; provided, however, MCSF may allocate the costs incurred in holding each meeting, training program, seminar or convention, including expenses for materials, food and banquet expenses, all expenses for related activities, and all other expenses which are associated with attendance at each meeting, program, seminar or convention, equally among all franchisees, whose attendance is required, regardless of attendance. If Franchisee's or its Operations Manager's attendance is required at the applicable training program, seminar, regional meeting or national or international convention, Franchisee will be required to pay its pro-rata share if it attends the applicable training program, seminar, regional meeting or national or international convention, and, at MCSF's option, if Franchisee or its Operations Manager fails to attend the applicable training program, regional meeting or national or international convention, Franchisee will be required to pay 125% of its pro-rata share. Franchisee will also be responsible for all wages, travel and living expenses associated with the attendance of Franchisee, its Operations Manager (if applicable), and all other persons associated with Franchisee at each training program, seminar, meeting or convention. MCSF may, at its sole option, choose to waive all or a portion of the costs for actual attendees of the applicable training program, seminar, meeting or convention without being obligated to waive any costs for non-attendees of the training program, meeting or convention. If Franchisee or its Operations Manager fails to attend a program at which attendance is deemed mandatory by MCSF, MCSF may, in its sole discretion, and without waiving any other rights MCSF may have hereunder, require Franchisee or its Operations Manager to attend and complete a make-up or alternative program at a location determined by MCSF. Franchisee will be responsible for paying all wages, travel, lodging and other costs, and for paying Franchisee's registration fee for the program.

6.4. Release.

Franchisee, for itself and its agents, heirs, legal representatives, successors and assigns, forever releases, waives, discharges and holds MCSF and any of its affiliated companies, directors, officers, employees and agents harmless from any and all claims, demands, causes of actions, loss, damage or injury, including attorneys' fees and costs, on account of, arising out of or attributable to the attendance or participation of Franchisee or its Operations Manager and any other representatives of MCSF in any seminar, convention, program or meeting, or other company function or activity, including but not limited to the Initial Training Program, the Advanced Training Program, the Pull System Training Program, any meetings, conventions or seminars, other required or non-required training programs, held or sponsored by or for MCSF or the travel to or from such programs.

7. FRANCHISEE'S DEVELOPMENT OBLIGATIONS

7.1. Computer Equipment and Telephones.

Franchisee is required to own and operate computer equipment, software, telephones, including a smart phone, and other similar equipment meeting the standards and specifications set forth in the Operations Manual or as MCSF otherwise designates. Franchisee shall add, eliminate, substitute or modify any computer equipment, software, telephones, and other equipment upon 60 days' notice from MCSF of changes in MCSF's specifications and requirements. Franchisee is solely responsible for the on-going maintenance, repairs, upgrades, updates, and support of all computer equipment, software, telephones, and other similar equipment, but MCSF may require Franchisee to obtain such services or products through approved third-party suppliers. We have independent access to your computer system and information sent or received by email. There are no contractual restrictions on our right to access such information. You are required to use an @midtownsweeps.com email domain.

7.2. Authorized Representatives.

Franchisee will be solely responsible for recruiting, appointing, hiring, firing, and supervising its employees, independent agents, Operations Manager, and other authorized representatives (collectively referred to as "**Authorized Representatives**"). Those Authorized Representatives will be employees or agents of Franchisee. They are not employees or agents of MCSF and MCSF is not the joint employer of those persons. Franchisee will have sole authority and control over the day-to-day operations of the MIDTOWN CHIMNEY SWEEPS Business and its Authorized Representatives. MCSF will have no right or obligation to direct Franchisee's Authorized Representatives or to operate the MIDTOWN CHIMNEY SWEEPS Business. It is Franchisee's responsibility to determine compensation of Authorized Representatives, terms of employment, safety regulations, work assignments, work schedules, and working conditions. Any information regarding any of those issues provided to Franchisee by MCSF are mere suggestions and Franchisee shall have the sole discretion to utilize such information or not. Franchisee is solely responsible for implementing training and other programs for employees and other Authorized Representatives related to the legal, safe, and proper performance of their work, regardless of the fact that MCSF may provide advice, suggestions, and certain training programs as described in this Agreement. Such advice, suggestions, and training by MCSF are provided to protect MCSF's brand and the Marks and not to control the day-to-day operation of Franchisee's MIDTOWN CHIMNEY SWEEPS Business. Franchisee will keep MCSF informed of the names, addresses and telephone numbers of all Authorized Representatives. Franchisee shall cause each Authorized Representative to execute MCSF's standard Nondisclosure and Noncompetition Agreement.

7.3. Commencement of Operations.

Franchisee shall be deemed to have commenced operations of its MIDTOWN CHIMNEY SWEEPS Business when Franchisee or its Operations Manager has completed the Initial Training Programs. If Franchisee has not provided its first Service to a customer within 75 days after the signing of this Agreement, then MCSF can, at its sole option, terminate the Franchise Agreement and keep the entire Initial Franchise Fee as liquidated damages, not as a penalty.

7.4. Active Operations.

Unless otherwise agreed in writing by MCSF and Franchisee, once Franchisee has commenced operations as specified above, Franchisee must actively promote and continue to operate its MIDTOWN CHIMNEY SWEEPS Business in accordance with the Operations Manual and this Agreement; unless MCSF gives its prior written consent to Franchisee to temporarily suspend its operations, which consent may be withheld by MCSF for any reason.

8. DEVELOPMENT ASSISTANCE.

8.1. MCSF's Development Assistance.

Prior to or simultaneously with the opening of the Franchisee's MIDTOWN CHIMNEY SWEEPS Business, MCSF will provide Franchisee with the following assistance:

a. Designate Franchisee's Protected Territory.

b. Review and approve or disapprove the site selected by Franchisee for the MIDTOWN CHIMNEY SWEEPS Business in accordance with **Section 4.1**, and, if applicable, the lease or purchase agreement for such site.

c**.** Provide Franchisee with the specifications of all initial equipment, inventory and supplies required for the operation of its MIDTOWN CHIMNEY SWEEPS Business, all as specified in the Operations Manual, and a list of all approved suppliers of any services, products, equipment, inventory, supplies and other materials that MCSF requires Franchisee to use.

d. Provide Franchisee lists of approved items of equipment, inventory, and supplies (by brand name and/or by standards and specifications) and lists of approved suppliers for those items.

e**.** Provide Franchisee a membership to the MCSF scheduling center (the "**Scheduling Center**"). Once Franchisee's Co-Op Line and any Market Expansion Line, as those terms are defined in **Section 8.1.g** below, are established. MCSF will also provide Franchisee with guidance related to accessing the Internet-based system that has been established by MCSF for scheduling jobs with the Scheduling Center over the Internet and for certain marketing purposes (the "**MCS Scheduling and Marketing System**"), scheduling jobs on the Internet, and any other functions of the system.

f**.** For each Franchise acquired, provide Franchisee a telephone line with a number that is local to Franchisee's Protected Territory (the "**Co-Op Line**"). This Co-Op Line will ring into the Scheduling Center for scheduling of jobs based on the zip code provided by the caller. The jobs scheduled through a Co-Op Line shall be assigned by the Scheduling Center to the MCSF franchisee with the protected territory rights to the zip code provided by the caller, regardless of which MCSF franchisee's Co-Op Line is called. Franchisee must have at least one Co-Op Line for each Franchise it acquires. Franchisee may acquire additional Co-Op Lines for an increased Job Fee, as defined in **Section 12.3**. Franchisee also may request, at its option and for an additional increase in the Job Fee as defined in **Section 12.3**, for MCSF to provide Franchisee another telephone line with a number local to Franchisee's Protected Territory which rings into the Scheduling Center for scheduling of jobs only for Franchisee's MIDTOWN CHIMNEY SWEEPS Business, regardless of the location of the job or the caller (a "**Market Expansion Line**"). The decision to provide and allow the use of a Market Expansion Line will be in MCSF's sole discretion if it determines that use of a Market Expansion Line is appropriate based on the circumstances of Franchisee's MIDTOWN CHIMNEY SWEEPS Business and Protected Territory. MCSF may discontinue providing and allowing use of any Market Expansion Line if it determines in its sole discretion that circumstances are no longer appropriate for the Market Expansion Line. Franchisee acknowledges as between MCSF and Franchisee, MCSF has the sole rights to, and interest in, all Co-Op Lines and Market Expansion Lines. In the event that MCSF's telephone carrier does not have coverage within the Protected Territory, Franchisee will be required to obtain a local telephone line for the required Co-Op Line for each Franchise and any additional telephone line desired, arrange for the connection of the line to the Scheduling Center, and, unless MCSF specifies otherwise in its discretion, reassign the line to MCSF's telephone carrier and transfer the rights in the line to MCSF, at which point the local line will be deemed a Co-Op Line or Market Expansion Line to be provided by MCSF to Franchisee.

g. MCSF will provide Franchisee with access to the Inner Circle portion of MCSF's website, for delivery of marketing information, order forms for supplies, equipment, work orders and other products, templates for advertising, and other materials, and other relevant information.

h. Loan Franchisee one copy of MCSF's Operations Manual in accordance with **Article 9** below.

i. Provide the Initial Training Programs in accordance with **Sections 6.1 and 6.2** of this Agreement.

j. Provide Franchisee advice and guidance in preparing to provide services through its MIDTOWN CHIMNEY SWEEPS Business, including standards and procedures for obtaining inventory and supplies, providing approved services, and advertising, promoting and operating its MIDTOWN CHIMNEY SWEEPS Business

9. OPERATIONS MANUAL

9.1. Operations Manual.

MCSF agrees to loan to Franchisee one or more manuals, technical bulletins, CD-ROMs or other written or media materials, in whatever form (including electronic form), prepared by or on behalf of MCSF for use by franchisees generally or for Franchisee in particular (all referred to in this Agreement as the "**Operations Manual**") covering the mandatory and suggested specifications, standards and operating procedures for Franchisee's MIDTOWN CHIMNEY SWEEPS Business. The Operations Manual is designed to protect MCSF's reputation and the goodwill of the Marks, it is not designed to control the day-to-day operations of Franchisee's MIDTOWN CHIMNEY SWEEPS Business. The Operations Manual shall also be deemed to include that information contained on the Inner Circle portion of MCSF's website, to which Franchisee will be granted access in accordance with **Section 8.1.h**. MCSF may modify the Operations Manual in MCSF's discretion. Franchisee agrees that it will comply with the Operations Manual as an essential aspect of its obligations under this Agreement.

9.2. Confidentiality of Operations Manual Contents.

Franchisee agrees to use the Marks and Licensed Methods only as specified in the Operations Manual. The Operations Manual is the sole property of MCSF, and will be used by Franchisee only during the term of this Agreement and in strict accordance with the terms and conditions hereof. Franchisee will not duplicate the Operations Manual or written materials considered by MCSF to be a component of the Operations Manual, nor disclose the contents thereof to persons other than its Authorized Representatives or officers who have signed a confidentiality and non-competition agreement in a form supplied by or approved by MCSF. Franchisee will return the Operations Manual to MCSF upon the expiration, termination or transfer of this Agreement, at Franchisee's sole expense.

9.3. Changes to Operations Manual.

MCSF reserves the right to revise the Operations Manual from time to time as it deems necessary. Franchisee will conform its operations to any updated provisions within 30 days of notice of the change. A master copy of the Operations Manual maintained by MCSF at its principal office, regardless if maintained electronically or otherwise, will be controlling in the event of a dispute regarding the content of any Operations Manual.

10. OPERATING ASSISTANCE

10.1. MCSF's Available Services.

MCSF agrees that, during Franchisee's operation of the MIDTOWN CHIMNEY SWEEPS Business, and provided Franchisee is in compliance with the terms of this Agreement, MCSF will provide to Franchisee the following assistance and services:

a. Provide continuing courses of training, if requested by Franchisee, at times, methods, and locations designated by MCSF, in accordance with **Section 6.3**.

b. In MCSF's discretion, inspect Franchisee's MIDTOWN CHIMNEY SWEEPS Business and/or work performed for some of Franchisee's customers, as MCSF deems advisable, in accordance with **Section 11.3**.

c. Provide Franchisee with the updated specifications of all equipment, inventory and supplies required for the operation of its MIDTOWN CHIMNEY SWEEPS Business, and updated lists of all approved suppliers of any services, products, equipment, inventory, supplies and other materials that MCSF requires Franchisee to use.

d. Provide Franchisee with continuing consultation and advice regarding business, financial, operational, technical, pricing, sales and advertising matters, type of Products and Services offered, operation of a MIDTOWN CHIMNEY SWEEPS Business, and development of personnel policies, as deemed appropriate by MCSF, through meetings, telephone or e-mail consultations, the Inner Circle portion of MCSF's website, on-site visits and/or printed materials or other media, as deemed appropriate by MCSF. MCSF and Franchisee agree that any prices suggested to Franchisee by MCSF for Products and Services are recommendations only, and are not to be construed as mandatory upon Franchisee. Franchisee's right to establish prices for Products and Services is expressly subject to the other provisions of this Agreement and Franchisee's obligation to comply with MCSF's standards, specifications, and Licensed Methods to the extent that they relate to pricing matters. Nothing contained herein shall be deemed a representation by MCSF that the use of MCSF's suggested prices will optimize profits.

e. Schedule appointments for Franchisee through the Scheduling Center and provide the Co-Op Line(s) and any Market Expansion Line(s) acquired by Franchisee. MCSF makes no representations or warranties to Franchisee, and expressly disclaims any warranty, that the MCS Scheduling and Marketing System is error free or that the operation and use thereof by Franchisee, Franchisee's customers, or any other party will be uninterrupted or error free. EXCEPT AS MAY BE REQUIRED BY APPLICABLE LAW, MCSF MAKES NO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WHETHER EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, RELATED TO THE MCS SCHEDULING AND MARKETING SYSTEM, AND ALL SUCH WARRANTIES ARE EXPRESSLY EXCLUDED. IN NO EVENT SHALL MCSF HAVE ANY LIABILITY TO FRANCHISEE FOR (I) INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF USE, REVENUE, OR PROFIT, RESULTING FROM THE OPERATION OF THE MCS SCHEDULING AND MARKETING SYSTEM, OR ANY ERROR OR INTERRUPTION THEREIN; OR (II) CLAIMS, DEMANDS OR ACTIONS AGAINST FRANCHISEE BY ANY THIRD PARTY RELATED TO THE OPERATION OF THE MCS SCHEDULING AND MARKETING SYSTEM, OR ANY ERROR OR INTERRUPTION THEREIN.

f. Provide a single toll-free custom telephone number for the entire Midtown Chimney Sweeps System (the "**Toll-Free Number**"), which will connect to the Scheduling Center and schedule appointments for MCSF's franchisees based on the zip or postal code entered by the caller. A portion of the Job Fee that Franchisee pays MCSF includes a fee for the Toll-Free Number. In lieu of MCSF paying for the Toll-Free number directly, MCSF, in its discretion, may require Franchisee to sign up with the Toll-Free Number telephone carrier to use the Toll-Free Number and pay the rates for the Toll-Free Number directly to the carrier. MCSF reserves the right to discontinue or change the Toll-Free Number in its sole discretion. Franchisee acknowledges as between MCSF and Franchisee, MCSF has the sole rights to, and interest in, the Toll-Free Number.

10.2. Additional MCSF Services.

Although not obligated to do so, upon the reasonable request of Franchisee, MCSF may make its employees or designated agents available to Franchisee, either at MCSF's office or within Franchisee's Protected Territory, for additional advice and assistance in connection with the ongoing operation of the MIDTOWN CHIMNEY SWEEPS Business governed by this Agreement. If Franchisee requests such additional assistance and MCSF agrees to provide it, MCSF reserves the right to charge Franchisee for all travel, lodging, living expenses, telephone charges and other identifiable expenses associated with such assistance, plus a fee based on the time spent by each employee on behalf of Franchisee. Any fee will be charged in accordance with the then current published fees being charged by MCSF for such assistance.

11. FRANCHISEE'S OPERATIONAL COVENANTS

11.1. Business Operations

Franchisee acknowledges that it is solely responsible for the successful operation of its MIDTOWN CHIMNEY SWEEPS Business and that the continued successful operation thereof is, in part, dependent upon Franchisee's compliance with this Agreement and the Operations Manual. In addition to all other obligations contained in this Agreement and in the Operations Manual, Franchisee covenants that:

a. Prior to providing its first service to a customer through the MIDTOWN CHIMNEY SWEEPS Business, Franchisee shall: (i) procure all necessary licenses, permits, and approvals, including, without limitation, construction permits and licenses; (ii) hire and train sufficient personnel to operate the MIDTOWN CHIMNEY SWEEPS Business; and (iii) purchase and install necessary equipment and supplies, as required by MCSF.

b. Prior to providing its first service to a customer through the MIDTOWN CHIMNEY SWEEPS Business, Franchisee, or its Operations Manager shall have successfully completed the CHIMNEY UNIVERSITY certification test.

c. Franchisee shall require at least one graduate of CHIMNEY UNIVERSITY be present at all jobs conducted through its MIDTOWN CHIMNEY SWEEPS Business.

d. Franchisee shall use the Scheduling Center to schedule all of the appointments for the MIDTOWN CHIMNEY SWEEPS Business. It is Franchisee's responsibility to check and monitor its scheduled appointments through the MCS Scheduling and Marketing System and operate its MIDTOWN CHIMNEY SWEEPS Business in accordance with that schedule. Franchisee shall comply with all terms and conditions applicable for the use of the Scheduling Center and the MCS Scheduling and Marketing System related to the scheduling of appointments and Franchisee's MIDTOWN CHIMNEY SWEEPS Business. In particular, unless MCSF agrees otherwise or changes them, those current terms and conditions require that Franchisee may have only one base price sheet and one calendar for job scheduling per each Protected Territory, which will apply for the entire relevant Protected Territory. Franchisee may have multiple job schedules based on the number of technicians employed by Franchisee. Franchisee authorizes MCSF to utilize any information submitted to or otherwise collected by the Scheduling Center, including but not limited to any data collected through the MCS Scheduling and Marketing System or through telephone calls, to prepare a financial performance representation, to release this information as necessary to substantiate any financial performance representation made by MCSF, and to share such information in summary form as MCSF deems necessary or desirable to share with other franchisees at any annual franchise meeting or other franchise business meetings. All of the software programs and Internet applications or websites that MCSF requires Franchisee to use in its MIDTOWN CHIMNEY SWEEPS Business, including but not limited to the MCS Scheduling and Marketing System, are deemed part of the Licensed Methods under this Agreement.

e. Franchisee shall be required to report to MCSF, through the MCS Scheduling and Marketing System or in another manner specified by MCSF, all information requested by MCSF related to the MIDTOWN CHIMNEY SWEEPS Business. In particular, Franchisee shall report to MCSF the information required to close out all job orders scheduled through the scheduling center.

f. Franchisee shall at all times operate its MIDTOWN CHIMNEY SWEEPS Business in full compliance with all applicable laws, ordinances and regulations. Franchisee shall maintain in force all required licenses, permits and certificates relating to the operation of its MIDTOWN CHIMNEY SWEEPS Business. MCSF has no obligation to advise Franchisee of any legislative or other legal developments that may affect its MIDTOWN CHIMNEY SWEEPS Business. Franchisee is solely responsible for inquiring about and becoming familiar with all applicable laws, ordinances, and regulations, and determining those actions required for compliance. Any information MCSF provides to Franchisee regarding applicable laws, ordinances, or regulations does not relieve Franchisee of its responsibility to consult with its own legal advisor and otherwise take appropriate action to inquire about and comply with applicable laws, ordinances, and regulations.

g. Franchisee shall, consistent with the terms of this Agreement, diligently develop its MIDTOWN CHIMNEY SWEEPS Business and use its best efforts to market and promote the required Products and Services in the Protected Territory.

h. Franchisee, or the Operations Manager, as applicable, shall be directly involved, on a daily basis, in the supervision and conduct of Franchisee's MIDTOWN CHIMNEY SWEEPS Business.

i. Franchisee will at all times faithfully, honestly and diligently perform its obligations hereunder and will not engage in any other business that will conflict with its obligations hereunder.

j. Franchisee agrees that its MIDTOWN CHIMNEY SWEEPS Business will at all times maintain an adequate supply of supplies and other materials required by MCSF, so as to enable Franchisee to operate the MIDTOWN CHIMNEY SWEEPS Business in compliance with the standards and specifications of MCSF.

k. MCSF may provide Franchisee with specifications for brands and types of any equipment (including motor vehicles), fixtures, furniture, and displays required to be used in Franchisee's MIDTOWN CHIMNEY SWEEPS Business or in Franchisee's MIDTOWN CHIMNEY SWEEPS Location; and Franchisee agrees to equip and furnish its MIDTOWN CHIMNEY SWEEPS Business and MIDTOWN CHIMNEY SWEEPS Location in accordance with MCSF's specifications. Franchisee shall purchase or lease original and replacement equipment, fixtures, furniture, and displays meeting such specifications only from sources approved by MCSF. If Franchisee proposes to purchase or lease any item of equipment, fixtures, furniture, or displays not approved by MCSF as meeting its specifications, Franchisee shall first notify MCSF in writing. MCSF may require submission of sufficient specifications, photographs, drawings and/or other information and samples to determine whether such item of equipment, fixture, or display meets its specifications. MCSF shall advise Franchisee within a reasonable period of time whether such item of equipment, fixture, or display meets its specifications.

l. Franchisee, at its sole expense, agrees to erect, prominently display and maintain advertising signs of such design, color, number, location, illumination and size as MCSF may require. All such signs or sign faces, as the case may be, shall bear the Marks. Franchisee further agrees to obtain all necessary permits and to comply with all codes, regulations or ordinances applicable to display of the required signage, all at the expense of Franchisee. The maintenance and repair of all signs shall be the sole responsibility and obligation of Franchisee. Franchisee shall not display any sign not approved by MCSF. Franchisee must comply with MCSF's sign criteria, as more fully set forth in the Operations Manual.

m. All advertising and promotional activities that Franchisee conducts in any medium shall be conducted in a dignified manner; shall accurately promote, describe and otherwise represent the Products and Services of a MIDTOWN CHIMNEY SWEEPS Business; and shall have been approved in writing by MCSF prior to their use by Franchisee. Franchise agrees to refrain from any advertising or promotional practice that is unethical or may be injurious to the business or reputation of MCSF or the goodwill associated with the Marks.

n. Franchisee shall notify MCSF in writing within five days of the commencement of or the threatening of any action, suit, or proceeding, or of the issuance or the threatened issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of Franchisee, its MIDTOWN CHIMNEY SWEEPS Business, or the reputation of the System or of MCSF.

o. Franchisee's MIDTOWN CHIMNEY SWEEPS Location shall be used solely for the purpose of conducting a MIDTOWN CHIMNEY SWEEPS Business; except if the MIDTOWN CHIMNEY SWEEPS Location is in a residence, portions of the residence not utilized for the MIDTOWN CHIMNEY SWEEPS Business may be utilized for noncommercial purposes.

p. Franchisee or the Operations Manager, as applicable, shall attend and complete the Initial Training Programs referred to in **Article 6** above. Franchisee or the Operations Manager, as applicable, shall also attend subsequent mandatory training programs, demonstrations and seminars at locations as MCSF may require. Franchisee shall be bound by the terms of **Article 6** of this Agreement in regard to all training programs.

q. Franchisee shall strictly comply with all present and future provisions of the Operations Manual and any other mandatory specifications, standards, operating procedures and techniques, and/or other rules prescribed from time to time by MCSF in the Operations Manual or otherwise communicated to Franchisee in writing.

r. Franchisee recognizes and agrees that from time to time hereafter MCSF may change or modify the Licensed Methods and the System as presently described in the Operations Manual, and as identified by the Marks, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new computer programs and systems, new types or brands of equipment and products, new inventory, or new equipment requirements or new techniques, and that Franchisee will accept, use and display for the purpose of this Agreement any such changes in the Licensed Methods and the System as if they were part of this Agreement at the time of execution hereof. Franchisee will make such expenditures as such changes or modifications in the Licensed Methods and the System may require. Franchisee shall not change, modify or alter in any way any material aspect of the Licensed Methods or the System, without the prior written consent of MCSF.

s. Franchisee shall not sell any service or product except the Services or Products, in conjunction with the operation of its MIDTOWN CHIMNEY SWEEPS Business, unless Franchisee receives the prior written consent of MCSF.

t. Franchisee shall not alter its MIDTOWN CHIMNEY SWEEPS Business in any manner that materially affects the image of its MIDTOWN CHIMNEY SWEEPS Business or the System, except at MCSF's request or with MCSF's written approval, and any alterations must strictly conform to the specifications and requirements established or approved by MCSF.

u. Franchisee shall pay when due all debts and taxes arising in connection with Franchisee's MIDTOWN CHIMNEY SWEEPS Business, except those duly contested in a bona fide dispute. Franchisee shall pay MCSF an amount equal to any sales tax, gross receipts tax or similar tax imposed on MCSF with respect to any payments to MCSF required under this Agreement, unless the tax is credited against income tax otherwise payable by MCSF.

v. During the term of this Agreement and for three years after the expiration and termination of this Agreement, Franchisee shall notify MCSF of any change to Franchisee's (or its Operations Manager's) home and business addresses and telephone numbers.

w. Franchisee shall purchase and maintain in good operating condition computer equipment, software, telephones, including smart phones, and other similar equipment meeting MCSF's minimum specifications.

x. Franchisee shall become a member of such franchise, trade or other associations or organizations that, in the opinion of MCSF, are useful in the operation of a MIDTOWN CHIMNEY SWEEPS Business. Franchisee shall have the option to become a member of all benefit programs that are offered from time to time by MCSF to all of its franchisees, if any. The costs of participating in such franchise, trade or other associations and benefit programs shall be borne by Franchisee and its employees (if applicable to the employees).

y. Franchisee will comply with all agreements with third parties related to its MIDTOWN CHIMNEY SWEEPS Business.

z. Franchisee will at all times during the term of this Agreement own and control the MIDTOWN CHIMNEY SWEEPS Business authorized hereunder. Upon request of MCSF, Franchisee will promptly provide satisfactory proof of such ownership to MCSF. Franchisee represents that the Statement of Ownership, attached hereto as Exhibit II and incorporated by this reference, is true, complete, accurate and not misleading; and, in accordance with the information contained in the Statement of Ownership, the controlling ownership of the MIDTOWN CHIMNEY SWEEPS Business is held by Franchisee. Franchisee will promptly provide MCSF with a

written notification if the information contained in the Statement of Ownership changes at any time during the term of this Agreement and will comply with the applicable transfer provisions contained herein.

aa. Except as prohibited or limited by law, Franchisee shall fully participate in all promotional campaigns, prize contests, customer loyalty programs, special offers, discount programs including deal-of-the-day and crowdsourcing programs, and other programs, whether international, national, regional, or local in nature (including the introduction of new Products or Services or other marketing programs directed or approved by MCSF), which are prescribed from time to time by MCSF. Franchisee shall be responsible for the costs of such participation. In addition, Franchisee shall honor any coupons, customer loyalty program points or credits, gift certificates, discounts, or other authorized promotional offers of MCSF at Franchisee's sole cost unless otherwise specified in writing by MCSF. Franchisee acknowledges that MCSF frequently implements such promotions intended to increase customer awareness and build business on an international, national, regional, or local level, and Franchisee's participation in these promotions is essential to their success. Franchisee acknowledges that MCSF has no obligation to reimburse Franchisee for the costs associated with participating in these promotions. From time to time a promotion may not benefit all franchisees in the System; and if the promotion is not offered in the region, or another unknown hardship arises, MCSF may, at MCSF's option, exempt Franchisee and/or other franchisees on a case-by-case basis.

bb. Franchisee shall not engage in any activities not covered by Franchisee's liability insurance.

cc. Franchisee shall not engage in any trade, practice or other activity that is harmful to MCSF's goodwill or reflects unfavorably on MCSF's reputation, or that constitutes deceptive or unfair competition.

dd. Franchisee shall comply with all terms and conditions established by MCSF related to the use of any website that MCSF operates or provides, including the terms of use, privacy policy, and any other legal notices available on the website. Franchisee will comply with the terms of the privacy policy as the party disclosing information in regard to any information Franchisee discloses to MCSF or other parties through the website, and as the party collecting the information with regard to any personal information of any third parties that Franchisee receives through the website. In particular, Franchisee shall comply with the privacy policy as the collecting party related to any information disclosed by the Scheduling Center to Franchisee which was received by the Scheduling Center through the MCS Scheduling and Marketing System over the Internet.

ee. Franchisee must have a physical location address in each of its Protected Territories for marketing purposes in those territories. These locations may not be a post office box, drop box, or other private mailbox number address. Franchisee does not have to operate its MIDTOWN CHIMNEY SWEEPS Business from these physical addresses. MCSF may revise and expand on these physical address requirements in the Operations Manual.

ff. Franchisee must accept credit and debit cards from customers of its MIDTOWN CHIMNEY SWEEPS Business. The Payment Card Industry ("PCI") requires all companies that process, store, or transmit credit or debit card information to protect the cardholders' information by complying with the PCI Data Security Standard ("PCI DSS"). Therefore, Franchisee shall be PCI compliant by following and adhering to then-current PCI DSS, currently found at www.pcisecuritystandards.org, or any similar or subsequent standard for the protection of cardholder data throughout the term of this Agreement. Franchisee's MIDTOWN CHIMNEY SWEEPS Business shall be in compliance with PCI DSS at all times. Franchisee shall not charge customers of its MIDTOWN CHIMNEY SWEEPS Business any additional fees or service charges if they elect to pay by credit or debit card.

11.2. <u>Requirements for Entity Franchisees</u>.

If Franchisee is an entity, the following additional conditions must be met, along with any other conditions as may be established by MCSF for entity franchisees:

a. Contemporaneously with the business entity acquiring the franchise rights, thereafter upon the issuance or transfer of any ownership interests in the business entity and the appointment or election of any person as director, officer, member or manager of the business entity, and at any other time requested by MCSF, the shareholders, members, partners, other owners, directors, officers, or managers (as applicable), and any other individuals designated by MCSF will personally guarantee full payment and performance of Franchisee's

obligations to MCSF and individually undertaking to be bound, jointly and severally, by all the terms of this Agreement.

b. No shares in the capital of such corporation or other interest in the business entity shall be issued nor shall Franchisee directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey, donate, pledge, mortgage or otherwise encumber any such shares or other interest or offer or attempt to do so or permit the same to be done without MCSF's prior written consent. Such actions shall be deemed a Transfer, as defined in **Section 17.2**, and subject to the requirements of **Article 17** below.

c. The business entity shall maintain stop transfer instructions against the Transfer of ownership on its records subject to the restrictions of this Agreement and shall have all outstanding certificates of ownership endorsed with the following legend printed conspicuously upon the face of each certificate:

The transfer of the shares represented by this certificate is subject to the terms and conditions of a certain Franchise Agreement with Midtown Chimney Sweeps Franchising, LLC

d. The articles of incorporation or organization and by-laws, operating agreement or other governing documents of the business entity shall provide that its objectives or business is confined exclusively to the operation of the MIDTOWN CHIMNEY SWEEPS Business as provided for in this Agreement, and recite that the issuance and Transfer of any ownership interest in the business entity is restricted by the terms of this Agreement, and copies thereof shall be furnished to MCSF upon request.

11.3. MCSF's Right to Inspect MIDTOWN CHIMNEY SWEEPS Location

MCSF or its agents have the right to enter and inspect Franchisee's MIDTOWN CHIMNEY SWEEPS Location at all times, and shall have the right to observe the manner in which Franchisee is rendering its services and products and conducting its operations, including hiring secret shoppers and other persons for such observations. MCSF or its agents shall have the right to confer with Franchisee's employees and customers, and to inspect equipment and related merchandise, trademarked product lines, other merchandise, equipment, supplies or inventory for evaluation purposes to determine whether the equipment and related merchandise, trademarked product lines, and other merchandise, equipment, supplies, inventory, services and operations are satisfactory and meet the quality control provisions and performance standards established by MCSF from time to time.

11.4. Noncompliance Service Charge

If Franchisee fails to comply with any obligation set forth in this Agreement or any mandatory standard or specification in the Operations Manual or otherwise established by MCSF, MCSF shall have the right upon written notice to Franchisee to impose a noncompliance service charge ("**Noncompliance Service Charge**"). The Noncompliance Service Charge may, at MCSF's option, immediately be charged by MCSF to Franchisee's bank account or credit card account pursuant to **Section 12.6.b** below or invoiced to Franchisee for payment within 10 days. The Noncompliance Service Charge shall be $500 for each event of noncompliance by Franchisee, or $1,000 for (i) a failure to maintain in full force and effect the insurance required under this Agreement following five days' written notice from MCSF, or (ii) each item of equipment, inventory, materials, or other supplies, including cleaning equipment, vacuums, and cleaning supplies, not approved by MCSF, which are used by Franchisee in its MIDTOWN CHIMNEY SWEEPS Business or in the possession of Franchisee in its MIDTOWN CHIMNEY SWEEPS Business. The Noncompliance Service Charge is intended to compensate MCSF for the administrative costs that it incurs in monitoring, notifying, and following up with Franchisee in the event of noncompliance. The imposition of the Noncompliance Service Charge is in addition to any other rights or remedies that MCSF may have in the event of noncompliance by Franchisee including, without limitation, any right to declare a default or terminate this Agreement as described in **Article 18**.

11.5. Referral of Other Franchisees

If Franchisee refers a prospective franchisee to MCSF who was previously unknown to MCSF, and that person subsequently becomes a franchisee of MCSF, then MCSF will pay to Franchisee a referral payment of

$2,500 or 10% of the initial franchise fee paid, whichever is less (the "**Referral Payment**"). If the new franchisee pays its initial franchise fee in installments, the Referral Payment will be made to Franchisee on a pro rata basis within 30 days of the date on which funds are received. Otherwise, the Referral Payment will be made within 30 days of the date that the initial franchisee fee is paid in full.

12. CONTINUING FEES AND PAYMENTS

12.1. Royalty Fee

a. Franchisee shall pay to MCSF a continuing royalty fee (the "**Royalty Fee**") equal to the greater of (i) 7% of the total amount of Franchisee's Gross Revenues generated from or through its MIDTOWN CHIMNEY SWEEPS Business during the most recently completed month, or (ii) the minimum Royalty Fee specified in the Addendum.

b. Franchisee acknowledges that MCSF is entering into this Agreement with the expectation that it will receive the Royalty Fees over the full term of this Agreement.

c. Upon not less than 60 days' notice, MCSF can collect the Royalty Fee on a weekly basis based on Franchisee's Gross Revenues generated from or through its MIDTOWN CHIMNEY SWEEPS Business during the most recently completed week, which shall be deemed to be from Sunday through Saturday.

12.2. Technology and Advertising Fees

a. Franchisee shall pay to MCSF as a technology and advertising fee (the "**Technology and Advertising Fee**") each month an amount equal to the greater of (i) 3% of Franchisee's Gross Revenues during the most recently completed month, or (ii) the minimum Technology and Advertising Fee specified in the Addendum. Both the percentage amount and minimum amount of the Technology and Advertising Fee may be changed at any time upon 60 days' notice from MCSF to Franchisee, but in no event more frequently than once per year. Each increase of the Technology and Advertising Fee shall be no greater than the percentage increase in the CPI pursuant to **Section 12.5** below, plus 5% per year, from the date the Technology and Advertising Fee was last increased for the System.

12.3. Job Fee

Franchisee shall pay MCSF a job fee (the "**Job Fee**") related to the telephone services provided by MCSF and the services provided by the Scheduling Center, which will consist of the following elements:

a. $26 for each job that is scheduled for Franchisee through the Scheduling Center;

b. $130 per month to offset MCSF's costs to operate the Scheduling Center;

c. $44 per month for each Co-Op Line that MCSF provides Franchisee;

d. $44 per month for each Market Expansion Line that MCSF provides Franchisee, if any;

e. $12 per month for each Franchise owned by Franchisee for the Toll-Free Number provided by MCSF; and

f. $21 per online booked job.

The initial amount of the Job Fee shall be set forth in the Addendum. The portion of the Job Fee based on each job scheduled for Franchisee shall apply whether the job is scheduled through the Scheduling Center by telephone or by Internet through the MCS Scheduling and Marketing System, by the customer or by Franchisee itself. The only circumstances in which this portion of the fee will not be payable for a scheduled job is in the event that Franchisee is unable to complete the job because of reasons outside its control. In the event that an additional Co-Op Line is acquired with one or more other MCSF franchisees as part of a Broad Area Marketing Program as described in

Section 13.2, then the portion of the Job Fee attributable to that Co-Op Line under **Section 12.3.c** above shall be divided equally among the MCSF franchisees participating in the Broad Area Marketing program or divided in another manner that MCSF in its discretion determines to be equitable based on the circumstances. The amount of each element of the Job Fee may be increased at any time in MCSF's sole discretion upon 60 days' notice from MCSF to Franchisee, but in no event more frequently than once per year.

12.4. Gross Revenues Defined

As used in this Agreement, "**Gross Revenues**" means the total of all receipts derived from the operation of Franchisee's MIDTOWN CHIMNEY SWEEPS Business, including the provision of any Services or Products, and other ancillary services and products provided by Franchisee or its agents or employees, whether the receipts are evidenced by cash, credit, or checks, or exchanged for services, materials, service charges, property or other means of exchange. Gross Revenues do not include the amount of any tax imposed by any federal, state, provincial, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by Franchisee to the appropriate governmental authority. Gross Revenues shall be deemed received by Franchisee at the time the Services or Products from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by Franchisee. Gross Revenues consisting of property or services shall be valued at the retail prices applicable and in effect at the time that they are received.

"Gross Revenues" does not include:

- Parts-only transactions under $1,000.
- Revenue from when a franchisee sells parts to another franchisee, in any dollar amount.

12.5. Calculation of CPI Increase

For purposes of determining the increases in the fees in **Sections 12.1** and **12.3**, the adjustment in the CPI shall be determined in accordance with this Section. During the 30 days prior to each date on which MCSF elects to make such increase to a fee or fee element (as applicable, the "**Applicable Fee**"), MCSF shall determine the CPI for the latest month in which the CPI is available (the "**Ending Index**") and the CPI as of the latest month in which the CPI was available at the time the Applicable Fee was last increased (the "**Beginning Index**"). MCSF shall divide the Ending Index number by the Beginning Index number and multiply the quotient by the then current Applicable Fee. This resultant number shall then be increased by the additional 5% per year for the minimum amount of the Technology and Advertising Fee, which shall determine the new Applicable Fee. In no event shall the adjusted Applicable Fee for any year be less than the Applicable Fee in the previous year. If the method of computing the CPI is changed from that in effect when the CPI was established, then the CPI shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the CPI is (a) discontinued or (b) revised without a conversion factor being published, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the CPI had not been discontinued or revised.

12.6. Payments to MCSF

a. Franchisee shall pay the Royalty Fees, Job Fees and Technology and Advertising Fee to MCSF by the fifth day of the month, based on Franchisee's operations for the prior month, beginning when Franchisee provides its first Service or sells its first Product to a customer through its MIDTOWN CHIMNEY SWEEPS Business, as reported through the Scheduling Center; provided that the minimum Royalty Fee set forth in **Section 12.1** above shall not commence until the fourth month following when Franchisee provides its first Service or sells its first Product to a customer through its MIDTOWN CHIMNEY SWEEPS Business. Upon not less than 60 days' notice, MCSF can collect the Royalty Fee on a weekly basis based on Franchisee's Gross Revenues generated from or through its MIDTOWN CHIMNEY SWEEPS Business during the most recently completed week, which shall be deemed to be from Sunday through Saturday, as reported through the Scheduling Center.

b. Contemporaneously with the execution of this Agreement, Franchisee shall execute an Authorization Agreement for preauthorized payment of any amounts due under this Agreement, or otherwise, by electronic transfer of funds from Franchisee's bank account to MCSF's bank account ("**ACH Withdrawal**"), in the form attached to this Agreement as Exhibit III (the "**ACH Authorization**"). Franchisee agrees to advise MCSF, within one business day thereafter, if Franchisee changes its bank account or transfers its bank account to another bank, and further agrees, within three business days of such change or transfer, to execute and return to MCSF a replacement ACH Authorization listing the new bank account information and all other information required. MCSF may require Franchisee to pay the Royalty Fees, Job Fees, Technology and Advertising Fees, and other amounts due under this Agreement by means other than ACH Withdrawal, including by credit card charge, whenever MCSF deems appropriate, and Franchisee agrees to comply with MCSF's payment instructions and to execute any documents in conjunction with such payment means. MCSF may charge Franchisee's bank account, credit card, or otherwise, each month for the Royalty Fee, Technology and Advertising Fee, Job Fee, and/or any other fees or amounts owed to MCSF when due, including Noncompliance Services Charges, Insufficient Funds Fees (as defined in **Section 12.6.e**), and Late Fees and interest as described below.

c. Franchisee must at all times during the term of this Agreement (including any renewal terms) maintain at least $5,000 in its bank subject to the ACH Withdrawal or as a credit limit on a credit card if MCSF elects to collect any fees via a credit card.

d. Franchisee agrees that any time an ACH Withdrawal transaction or other payment method is not honored or effective, Franchisee shall pay MCSF an insufficient funds fee (the "**Insufficient Funds Fee**") of $35, in addition to any applicable late fees and interest in accordance with **Section 12.7**.

12.7. Late Fees; Interest; Check.

To encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments, Franchisee shall also pay to MCSF, upon demand, a late payment charge of $50 per fee owed to MCSF that is not received on or before the due date, or for a denial on or before the due date of an ACH Withdrawal or a credit card charge to Franchisee's bank account or credit card on file for any reason; plus interest equal to the lesser of (i) the maximum legal rate of interest then charged on open accounts or (ii) 1.5% per month, on all payments due to MCSF during the period of time said payments are due and unpaid. This same interest rate shall apply as the post-judgment interest rate, regardless of the applicable statutory rate, in the event of any legal actions related to this Agreement. The foregoing shall be in addition to any other remedies MCSF may possess, as permitted by law. Franchisee acknowledges that this Section shall not constitute agreement by MCSF to accept such payments after they are due or a commitment by MCSF to extend credit to, or otherwise finance Franchisee's operation of its MIDTOWN CHIMNEY SWEEPS Business. Further, Franchisee acknowledges that its failure to pay all amounts when due will constitute grounds for termination of this Agreement, as provided herein.

12.8. MCSF's Right to Apply Franchisee Payments.

Notwithstanding any designation by Franchisee, MCSF shall have the sole option to apply any payments by Franchisee to any past due indebtedness of Franchisee of any kind; including Royalty Fee, Technology and Advertising Fee, and Job Fee payments, purchases from MCSF and any of its affiliates, interest, or any other indebtedness.

12.9. Nonrefundable Fees.

Except as specifically contemplated in this Agreement, all fees once paid, shall be nonrefundable in all circumstances.

12.10. Shipping Costs and Taxes.

Franchisee is responsible for all taxes, shipping costs and other costs incurred by Franchisor in selling and shipping equipment and supplies to Franchisee.

12.11. Customer Satisfaction Reimbursement.

Franchisor may, in its sole discretion, remedy any issue with customers of Franchisee's Franchised Business, including full reimbursement of any amounts paid by the customer. Franchisee agrees to reimburse Franchisor for any such costs.

12.12. National Account Fees.

For National Account clients, we and the client may negotiate prices. If you accept a job offered by a national account client, you agree to charge the negotiated price. You do not have to accept a national account job offered to you. When we handle billing or invoicing on national account clients, we mark up the customer invoice approximately 1-20% and may impose certain other fees or fee splits. You agree to these mark ups, fees and fee splits.

12.13. Third Party Charges.

If we pay monies to a third party on your behalf, you agree to reimburse these costs to us plus a reasonable fee for our administrative costs.

13. ADVERTISING

13.1. Local Advertising.

a. Franchisee is not required to spend any minimum amounts for local advertising, although MCSF strongly recommends that Franchisee conduct local advertising.

b. Franchisee may develop advertising materials for Franchisee's own use, at Franchisee's own cost. Before using any promotional and advertising materials, Franchisee will submit to MCSF or MCSF's designated agency, for MCSF's prior written approval, all information pertaining to such promotional materials and advertising developed by Franchisee; including, but not limited to, Yellow Pages or other telephone related materials, print ads, coupons, radio and television scripts, or Internet promotional materials. Franchisee agrees to comply with all of MCSF's advertising standards and specifications. Franchisee must obtain MCSF's approval of any advertising and promotional materials, signs, forms and stationary that Franchisee desires to use at least 30 days before the start of their usage, unless MCSF has prepared such materials, or approved such materials during the 12 months prior to their proposed use. Franchisee shall not use such materials until they have been approved by MCSF in writing and shall promptly discontinue use of any advertising or promotional materials upon the request of MCSF. Any materials submitted by Franchisee to MCSF that have not been approved or disapproved in writing, within 30 days of receipt thereof by MCSF, shall be deemed disapproved.

c. Franchisee shall create and submit to MCSF for its approval, at least 30 days prior to its implementation, a local advertising and marketing plan for each year of this Agreement. If Franchisee is granted multiple Franchises under this Agreement, Franchisee shall submit to MCSF for its approval, at least 30 days prior to implementation, a local advertising and marketing plan for each Franchise. Each plan must set forth Franchisee's planned placements of local advertising during the next 12-month period. Advertising by Franchisee may be in any media it desires, provided that such advertising conforms to the requirements for Focused Marketing and Broad Area Marketing set forth below, and the standards and requirements of MCSF as set forth in this Agreement, the Operations Manual, or as otherwise designated by MCSF. Franchisee shall not use such plans until they have been approved by MCSF in writing and shall promptly discontinue use of any advertising or promotional plans upon the request of MCSF. Any plans submitted by Franchisee to MCSF that have not been approved or disapproved in writing, within 30 days of receipt thereof by MCSF, shall be deemed disapproved.

d. Franchisee must refer to the Toll-Free Number and no other telephone number on any car wrap advertising and in all radio and television advertising for its MIDTOWN CHIMNEY SWEEPS Business. Franchisee must refer to either the Toll-Free Number or the number for a Co-Op Line in general Internet advertising

not based on the location of the Internet user and, in MCSF's discretion, any other Broad Area Marketing. In all other advertising, Franchisee must refer to a Co-Op Line or Market Expansion Line telephone number and not the Toll-Free Number. Franchisee may not use or advertise any telephone number other than the Toll-Free Number, a Co-Op Line number, or a Market Expansion Line number in its MIDTOWN CHIMNEY SWEEPS Business. MCSF may modify the requirements for which telephone numbers may or must be used in particular advertising situations through the Operations Manual.

e. Franchisee may not advertise its MIDTOWN CHIMNEY SWEEPS Business in connection with any other business, except with MCSF's prior written approval, which approval may be withheld for any reason.

f. Focused Marketing and Broad Area Marketing materials distributed or displayed within a franchisee's own protected territory are not considered a solicitation with regard to customers outside of the franchisee's protected territory. If a customer located outside of the protected territory of a particular franchisee is exposed to advertising by that franchisee that is distributed or displayed in that franchisee's protected territory, and that customer later retains the services of that franchisee as a result of the advertising, that franchisee may provide those services to the customer regardless of the location of the customer.

13.2. Focused and Broad Area Marketing.

a. Franchisee, and other franchisees, may conduct Focused Marketing and Broad Area Marketing (both defined below) for their MIDTOWN CHIMNEY SWEEPS Businesses in accordance with the terms set forth in this **Article 13** and the Operations Manual. "**Focused Marketing**" is marketing in which a franchisee has control over the specific location of the distribution or display of the marketing. Focused Marketing typically includes direct solo mailings sent by a franchisee, door hangings distributed by a franchisee, newspaper advertising where a franchisee can limit the area in which the newspaper containing its advertisements are distributed, Internet advertising where a franchisee can limit the display of the advertising to Internet users in a certain defined area, and billboard advertising. "**Broad Area Marketing**" is any other form of marketing, and includes (i) advertising performed via a mass medium, such as yellow page advertisements, radio and television commercials, and general Internet advertising not based on the location of the Internet user; and (ii) shared mailings such as Valpak, deal-of-the-day websites, other advertising websites such as Angie's List, crowdsourcing programs such as Groupon and Living Social, and other similar situations in which a third party provides advertising services based on its own predetermined territories or areas of distribution. Each area of distribution or display of Broad Area Marketing is referred to herein as a "**3rd Party Marketing Area**."

b. Franchisee may not conduct Focused Marketing outside of the Protected Territory or conduct Broad Area Marketing when the 3rd Party Marketing Area is located entirely outside of the Protected Territory. If Franchisee desires to conduct Broad Area Marketing for its MIDTOWN CHIMNEY SWEEPS Business in a 3rd Party Marketing Area that includes all or a portion of the Protected Territory and an area outside of the Protected Territory, Franchisee must obtain the prior written consent of MCSF and comply with **Section 13.2.c** below to the extent applicable. MCSF may withhold its consent for any reason. Once consent is given, MCSF may withdraw the consent at any time by notice to Franchisee. Among other reasons, MCSF may refuse to consent to such Broad Area Marketing, or may withdraw its consent, if the portion of Franchisee's Protected Territory in the 3rd Party Marketing Area represents a disproportionately small percentage of the entire 3rd Party Marketing Area.

c. If Franchisee desires to conduct Broad Area Marketing for its MIDTOWN CHIMNEY SWEEPS Business in a 3rd Party Marketing Area that includes some or all of the Protected Territory and the protected territory of another franchisee or franchisees of MCSF, in addition to the other requirements set forth in **Article 13**, Franchisee must first notify the other applicable franchisee(s) and provide the other franchisee(s) the opportunity to participate in the Broad Area Marketing program in exchange for paying a portion of the costs associated with the Broad Area Marketing. If Franchisee and the other applicable franchisee(s) elect to acquire another Co-Op Line as part of the Broad Area Marketing program, Franchisee and the other participating franchisee(s) shall be responsible for paying MCSF the portion of the Job Fee payable for that Co-Op Line as described in **Section 12.3**. MCSF may require the other franchisee(s), or if Franchisee receives a notice from another franchisee, require Franchisee, to participate in the Broad Area Marketing program. The costs of a Broad Area Marketing program may be apportioned based on the number of households in each franchisee's protected territory that is included in the

applicable 3rd Party Marketing Area or on such other equitable basis as the applicable franchisees may determine, or if the applicable franchisees, including Franchisee, are unable to agree on the basis for allocation of such costs, as determined by MCSF in its sole discretion. Any decision of MCSF will be final and binding on Franchisee.

d. If Franchisee refuses to participate in a Broad Area Marketing program after receiving notice from MCSF that such participation is required, Franchisee will be default of this Agreement. In that case, MCSF may terminate this Agreement in accordance with **Section 18.2.d** below, or in lieu of MCSF terminating this Agreement, MCSF can authorize the other franchisee(s) to proceed with its or their Broad Area Marketing program. In that event, any customer in Franchisee's Protected Territory who retains the services of the other franchisee as a result of the Broad Area Marketing program shall be deemed the same as a customer resulting from a referral to or unsolicited inquiry of such other franchisee, and to whom the other franchisee may service in accordance with **Section 4.2.a**.

e. To the extent a 3rd Party Marketing Area includes the protected area of a MIDTOWN CHIMNEY SWEEPS Business operated by MCSF itself or MCSF desires to engage in a Broad Area Marketing program for any MIDTOWN CHIMNEY SWEEPS Business it operates, MCSF will be bound to the policy described above in this **Section 13.2**.

13.3. Local Advertising Group

a. MCSF may establish a regional advertising cooperative ("**Local Advertising Group**") in a region that includes Franchisee's Protected Territory. If a Local Advertising Group is established that includes Franchisee's Protected Territory, Franchisee shall join and participate in it, and contribute to the local advertising pool established by the Local Advertising Group in accordance with the rules and regulations thereof (such contributions shall be made for each of Franchisee's Franchises with a Protected Territory located in the region of the Local Advertising Group). Each of MCSF's company-owned and affiliate-owned operations (if any) offering Products and Services similar to a MIDTOWN CHIMNEY SWEEPS Business within the region for which the Local Advertising Group is established will make contributions to the Local Advertising Group on an equivalent basis to the contributions required of Franchisee.

b. If MCSF directs that Franchisee join a Local Advertising Group, MCSF may designate some or all of Franchisee's Technology and Advertising Fees be paid to that Local Advertising Group.

c. The rules of the Local Advertising Group must be in writing and established by its members, but must be submitted for prior approval to MCSF (and shall be deemed approved 30 days after submission if MCSF takes no action). All Local Advertising Groups shall provide quarterly financial reports to MCSF.

13.4. Technology and Advertising Fund

a. The Technology and Advertising Fund will be administered by MCSF, in its discretion. The Technology and Advertising Fund proceeds may be used for researching, preparing, maintaining, administering and directing advertising and promotional materials and public relations programs, including production of commercial print, radio, television, magazine, newspaper, Internet advertising, direct response literature, direct mailings, brochures, collateral materials advertising, customer interaction, bookings of jobs, customer satisfaction surveys, surveys of advertising effectiveness, and other advertising or public relations expenditures, for any international, national, or regional media. The Technology and Advertising Fund proceeds may also be used to pay for the expenses related to researching, developing, implementing, servicing, and operating any technology used in any manner related to the System or MIDTOWN CHIMNEY SWEEPS Businesses, including the MCS Scheduling and Marketing System, or any other or new technologies utilized in or related to MCSF's scheduling center, MCSF's website, the Co-Op Lines, the Market Expansion Lines, the Toll-Free Number, search engine optimization, booking of jobs for MIDTOWN CHIMNEY SWEEPS Businesses, reporting of information for MIDTOWN CHIMNEY SWEEPS Businesses, the equipment and cleaning supplies used in MIDTOWN CHIMNEY SWEEPS Businesses, or MIDTOWN CHIMNEY SWEEPS Business computer systems (collectively, the "**Technology**"). MCSF may reimburse itself from the Technology and Advertising Fund for administrative costs, including the salaries of public relations personnel or persons administering the advertising services, the salaries of persons providing services

related to any Technology, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that MCSF or its authorized representatives incur with the programs funded by the Technology and Advertising Fund. We may use this fund to support software solutions that will benefit franchisees in running their businesses, even if these expenses are not entirely or directly marketing and advertising efforts; we may choose to hire a business coach to assist a franchisee to develop a marketing plan, or reimburse ourselves for salary and travel expenses for a home office staff person to promote the business in a certain target community. MCSF may use outside advertising and marketing agencies to create advertising material and outside companies or consultants to create and provide services for any Technology.

b. Upon request from Franchisee, MCSF will make available to Franchisee, no later than 120 days after the end of each calendar year, an annual unaudited financial statement for the Technology and Advertising Fund that shows how the Technology and Advertising Fund proceeds have been spent in the prior year.

c. All franchised, licensed and company-owned MIDTOWN CHIMNEY SWEEPS Businesses will be required to pay on an equivalent basis into the Technology and Advertising Fund, except that MCSF, in its sole discretion, may designate some or all of the Technology and Advertising Fees of a franchised, licensed and company-owned MIDTOWN CHIMNEY SWEEPS Business be paid to a Local Advertising Group instead of the Technology and Advertising Fund.

d. MCSF does not guarantee that advertising expenditures from the Technology and Advertising Fund will benefit Franchisee or any other franchisees directly or on a pro rata basis. MCSF assumes no direct or indirect liability or obligation to collect amounts due to the Technology and Advertising Fund or to maintain, direct or administer the Technology and Advertising Fund. Technology and Advertising Fees not spent in any fiscal year will be carried forward and spent in the ensuing fiscal year. If the advertising expenditure is more than the Technology and Advertising Fees collected during any calendar year, MCSF may loan funds to the Technology and Advertising Fund on such terms that are no more favorable than the Technology and Advertising Fund could receive from other lending sources generally available to the Technology and Advertising Fund, and MCSF will be reimbursed from the Technology and Advertising Fees during the same or subsequent years to the extent of such advances. None of the Technology and Advertising Fees will be used for advertising that is primarily for solicitation for the sale of franchises.

e. MCSF is not obligated to spend any amount on advertising or Technology in the Protected Territory.

f. MCSF reserves the right to establish an advertising council composed of franchisees that advises MCSF on the Technology and Advertising Fund and/or other advertising matters, on such terms as MCSF shall establish. Once such an advertising council is created, MCSF may disband or terminate the council in its sole discretion.

g. Although MCSF intends the Technology and Advertising Fund to be of perpetual duration, MCSF reserves the right to terminate the Technology and Advertising Fund. MCSF will not terminate the Technology and Advertising Fund, however, until all monies in the Technology and Advertising Fund have been expended for advertising and promotional purposes.

h. MCSF has no fiduciary obligation to Franchisee in connection with the operation of the Technology and Advertising Fund. MCSF will not be liable for any act or omission with respect to the operation of the Technology and Advertising Fund or the use of the Technology and Advertising Fund that is consistent with this Agreement and is done in good faith.

i. Additional details of the Technology and Advertising Fund will be set forth in the Operations Manual and sent to Franchisee.

j. Once Franchisee makes contributions to the Technology and Advertising Fund, all such monies will be used as required by this Section and will not be returned to Franchisee.

13.5. Advertising Disputes

In the event that there are any disputes between Franchisee and any other franchisee(s) or between Franchisee and MCSF regarding any advertising issues, including whether a particular form of marketing constitutes Focused Marketing or Broad Area Marketing, or issues related to a 3rd Party Marketing Area or apportionment of any Broad Area Marketing program costs, the determination of MCSF in its sole discretion will be binding upon the parties and final.

14. QUALITY CONTROL

14.1. Standards and Specifications.

MCSF will make available to Franchisee, via the Operations Manual, standards and specifications for materials used by, Products sold through, and Services offered through, Franchisee's MIDTOWN CHIMNEY SWEEPS Business, which standards and specifications MCSF reserves the right to change upon 30 day prior written notice to Franchisee. Franchisee acknowledges and agrees that Franchisee's rights to operate the MIDTOWN CHIMNEY SWEEPS Business pursuant to this Agreement are always subject to Franchisee's obligation to comply with MCSF's standards and specifications and the Licensed Methods. Franchisee is not restricted on the number of vans and approved equipment it may use in the Protected Territory, or the number of technicians it employees. MCSF and MCSF's representatives will have the right to discuss with Franchisee, or other personnel Franchisee may designate, including the Operations Manager, all matters that may pertain to compliance with this Agreement and with MCSF's standards, specifications, requirements, instructions and procedures. Franchisee shall in all respects cooperate with MCSF's rights under this Agreement. MCSF also reserves the right to contact any or all of Franchisee's customers, employees, suppliers and other service professionals for quality control, market research and such other purposes as MCSF deems appropriate.

14.2. Restrictions on Services and Materials.

All services, equipment, inventory, materials and related items, forms, and other supplies used in the operation of a MIDTOWN CHIMNEY SWEEPS Business shall conform to the specifications and quality standards established by MCSF from time to time. Franchisee shall purchase certain services, equipment, inventory, materials and related items, forms, and other supplies used in the operation of the MIDTOWN CHIMNEY SWEEPS Business, as specified from time to time by MCSF, solely from suppliers approved by MCSF. If Franchisee desires to purchase any of these items from an unapproved supplier, Franchisee shall submit to MCSF a written request for approval of the supplier, or shall request that the supplier do so. MCSF shall have the right to require that its representatives be permitted to inspect the supplier's facility and that samples from the supplier be delivered at MCSF's option either to MCSF or to an independent consultant designated by MCSF for testing. A charge not to exceed the reasonable cost of the inspection and the actual cost of the testing shall be paid by Franchisee or the supplier. MCSF reserves the right, at its option, to re-inspect the facilities and products of the approved supplier, from time to time, and to revoke its approval upon the supplier's failure to continue to meet any of MCSF's standards and specifications. MCSF shall be entitled upon request, to periodically review inventory reports from Franchisee, including product identification and serial numbers, if applicable, for compliance with the foregoing requirements.

15. TRADEMARKS, TRADE NAMES AND PROPRIETARY INTERESTS

15.1. Marks.

Franchisee acknowledges that MCSF's founder, Byron Schramm ("**Founder**"), is the owner of, and MCSF is the licensee of, the service marks MIDTOWN CHIMNEY SWEEPS™, MIDTOWN SWEEPS®, THE CHIMNEY EXPERTS™, and all of the other Marks, and that Franchisee's right to use them is derived solely from this Agreement and limited to the operation of its MIDTOWN CHIMNEY SWEEPS Business in accordance with this Agreement. Some of the Marks may not be registered in the country, province, or state where the Protected Territory is located. Franchise agrees that neither MCSF nor the Founder shall have any obligation to register any of the Marks in any jurisdiction. Franchisee has no authority or right to register any of the Marks in any jurisdiction

without MCSF's prior written consent. Franchisee may not use any Marks in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by MCSF. Franchisee agrees that its usage of the Marks and any goodwill established thereby shall inure to the exclusive benefit of MCSF. Franchisee shall not use the Marks in any manner calculated to represent that it is the owner of the Marks. Franchisee agrees not to contest or oppose, nor to assist anyone else to contest or oppose, MCSF's application for, or registration of, any of the Marks, or the validity or ownership of the Marks. Franchisee agrees not to directly or indirectly do or cause to be done, whether by commission or omission, any act, that may in any way jeopardize or adversely affect the validity or distinctiveness of the Marks, or the title of MCSF and the Founder, thereto. Franchisee agrees that it will, without charge to MCSF, upon request by MCSF or its representatives, do all things and execute all documents that may at any time be necessary or desirable to protect or ensure the validity and distinctiveness of the Marks and to ensure the title of MCSF and the Founder, thereto. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of MCSF and the Founder in and to the Marks.

15.2. No Use of Other Marks.

Franchisee agrees to use the mark "MIDTOWN CHIMNEY SWEEPS" as the sole identification of its MIDTOWN CHIMNEY SWEEPS Business. Franchisee agrees that it shall affix a notice in a conspicuous location in or upon the MIDTOWN CHIMNEY SWEEPS Location (if Franchisee leases space outside of Franchisee's personal residence) with content and format acceptable to MCSF, that it is an independent franchisee of MCSF, and as such, an authorized user of the Marks, and that the owner of the Marks is MCSF.

15.3. Licensed Methods.

Franchisee acknowledges that MCSF owns and controls the distinctive plan for the establishment, operation and promotion of MIDTOWN CHIMNEY SWEEPS Businesses and all related Licensed Methods. Franchisee acknowledges that much of the information contained in MCSF's Operations Manual, and any other manual or nonpublic written information about MCSF, and other confidential information provided to Franchisee by MCSF, constitutes trade secrets of MCSF. Franchisee acknowledges that MCSF has valuable rights in and to such trade secrets. Franchisee further acknowledges that it has not acquired any right, title or interest in the Licensed Methods, except for the right to use the Licensed Methods in the operation of the MIDTOWN CHIMNEY SWEEPS Business as it is governed by this Agreement.

15.4. MCSF's Rights to New Ideas

All enhancements and improvements in the Licensed Methods developed by Franchisee shall be and become the sole and absolute property of MCSF. MCSF may incorporate such improvements or enhancements into the Licensed Methods and shall have the sole and exclusive right to copyright, register or patent such improvements in MCSF's own name and Franchisee shall have no right to use such enhancements and improvements, except as set forth in this Agreement. Franchisee shall promptly disclose all such enhancements and improvements to MCSF (whether or not requested by MCSF) in such detail as MCSF may from time to time request. Franchisee shall, without further consideration, but at the expense of MCSF, execute such documents and do such acts as may be necessary for MCSF to copyright, register or patent the enhancements or improvements in MCSF's own name in any country.

15.5. Copyrights.

Franchisee and MCSF acknowledge and agree that: (a) MCSF may authorize Franchisee to use certain copyrighted or copyrightable works (the "**Copyrighted Works**"); (b) the Copyrighted Works are the valuable property of MCSF; and (c) Franchisee's rights to use the Copyrighted Works are granted to Franchisee solely on the condition that Franchisee complies with the terms of this Section. Franchisee acknowledges and agrees that MCSF owns or is the licensee of the owner of the Copyrighted Works. Such Copyrighted Works include, but are not limited to, the Operations Manual, advertisements, and promotional materials, and may include all or part of the System, trade dress and other portions of a MIDTOWN CHIMNEY SWEEPS Business. Franchisee acknowledges that this Agreement does not confer any interest in the Copyrighted Works upon Franchisee, other than the right to

use them in the operation of its MIDTOWN CHIMNEY SWEEPS Business in compliance with this Agreement. If MCSF authorizes Franchisee to prepare any adaptation, translation or work derived from the Copyrighted Works, or if Franchisee prepares any Copyrighted Works such as advertisements, poster or promotional material, Franchisee agrees that such adaptation, translation, derivative work or Copyrighted Work shall constitute a "work made for hire" as that term is defined in the Copyright Act, 17 U.S.C. § 101 et seq., and shall become the property of MCSF, and Franchisee assigns all its right, title and interest therein to MCSF (or such other person or entity identified by MCSF). Franchisee agrees to execute any documents, in recordable form, which MCSF determines are necessary to reflect such ownership. Franchisee shall submit all such adaptations, translations, derivative works and Copyrighted Works to MCSF for approval prior to use. Franchisee shall ensure that all Copyrighted Works used hereunder shall bear an appropriate copyright notice as specified by MCSF and specifying that MCSF is the owner of the copyrights therein.

15.6. Infringement.

Franchisee shall immediately notify MCSF in writing of any apparent infringement of or challenge to Franchisee's use of the Marks that it becomes aware of, and of any claim by any person of any right in the Marks or any similar trade name, trademark, or service mark of which Franchisee becomes aware. Franchisee shall not, in connection with any such infringement, challenge, or claim, directly or indirectly communicate with any person other than an officer of MCSF and its legal counsel. MCSF and/or its affiliated company shall have sole option to take, or not to take, any action as it deems appropriate as a result of any infringement, challenge, or claim. MCSF and/or its affiliated company shall have the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of such infringement, challenge or claim, or otherwise relating to the Marks. Franchisee agrees, at Franchisee's sole expense, to execute all instruments and documents, render such assistance, and do such acts and things, as may, in the opinion of MCSF's and/or its affiliated company's counsel, be necessary or advisable to protect and maintain the interests of MCSF and/or its affiliated company in any such litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding, or to otherwise protect and maintain the interests of MCSF and/or its affiliated company in the Marks.

15.7. Franchisee's Business Name and Internet Use.

Franchisee acknowledges that MCSF has a prior and superior claim to the Marks and MCSF's corporate name and trade names. Franchisee will not use the designation "MIDTOWN," "MIDTOWN CHIMNEY SWEEPS," "MIDTOWN SWEEPS," "THE CHIMNEY EXPERTS," or any other of the Marks, or any portions thereof, in the legal name of its corporation, partnership or other business entity, nor use any of such names, the Marks or trade names, or portions thereof, as part of an electronic mail address or on any sites on the Internet, without the prior written consent of MCSF, which consent may be conditioned upon Franchisee conditionally assigning the name to MCSF exercisable upon a default by Franchisee under, or termination of, this Agreement. Any sites established by Franchisee on the Internet and any changes subsequently made to those sites must be approved by MCSF prior to their establishment or change, which consent may be withheld for any reason. Franchisee shall not use any Internet domain names and/or home page addresses other than those operated by MCSF. The requirement for MCSF's prior approval set forth in this Section will apply to all activities on the Internet or other communications network to be conducted by Franchisee, except that Franchisee maintain one or more e-mail addresses (but Franchisee must use such e-mail addresses only for business of the MIDTOWN CHIMNEY SWEEPS Business), and Franchisee may conduct individual e-mail communications without MCSF's prior written approval-provided that the address and communications comply with all of the requirements (including those pertaining to the use of the Marks) contained in this Agreement. Franchisee shall comply with MCSF's guidelines related to the use of any social networking or social media website, including but not limited to Facebook, Twitter, LinkedIn, or SnapChat. Franchisee agrees to obtain MCSF's prior approval as provided above if it proposes to send advertising to multiple addresses via e-mail. Franchisee also agrees not to register or attempt to register any of the above names, the Marks or the trade names of MCSF, or any portions thereof as a trademark, service mark, or domain name on the Internet. During the term of this Agreement, MCSF may require that Franchisee post a sign at its MIDTOWN CHIMNEY SWEEPS Location, and include a reference on its letterhead, contracts, business cards and/or other items, stating that it is an "authorized franchisee of Midtown Chimney Sweeps Franchising, LLC," or other language specified by MCSF. If local laws require that Franchisee file an affidavit or other registration indicating that it is conducting business under an assumed, fictitious or trade name, Franchisee

shall state in such filing or affidavit that the same is made "as an authorized franchisee of Midtown Chimney Sweeps Franchising, LLC."

15.8. Change of Marks.

Franchisee shall use and display the Marks and Copyrighted Works only as specified by MCSF. If it becomes advisable at any time in the opinion of MCSF for Franchisee to modify or discontinue use of any of the Marks or Copyrighted Works, or to use one or more additional or substitute names, Marks or Copyrighted Works, Franchisee agrees to comply with MCSF's directions within a reasonable time after notice to Franchise by MCSF. MCSF shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of the Marks. Franchisee agrees that any costs for modifying or changing the Marks will be borne by Franchisee and such modification or change of the Marks will be completed by Franchisee within a reasonable period of time after notification by MCSF.

15.9. Business Records.

Franchisee acknowledges and agrees that MCSF owns all records ("**Business Records**") with respect to customers and employees of, and/or related to, Franchisee's MIDTOWN CHIMNEY SWEEPS Business; including, without limitation, all databases (whether in print, electronic or other form) with customer and potential customers, names, addresses, phone numbers, e-mail addresses, and customer purchase records, and all other records contained in the database. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, MCSF may access such Business Records, and may utilize, transfer, or analyze such Business Records as MCSF determines to be in the best interest of the System, in MCSF's sole discretion.

16. REPORTS, RECORDS AND FINANCIAL STATEMENTS

16.1. Franchisee Reports and Financial Statements.

Franchisee will establish and maintain at its own expense bookkeeping and accounting systems that conform to the specifications that MCSF may prescribe from time to time. Franchisee will supply to MCSF such records in a manner and form as MCSF may from time to time require including financial statements and balance sheets of Franchisee's MIDTOWN CHIMNEY SWEEPS Business and Franchisee's most recent federal income tax returns, in a format prescribed by MCSF, within 15 days of Franchisee's receipt of a written request by MCSF for such information. If requested by MCSF, such financial statements shall be prepared by an independent certified public accountant in accordance with generally accepted accounting principles consistently applied. All reports and financial information to be furnished to MCSF must be signed by Franchisee or its Treasurer or Chief Financial Officer, attesting that the statement is true and correct, and prepared in accordance with the Operations Manual, this Agreement, and as otherwise specified in writing by MCSF. If Franchisee is granted multiple Franchises under this Agreement, MCSF may request financial statements and balance sheets for individual Franchises.

Franchisee shall submit to MCSF current financial statements and other reports as MCSF may request to evaluate or compile research and performance data on any operational aspect of its MIDTOWN CHIMNEY SWEEPS Business. Franchisee authorizes MCSF to utilize this information to prepare a financial performance representation, to release this information as necessary to substantiate any financial performance representation made by MCSF, and to share such information in summary form as MCSF deems necessary or desirable to share with other franchisees at any annual franchise meeting or other franchise business meetings.

16.2. Books and Records.

During the term of this Agreement, including any successor franchise terms, and for seven years thereafter, Franchisee shall retain full, complete and accurate records of all sales, marketing activities, closeout sheets, payroll, and accounts payable in accordance with the standard accounting system described by MCSF in the Operations Manual or otherwise specified in writing by MCSF. If Franchisee is granted multiple Franchises under this Agreement, Franchisee shall maintain separate records for each Franchise.

16.3. Audit of Books and Records

From the date Franchisee and MCSF sign this Agreement until three years after the expiration or termination of this Agreement, including any successor franchises, MCSF or MCSF's authorized agent shall have the right to request, receive, inspect and audit any of the business records, financial or otherwise, of Franchisee or any party affiliated with Franchisee, including but not limited to Franchisee's Operations Manager, other owners, guarantors, officers, directors, or Authorized Representatives, any immediate family members of Franchisee or of such affiliated parties, or any companies or entities associated with Franchisee or such affiliated parties, that MCSF in its sole discretion determines may be relevant in determining the business results of Franchisee's MIDTOWN CHIMNEY SWEEPS Business; such as verifying that Franchisee has paid all fees and other amounts owed to MCSF based on the revenues of Franchisee or otherwise. Inspections and audits conducted at the MIDTOWN CHIMNEY SWEEPS Location may take place without prior notice during business hours. MCSF may also require at any time the records from Franchisee or its affiliated parties be sent to MCSF's offices or another location to permit the inspection or audit of such records to be conducted at MCSF's place of business or the other location. If MCSF notifies Franchisee that documents are to be sent to a location other than the MIDTOWN CHIMNEY SWEEPS Location for the purpose of conducting an inspection or audit at that location, Franchisee shall provide the requested documents to MCSF within the time period set forth in MCSF's notice. Franchisee will be responsible for any expenses associated with collecting and delivering any documents requested by MCSF for its inspection or audit. Franchisee agrees that MCSF will have the right to inspect and audit any records of Franchisee or any affiliated party that MCSF determines to be relevant in its sole discretion, which records may include, in addition to those referred to above, (i) tax returns; (ii) quarterly and/or annual financial statements, including profit and loss statements and balance sheets; (iii) copies of checks, check ledgers and bank statements for checking and savings accounts; (iv) all contracts or agreements entered into by Franchisee and any third parties related to its MIDTOWN CHIMNEY SWEEPS Business, including but not limited to contracts with customers; and (v) any other documents requested by MCSF. MCSF may inspect and audit documents covering a period beginning with the date on which Franchisee first acquired its MIDTOWN CHIMNEY SWEEPS Business and ending on the date such audit is concluded. All documents provided for MCSF's inspection or audit must be certified by Franchisee and the appropriate affiliated party, if applicable, as true, complete and correct. Should any inspection or audit disclose a deficiency in the payment of any amounts required to be paid or spent under this Agreement, Franchisee shall pay the deficiency to MCSF immediately, without prejudice to any other remedy of MCSF under this Agreement. In addition, if such deficiency for any audit period equals or exceeds 2% of the correct amount of any amounts required to be paid or spent under this Agreement during that audit period, or if Franchisee fails to submit any statements or reports required hereunder to MCSF (including by failing to use the scheduling center to schedule Franchisee's jobs or to close out all job orders scheduled), and MCSF conducts an audit of Franchisee's books and records, Franchisee will also pay to MCSF the entire cost of the inspection or audit including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel immediately.

16.4. Failure to Comply with Reporting Requirements

If Franchisee's records and procedures, including any information reported through the scheduling center, are insufficient to permit a proper determination of Gross Revenues for purposes of the Technology and Advertising Fee, MCSF shall have the right to deliver to Franchisee an estimate, made by MCSF, of Gross Revenues for the period under consideration, and Franchisee shall pay to MCSF any amount shown thereby within five days of the date of the notice. Any such estimate shall be deemed the minimum amount of Technology and Advertising Fees due for the required reports, and Franchisee shall remain liable for all Technology and Advertising Fees in excess of such amounts once the actual Gross Revenues related to such reports are determined.

16.5. Financial Information from Third Parties.

Franchisee authorizes MCSF to make inquiries of Franchisee's bank, suppliers and trade creditors concerning Franchisee's MIDTOWN CHIMNEY SWEEPS Business, and agrees to direct such persons and companies to provide to MCSF such information and copies of documents pertaining to its MIDTOWN CHIMNEY SWEEPS Business as MCSF may request.

17. TRANSFER

17.1. Transfer by MCSF

Franchisee acknowledges that MCSF's obligations under this Agreement are not personal, and MCSF can unconditionally transfer, on its own discretion, this Agreement to another corporation or any other party, including the operator of a competing franchise system. Franchisee further acknowledges and agrees that MCSF may sell its assets, the Marks or the System to any third party of MCSF's choice; or may terminate or cease to exist or dissolve, in any such case without Franchisee's consent, and provided the transferee expressly assumes and undertakes to perform MCSF's obligations in all material respects, free of any responsibility or liability whatsoever to Franchisee after the transaction occurs. With regard to any such sale, transfer, assignment or disposition, Franchisee expressly and specifically waives any claims, demands, or damages against MCSF arising from or related to the transfer of the Marks or the System from MCSF to any other party.

17.2. Transfer by Franchisee

Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee. Accordingly, MCSF will not allow or permit any transfer, assignment, subfranchise or conveyance of this Agreement, any interest in this Agreement (including any individual Franchise granted under this Agreement if Franchisee is granted multiple Franchises under this Agreement), all or any part of the Franchisee if the Franchisee is a business entity, or all or a substantial portion of the assets of the MIDTOWN CHIMNEY SWEEPS Business (each, a "**Transfer**"), except in compliance with **Section 17.3**. The term "Transfer," as used in this Agreement, means and includes the voluntary, involuntary, direct or indirect transfer, assignment, sale, gift or other similar disposition. Any unauthorized sale, assignment, transfer or other conveyance, by operation of law or otherwise, or any attempt to do so, shall be deemed void and, at the option of MCSF, grounds for termination of this Agreement by MCSF.

17.3. Pre-Conditions to Franchisee's Transfer

No Transfer will be approved by MCSF or be effective unless and until Franchisee and the transferee obtain MCSF's written consent and all the following conditions are satisfied:

a. Franchisee is in full compliance herewith and pays to MCSF all outstanding debts or amounts owing to MCSF.

b. In MCSF's sole discretion, the transferee executes MCSF's then current Franchise Agreement (which shall have a term equal to the remainder of Franchisee's term, but which may contain provisions substantially different from those contained herein), and such other documents then customarily used by MCSF to grant franchises, and all other documents as may be requested by MCSF.

c. Franchisee pays MCSF either a transfer fee ("**Transfer Fee**") or a resale assistance fee ("**Resale Assistance Fee**") depending on whether MCSF identifies the proposed transferee of this Agreement. If Franchisee or another party, not acting on behalf of MCSF, identifies the proposed transferee, Franchisee or the proposed transferee shall pay MCSF a nonrefundable Transfer Fee of $4,000. If MCSF or a party acting on behalf of MCSF identifies the proposed transferee, Franchisee shall pay to MCSF a nonrefundable Resale Assistance Fee equal to the lesser of (i) $20,000, or (ii) 30% of the total consideration Franchisee receives upon the Transfer of this Agreement, including without limitation, the purchase price for the assets of the MIDTOWN CHIMNEY SWEEPS Business or for the ownership interest in Franchisee, any amounts designated as consulting fees or other fees, the amounts for any blue sky or goodwill, the amounts for any lease arrangements, and other similar costs, compensation, fees or payments, however designated, and whether to be paid in a lump sum or financed. The Transfer Fee or Resale Assistance Fee shall be payable to reimburse MCSF for its reasonable legal, marketing, sales, accounting, credit and investigation expenses incurred as a result of the proposed Transfer. MCSF shall not charge transferee an Initial

Franchisee Fee. If Franchisee is transferring multiple Franchises granted under this Agreement, Franchisee must pay the Transfer Fee and/or Resale Assistance Fee, as applicable, for each individual Franchise.

d. Except where prohibited by law, Franchisee executes a general release in favor of MCSF, including its shareholders, officers, directors, agents and employees, from all claims and potential claims of Franchisee.

e. The transferee purchases all of Franchisee's assets used in its MIDTOWN CHIMNEY SWEEPS Business in accordance with all applicable bulk sales rules and regulations and assumes all of the liabilities of the MIDTOWN CHIMNEY SWEEPS Business, unless such liabilities have been paid prior to the closing of the transaction or unless the sale is a sale of shares in the capital stock of Franchisee. The transferee must agree to be responsible at its sole expense for honoring and accepting any credits, gift cards or certificates, discounts including deal-of-the-day and crowdsourcing discounts, special offers, prizes, and any other promotional offers made by Franchisee related to the MIDTOWN CHIMNEY SWEEPS Business.

f. If MCSF determines that training of the proposed transferee is required, the proposed transferee attends, at its own expense, and successfully completes (to MCSF's satisfaction) MCSF's initial training program and pays a nonrefundable training fee of $1,500 (the "**Training Fee**"). If Franchisee is transferring multiple Franchises granted under this Agreement to multiple transferees, MCSF may require that each transferee attend MCSF's initial training program and pay a Training Fee.

g. The parties to the proposed transaction shall have entered into a bona fide binding agreement (a "**Purchase Offer**"), subject only to the rights of MCSF. MCSF shall be furnished a copy of this Purchase Offer, and such Purchase Offer shall be subject to MCSF's written approval, and the Right of First Refusal reserved to MCSF as specified in **Section 17.6** below. Franchisee must advise each prospective transferee of this provision and the other terms of this Agreement. Franchisee agrees to provide the proposed transferee, if appropriate, with such disclosure documents and other information as may be required by applicable law.

h. If the transferee is a corporation, partnership, limited liability company or other legal entity, the transferee and its stockholders, partners, members or owners of a beneficial interest in the transferee have complied with **Section 11.2** above.

i. The proposed transferee has demonstrated to MCSF's satisfaction that it, he or she will meet in all respects MCSF's standards applicable to new franchisees regarding experience, personal and financial reputation and stability, willingness and ability to devote its, his or her best efforts to the operation of the MIDTOWN CHIMNEY SWEEPS Business being transferred, and any other conditions as MCSF may apply in evaluating new franchisees. All required conditions will be provided by MCSF to the proposed transferee at time of notification of desire to transfer. MCSF must be provided all information about the proposed transferee as MCSF may require. No Transfer to a competitor of MCSF will be permitted.

j. Franchisee agrees that MCSF has the right to confer with prospective transferees and furnish them with information regarding Franchisee's MIDTOWN CHIMNEY SWEEPS Business, this Agreement, and the proposed transfer without being held liable to Franchisee, except for intentional misstatements made to a prospective transferee.

k. If Franchisee is transferring less than all of the Franchises granted under this Agreement, Franchisee and MCSF shall enter into an amended Addendum to Franchise Agreement to replace that Addendum to Franchise Agreement attached as Exhibit I, to reflect that reduction of the number of Franchises, Protected Territories, and Royalty Fee and other fees.

17.4. Waiver of Transfer Fees

MCSF will waive the Transfer Fee and Resale Assistance Fee set forth in **Section 17.3.c**, the Training Fee set forth in **Section 17.3.f**, and the Right of First Refusal in **Section 17.6**, in regard to the following Transfers, although all other requirements set forth in this **Article 17** shall apply:

a. If Franchisee is a business entity, a Transfer of less than 25% of the ownership interest in the Franchisee business entity. If there are multiple Transfers that result in a total Transfer of 25% or more of the ownership interest in the Franchisee business entity, then this **Section 17.4** will no longer apply and Franchisee shall immediately comply with all requirements of this **Article 17**.

b. If Franchisee is one or more individuals, a Transfer from such individual or individuals to a business entity in which they own not less than 75% of the total stock, membership interests, partnership interests or other ownership interests, and which is actively managed by them, so long as this Agreement is not signed as part of Franchisee's exercise of successor franchise rights and such transfer occurs no later than 45 days following the date of this Agreement.

17.5. Franchisee's Death or Disability

a. If Franchisee is an individual, upon the death or permanent disability of Franchisee, or if Franchisee is an entity, upon the death or permanent disability of the Operations Manager, the rights granted by this Agreement may pass to the next of kin or legatees, provided that Franchisee's or Operations Manager's legal representatives shall within 90 days from the date of death or permanent disability of Franchisee or the Operations Manager apply in writing to MCSF for the right to transfer to the next of kin or legatee the rights under this Agreement or the ownership interest of the entity. The proposed transferees must meet each of the requirements set forth in this **Article 17** within 30 days of the receipt of a conditional approval for the transfer, except that, in a Transfer under this Section, there will be no Transfer Fee or Resale Assistance Fee charged by MCSF pursuant to **Section 17.3.c**. For purposes hereof, the term "permanent disability" will mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee or the Operations Manager from supervising the management and operation of the MIDTOWN CHIMNEY SWEEPS Business for a period of 90 days from the onset of such disability, impairment or condition. If the legal representatives do not comply with the provisions of this Section, or do not propose a transferee acceptable to MCSF under the standards set forth in this Agreement, all rights licensed to Franchisee under this Agreement will terminate immediately and automatically revert to MCSF. During the 90-day period following Franchisee's or Operations Manager's death or permanent disability in which the legal representative may apply for the right to transfer the rights under this Agreement, the legal representative(s) may continue to operate the Franchise(s), provided that operation is conducted in accordance with the terms of this Agreement and any other agreements with MCSF.

b. In order to prevent any interruption of the business of Franchisee's MIDTOWN CHIMNEY SWEEPS Business that might cause harm to the business and thereby depreciate the value thereof, Franchisee authorizes MCSF, in the event that Franchisee is incapacitated or dies, and is not, therefore, in the sole judgment of MCSF, able to operate the MIDTOWN CHIMNEY SWEEPS Business hereunder, to operate the business for so long as MCSF deems necessary and practical, and without waiver of any other rights or remedies MCSF may have under this Agreement; provided, however, that if MCSF does commence to operate the Franchise, MCSF shall not be obligated to operate the Franchise for a period of more than 90 days. All monies from the operation of the business during such period of operation by MCSF shall be kept in a separate account and the expenses of the business, including reasonable compensation and expenses for MCSF's representatives, shall be charged to that account. If, as herein provided, MCSF temporarily operates the MIDTOWN CHIMNEY SWEEPS Business, Franchisee agrees to indemnify and hold MCSF and any representative of MCSF who may act hereunder harmless from any and all claims arising from the acts and omissions of MCSF and its representative arising therefrom.

17.6. MCSF's Right of First Refusal

If Franchisee desires to Transfer, in whole or in part, the MIDTOWN CHIMNEY SWEEPS Business, Franchisee shall obtain a bona fide, executed, written Purchase Offer from a responsible, arms-length, and fully disclosed purchaser for the MIDTOWN CHIMNEY SWEEPS Business and other assets used by Franchisee in its MIDTOWN CHIMNEY SWEEPS Business. Franchisee shall submit an exact copy of the Purchase Offer to MCSF, which shall, for a period of 30 days from the date of delivery of such offer to MCSF, have the right, but not the obligation, exercisable by written notice to Franchisee, to purchase all of the MIDTOWN CHIMNEY SWEEPS

Business and the assets of Franchisee (the "**Right of First Refusal**"), for the price and on the terms set forth in the Purchase Offer, subject to the provisions of this **Article 17** and provided that:

a. there shall be deducted from the purchase price the amount of any commissions or fees that would otherwise have been payable to any broker, agent or other intermediary in connection with the sale of such property to the offeree; and

b. MCSF shall have the right to substitute cash for any other form of consideration specified in the Purchase Offer and to pay in full the entire purchase price at the time of closing.

If MCSF does not exercise its right of first refusal, the offer may be accepted by Franchisee or its owners but only upon the same terms and conditions as proposed to MCSF, and subject to the other requirements set forth in this **Article 17**. If the sale to such purchaser is not completed within 60 days after delivery of such offer to MCSF, MCSF shall again have the Right of First Refusal.

17.7. Post-Transfer Obligations

With and after each valid Transfer of this Agreement pursuant to this **Article 17**, the transferee or transferees of Franchisee shall be deemed to be the Franchisee under this Agreement and will be bound by and liable for all of Franchisee's existing and future obligations. No owner in any business entity that becomes Franchisee shall have any rights under this Agreement by reason of his, her or its ownership. The transferor shall comply with those requirements set forth in **Section 18.5**.

18. DEFAULT AND TERMINATION

18.1. Termination by MCSF-Effective Upon Notice

MCSF shall have the right to terminate this Agreement and all rights granted Franchisee hereunder, subject to the provisions of applicable law governing franchise termination and renewal, effective upon receipt of notice by Franchisee, upon the occurrence of any of the following events:

a. Unauthorized Disclosure. Franchisee intentionally or negligently discloses to any unauthorized person the contents of, or any part of, MCSF's Operations Manual or any other trade secrets or confidential information of MCSF.

b. Abandonment. Franchisee voluntarily abandons the MIDTOWN CHIMNEY SWEEPS Business for a period of 15 consecutive days, or any shorter period that indicates an intent by Franchisee to discontinue operation of its MIDTOWN CHIMNEY SWEEPS Business; unless such abandonment is due to fire, flood, earthquake or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee.

c. Insolvency. Franchisee or any of its guarantors becomes insolvent, meaning unable to pay its bills as they become due in the ordinary course of business.

d. Unsatisfied Judgments; Levy; Foreclosure. Any material judgment (or several judgments which in the aggregate are material) is obtained against Franchisee and remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed); or execution is levied against the MIDTOWN CHIMNEY SWEEPS Business or any of the property used in the operation of the MIDTOWN CHIMNEY SWEEPS Business and is not discharged within five days; or the real or personal property of the MIDTOWN CHIMNEY SWEEPS Business is sold after levy thereupon by any sheriff, marshal or constable.

e. Criminal Conviction. Franchisee, or, if Franchisee is an entity, any owner of greater than 25% of the Franchisee entity, is convicted of a felony, a crime involving moral turpitude, a crime related to its MIDTOWN CHIMNEY SWEEPS Business, or any crime or offense that is likely, in the sole opinion of MCSF, to materially and unfavorably affect the System, Marks, goodwill or reputation thereof.

f. **Repeated Noncompliance.** Franchisee receives three notices of default with respect to Franchisee's obligations hereunder from MCSF during the term of this Agreement, regardless of whether the defaults were cured by Franchisee.

g. **Unauthorized Transfer.** Franchisee sells, transfers or otherwise assigns the MIDTOWN CHIMNEY SWEEPS Business, an interest in its franchise or the Franchisee entity, this Agreement, the MIDTOWN CHIMNEY SWEEPS Business or a substantial portion of the assets of the MIDTOWN CHIMNEY SWEEPS Business owned by Franchisee without complying with the provisions of this Agreement.

h. **Condemnation or Loss of MIDTOWN CHIMNEY SWEEPS Location.** Franchisee loses possession or the right of possession of all or a significant part of the MIDTOWN CHIMNEY SWEEPS Location through condemnation, casualty, lease termination or mortgage foreclosure and the MIDTOWN CHIMNEY SWEEPS Business is not relocated or reopened within 60 days of such loss of possession or condemnation or casualty.

i. **Contesting Ownership of Marks.** Franchisee contests in any court or proceeding the validity of, or MCSF's ownership of, the Marks.

j. **Unauthorized Entity Action.** Franchisee is a corporation or other business entity and any action is taken which purports to merge, consolidate, dissolve or liquidate such entity without MCSF's prior written consent.

k. **Failure to Complete Training.** Franchisee fails to successfully complete MCSF's Initial Training Program or Advanced Training Program.

l. **Improper Business Practices.** MCSF determines that Franchisee: engaged in an act of fraud with respect to its rights or obligations under this Agreement; engaged in false advertising; engaged in any activity that has a material adverse effect on MCSF, the System, and/or the Marks; failed to submit sales or other financial information to MCSF or intentionally submitted incorrect sales or other financial information to MCSF; failed to comply with applicable laws, regulations and ordinances; or engaged in any other business from the MIDTOWN CHIMNEY SWEEPS Location.

m. **Sexual Harassment or Discrimination.** MCSF receives credible evidence, which it verifies to its satisfaction, that Franchisee, its Operations Manager, or any other management level employee of Franchisee, has sexually harassed or intimidated any individual or intentionally engaged in any racial, ethnic, religious, sexual, or other offensive discrimination against any individual or group.

n. **Failure to Obtain License or Certification.** Franchisee performs any service through its MIDTOWN CHIMNEY SWEEPS Business that requires a license or certification, if Franchisee has failed to obtain the required license or certification for that service.

o. **Material Misrepresentation.** Franchisee has made a material misrepresentation in its application to own and operate the Franchise.

p. **Breach of Other Agreement.** Franchisee breaches the terms of any other agreement between MCSF and Franchisee and fails to cure said breach during any applicable cure period provided in the other agreement.

q. **Inadequate Guaranties.** Any guaranty of this Agreement fails to be a continuing obligation fully enforceable against the guarantor signing the guaranty, or there is any inadequacy of the guaranty or guarantor and the guarantor is unable to provide adequate assurances as required by MCSF.

18.2. **Termination by MCSF with Prior Notice.**

MCSF shall have the right to terminate this Agreement and all rights granted Franchisee hereunder, subject to the provisions of applicable law governing franchise termination and renewal, effective after the specified number of days after delivery of written notice by MCSF to Franchisee:

a. Failure to Make Payments. Franchisee fails to pay any amounts due MCSF or affiliates, including the Initial Franchise Fee, the Pull System Training Fee, the Royalty Fee, the Technology and Advertising Fee, the Noncompliance Service Charge, and all other fees or sums owed to MCSF within 10 days after receiving notice that such fees or amounts are overdue.

b. Misuse of Marks. Franchisee misuses or fails to follow MCSF's directions and guidelines concerning use of the Marks and fails to correct the misuse or failure within 10 days after notification from MCSF.

c. Failure to Submit Reports or Requested Information. Franchisee fails, or refuses, to submit any report, financial statement, tax return, schedule or other information or supporting records required herein, within 10 days after notification from MCSF.

d. All Other Defaults Under Agreement. In addition to the foregoing termination rights, MCSF shall have the right to terminate this Agreement (subject to any applicable laws to the contrary, where such applicable law shall prevail), effective upon 30 days' written notice to Franchisee, if Franchisee breaches any other provision of this Agreement and fails to cure the default during such 30-day period. In that event, in MCSF's sole discretion this Agreement will terminate without further notice to Franchisee, effective upon expiration of the 30-day period. Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30-day period and Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such 30-day period, Franchisee shall be given an additional reasonable period of time to cure the breach.

18.3. Termination by MCSF for Continuing Force Majeure Events

MCSF shall have the right at its option to terminate this Agreement and all rights granted Franchisee hereunder, subject to the provisions of applicable law governing franchise termination and renewal, effective upon receipt of notice by Franchisee, in the event of a force majeure event as described in **Section 23.17** below that occurs and continues for a period of six consecutive months or longer and which prevents MCSF from performing its obligations hereunder.

18.4. Termination by Franchisee

a. Provided Franchisee is not in default hereunder at the time of the notice or on the effective date of the termination, Franchisee may terminate this Agreement at its option at any time after the fourth anniversary of this Agreement upon 90 days written notice.

b. Franchisee may also terminate this Agreement by selling the franchise pursuant to the terms of this Agreement or by not renewing.

c. If Franchisee terminates this Agreement pursuant to **Section 18.4.a** or **18.4.b** above, Franchisee shall remain responsible for complying with the post termination obligations set forth in this Agreement, including in **Section 18.5** below.

18.5. Obligations of Franchisee Upon Termination or Expiration

Franchisee agrees that upon termination or expiration of this Agreement Franchisee shall do all of the following:

a. Pay within 10 days of the effective date of termination or expiration of this Agreement all amounts owed to MCSF, the landlord of the MIDTOWN CHIMNEY SWEEPS Location (if applicable) and Franchisee's trade and other creditors that are then unpaid. In the event of a termination due to a default by Franchisee, the

amounts owed to MCSF shall include an amount equal to the Royalty Fees that would have been payable for each month from the date of termination until the earlier of (i) three years following the date of termination, or (ii) the expiration date that would apply to this Agreement had it not been terminated. All periodic payments to MCSF shall be deemed to accrue daily, shall be adjusted accordingly, and shall include interest at the rate of 18% per annum or the highest rate permitted by law, whichever is lower. This same interest rate shall apply as the post-judgment interest rate, regardless of the applicable statutory rate, in the event of any legal actions related to this Agreement.

b. Immediately discontinue the use of all Marks, signs, stationary, structures, forms of advertising, telephone listings and service, the Operations Manual, training aids, customer lists, computer software and media, business records, files, instructions, brochures, correspondence, all confidential information of MCSF, and all materials and Products and Services of any kind which are identified or associated with the System and/or any of the Marks, and return all these materials and products to MCSF, at Franchisee's sole cost and expense. Neither Franchisee nor any party associated with Franchisee will retain any copy or record of the foregoing, excepting only Franchisee's copy of this Agreement and any correspondence between the parties hereto, and any other documents which Franchisee reasonably needs for compliance with any provision of law.

c. Immediately notify all listing agencies, Internet service providers, and social media website operators, and, if applicable, the telephone company, of the termination or expiration of Franchisee's right to use any classified or other telephone directory listings, domain names, social media websites or accounts, and, if applicable, telephone numbers, associated with the Marks, and authorize the transfer of them to MCSF or any new franchisee as directed by MCSF. Franchisee acknowledges as between MCSF and Franchisee, MCSF has the sole rights to, and interest in, all directory listings, web addresses, domain names, social media websites and accounts, and telephone numbers used by Franchisee to promote its MIDTOWN CHIMNEY SWEEPS Business and/or associated with the Marks. Franchisee irrevocably appoints MCSF, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Should Franchisee fail or refuse to do so, all Internet service providers, listing agencies, social media website operators, and the telephone company may accept such direction in this Agreement as conclusive evidence of the exclusive rights of MCSF in such e-mail addresses, domain names, directly listings, social media websites and accounts, and telephone numbers; and its authority to direct their transfer.

d. Immediately cease to operate the MIDTOWN CHIMNEY SWEEPS Business and make no representation nor state that Franchisee is in any way approved, endorsed or licensed by MCSF or associated or identified with MCSF or the System in any manner.

e. Immediately take all steps necessary to amend or terminate any registration or filing of any d/b/a or business name or fictitious name or any other registration or filing containing the Marks, so as to delete the Marks and all references to anything associated with the System.

f. If Franchisee continues to operate or subsequently begins to operate any other business after termination or expiration of this Agreement, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute MCSF's exclusive rights in and to the Marks, and Franchisee further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with MCSF or a former association or connection with MCSF.

g. Unless MCSF exercises its right to assume and enter into the lease for the MIDTOWN CHIMNEY SWEEPS Location as set forth in **Section 18.8** below, Franchisee shall immediately make such modifications for alterations to the premises of the MIDTOWN CHIMNEY SWEEPS Location as may be necessary to distinguish the appearance of the premises from that of a MIDTOWN CHIMNEY SWEEPS Business, and Franchisee shall make such specific additional changes to the premises as MCSF may request for that purpose. In the event Franchisee fails or refuses to comply with this requirement, MCSF shall have the right to enter upon the premises, without being guilty of trespassing or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

h. Immediately shut down any website operated by Franchisee to promote the MIDTOWN CHIMNEY SWEEPS Business and assign and transfer all web addresses used by Franchisee for the same purpose.

i. Comply with the provisions of this Agreement that survive termination or expiration of this Agreement, including in particular, the restrictive covenants in **Article 20**.

18.6. Franchisee's Failure to Comply With Post-Termination Obligations

If, within 30 days after termination or expiration of this Agreement, Franchisee fails to:

a. Remove all displays of the Marks from Franchisee's MIDTOWN CHIMNEY SWEEPS Business that are identified or associated with the System, MCSF may enter the Franchisee's MIDTOWN CHIMNEY SWEEPS Location to effect removal, except if prohibited by law. In this event, MCSF will not be charged with trespass nor be accountable or required to pay for any displays or materials.

b. Take all steps necessary to amend or terminate any registration or filing of any business name or d/b/a or any other registration or filing containing the Marks. Franchisee irrevocably appoints MCSF, with full power of substitution, as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, and in Franchisee's name, place and stead and on Franchisee's behalf, to take action as may be necessary to amend or terminate all registrations and filings if Franchisee fails to timely take such action.

18.7. MCSF's Purchase of Business Assets

MCSF has the right, but not the obligation, to be exercised by notice of intent to do so sent in writing by MCSF within 30 days after termination or expiration of this Agreement, to purchase any or all of the assets of Franchisee's MIDTOWN CHIMNEY SWEEPS Business; including inventory, equipment, supplies, signs, advertising materials and items bearing the Marks, at their fair market value (less the amount of any outstanding liens or encumbrances). If the parties cannot agree on a fair market value within a reasonable time, an independent appraiser shall be designated by MCSF, and the appraiser's determination shall be binding. No monetary amount shall be as attributable to any goodwill associated with Franchisee's use of the Marks or in connection with the operation of its MIDTOWN CHIMNEY SWEEPS Business. If MCSF elects to exercise its option to purchase as herein provided, it will have the right to set off all amounts due MCSF or any companies affiliated with MCSF from Franchisee, and the cost of the appraisal, if any, against any payment thereof.

18.8. MCSF's Option to Assume or Enter Into Lease

a. MCSF has the right, but not the obligation, to be exercised by notice of intent to do so sent in writing by MCSF within 30 days after termination or expiration of this Agreement, to assume Franchisee's lease with its lessor, if Franchisee has leased nonresidential space for its MIDTOWN CHIMNEY SWEEPS Location.

b. If Franchisee is the owner of a nonresidential building wherein its MIDTOWN CHIMNEY SWEEPS Location is located, MCSF shall have the opportunity, to be exercised by notice of intent to do so sent in writing by MCSF within 30 days after termination or expiration of this Agreement, of executing a lease agreement with Franchisee for a period of not more than 10 years, as MCSF shall select, and the premises shall be leased to MCSF at a rate not more than the fair market value for premises similar to that of the premises of the MIDTOWN CHIMNEY SWEEPS Location at the time MCSF decides to exercise this option to lease.

18.9. Effects of Termination or Expiration

Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which MCSF may have against Franchisee, whether such claims or rights arise before or after termination or expiration. All obligations of the parties hereto which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect notwithstanding such expiration or termination.

18.10. Outstanding Loan Obligations

In the event that this Agreement expires or is terminated for any reason whatsoever and MCSF is the lender under any loan agreement ("**Loan**") or the holder of any promissory note ("**Note**") or the holder of any personal property, security interest, chattel mortgage, debenture or mortgage of any nature whatsoever (the "**Security Interest**") from Franchisee concerning assets used at any time by Franchisee in its MIDTOWN CHIMNEY SWEEPS Business or which are situated on the MIDTOWN CHIMNEY SWEEPS Location, such Loan, Note or Security Interest shall, upon the effective date of termination or expiration, immediately become fully due and payable as to all principal and interest so loaned and secured.

18.11. Terminology

For purposes of this Agreement, wherever the term "expiration" or "termination" is used, it is intended to refer to both situations, unless the context indicates otherwise. Any terms herein that apply upon expiration or termination shall also apply for a transferor upon a Transfer.

19. BUSINESS RELATIONSHIP

19.1. Business Relationship

Franchisee acknowledges that it is an independent contractor and is not an agent, partner, joint venturer or employee of MCSF, and Franchisee agrees not to hold itself out as such. The parties agree that this Agreement does not establish a fiduciary relationship between them. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. It is further agreed that Franchisee has no authority to create or assume in MCSF's name or on behalf of MCSF, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of MCSF for any purpose whatsoever. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of MCSF or subject to MCSF's control. Neither this Agreement nor the course of conduct between MCSF and Franchisee is intended, nor may anything in this Agreement (or the course of conduct) be construed, to state or imply that MCSF is the employer of Franchisee's Authorized Representatives, or vice versa. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations. Notwithstanding any other provisions in this Agreement, MCSF shall not be responsible for supervising the activities of Franchisee's MIDTOWN CHIMNEY SWEEPS Business or ensuring that the MIDTOWN CHIMNEY SWEEPS Business is operated in compliance with applicable laws.

19.2. Third Party Obligations

MCSF will have no liability for Franchisee's obligations, or to pay or otherwise fulfill any of Franchisee's obligations to any third parties.

19.3. Indemnification

Franchisee agrees to indemnify, defend, release and hold MCSF, its subsidiaries and affiliates (if any), and their respective shareholders, directors, officers, members, managers, partners, employees, agents, successors and assignees, as applicable, (the "**Indemnified Parties**") harmless against, and to reimburse them for all Claims, (as defined below), any and all third party obligations described above, and any and all claims, obligations and liabilities directly or indirectly arising out of the operation of the MIDTOWN CHIMNEY SWEEPS Business or arising out of the use of the Marks and Licensed Methods in any manner not in accordance with this Agreement, including (without limitation) the use or operation of cleaning equipment, cleaning supplies, and/or other supplies, inadvertent damage to customers' personal property, and theft or other crime by employees at customer premises, and violations of any laws including labor or employment laws. This indemnity includes any Claims arising from the acts or omissions of Franchisee's Authorized Representatives. For purposes of this Agreement, "**Claims**" include all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim

against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. MCSF will have the right to defend any such Claim against it. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

20. RESTRICTIVE COVENANTS

20.1. Non-Competition During Term

During the Term of this Agreement, Franchisee agrees not to directly or indirectly, in the United States, offer Competitive Business services as defined below, except through this or another Franchise Agreement with us. During the same time period, Franchisee also agrees not to take any steps to interfere with Franchisor's relations with National Accounts.

The term "**Competitive Business**" as used in this Agreement means any business offering cleaning of residential or commercial chimneys; maintenance and repair of chimneys, fireplaces and room heater appliances such as wood stoves, pellet stoves, and gas stoves; fireplace installation; chimney relining, or dryer vent cleaning services.

20.2. Post-Termination Covenant Not to Compete

Upon termination or expiration of this Agreement for any reason, or the Transfer of the rights under this Agreement, Franchisee agrees, not to directly or indirectly, for a period of 2 years from the termination, expiration, or Transfer, offer Competitive Business services, within a 25-mile radius of Franchisee's Protected Territory or any protected territory of any MIDTOWN CHIMNEY SWEEPS Business owned by MCSF, any affiliate of MCSF or any other franchisee of MCSF.

20.3. No Interference

a. During the term of this Agreement and for a period of three years following the expiration or termination of this Agreement for any reason, or the date on which Franchisee ceases to conduct business, whichever is later, neither Franchisee nor any of the Franchisee Affiliates shall interfere with the business of MCSF by interfering with or disrupting, or attempting to interfere with or disrupt, the relationship, contractual or otherwise, between MCSF and any of its existing or prospective franchisees, customers, suppliers, partners or National Accounts.

b. In the event Franchisee or any of the Franchisee Affiliates breaches the terms of this **Section 20.3**, Franchisee agrees to pay MCSF, as liquidated damages, and not as a penalty, an amount equal to the then current Initial Franchise Fee due for a Franchise, per occurrence.

20.4. No Diversion

a. Franchisee and the Franchisee Affiliates agree that, for a period of three years following the expiration or termination of this Agreement for any reason, or the date on which Franchisee ceases to conduct business, whichever is later, neither Franchisee nor the Franchisee Affiliates will directly or indirectly (through an immediate family member or otherwise) divert or attempt to divert any business related to MCSF or another franchisee authorized by MCSF to use the Marks and System, to any Competitive Business, by direct inducement or otherwise.

20.5. Confidentiality of Proprietary Information

Franchisee and the Franchisee Affiliates will treat all information it receives that comprises or is a part of the Licensed Methods or the System as proprietary and confidential, and will not use or duplicate such information in an unauthorized manner or disclose the information to any unauthorized person, including in any business that may be competitive with MCSF, without first obtaining MCSF's written consent. Franchisee and the Franchisee

Affiliates acknowledge that the Marks, the System and the Licensed Methods have valuable goodwill attached to them, that the protection and maintenance thereof is essential to MCSF and that any unauthorized use or disclosure of the Marks and Licensed Methods will result in irreparable harm to MCSF.

20.6. Confidentiality Agreements and Acknowledgements

MCSF reserves the right to require that Franchisee cause each of its Franchisee Affiliates, any member their immediate families, and any Authorized Representatives, to execute a Nondisclosure and Noncompetition Agreement in a form approved by MCSF containing the restrictive covenants of this Agreement. If MCSF requires any immediate family member to execute a Nondisclosure and Noncompetition Agreement subsequent to the execution of this Agreement by Franchisee, Franchisee must use its best efforts to cause that immediate family member to execute the Nondisclosure and Noncompetition Agreement. Franchisee will provide to MCSF a copy of each Nondisclosure and Noncompetition Agreement signed by any such individual immediately following its execution and thereafter upon MCSF's request.

20.7. Invalidity of Covenants

Franchisee acknowledges that if all or any portion of the aforesaid restrictive covenants contained in this Agreement are held unreasonable or unenforceable by a court or agency having jurisdiction in an unappealed final decision to which Franchisee is a party, Franchisee will be bound by any lesser covenants contained within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were subsequently stated and made a part of this Agreement.

20.8 Claims Are Not Defenses to Covenants

Franchisee expressly agrees that the existence of any claim it may have against MCSF, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by MCSF of the covenants of this **Article 20**. Franchisee further agrees that MCSF shall be entitled to set off from any amount owed by MCSF to Franchisee any loss or damage to MCSF resulting from Franchisee's breach of this **Article 20**.

21. INSURANCE

21.1. Insurance Coverage

Before you provide your first service for a customer through your MIDTOWN CHIMNEY SWEEPS Business, you must obtain certain minimum insurance coverage as required in the Operations Manual. Insurance requirements are currently as follows:

(i) Commercial General Liability insurance with a limit of not less than $1 million per occurrence and $2 million general aggregate, bodily injury and property damage. A certificate of insurance with an ISO CG 2029 endorsement (or equivalent) attached naming Midtown Chimney Sweeps Franchising, LLC as additional insured, is to be given to Franchisor at each insurance policy renewal.
(a) Contractor's Professional Liability endorsement, to include coverage for the chimney inspection process.

(ii) Business Auto coverage for all owned, non-owned and hired vehicles with minimum limits of $500,000 for any one accident. A certificate of insurance showing Midtown Chimney Sweeps Franchising, LLC as additional insured is to be given to Franchisor at each insurance policy renewal.
(iii) Workers' Compensation and Employer's Liability insurance (if you have employees) with coverage sufficient to meet the legal requirements in your local franchise area.
(iv) Other insurance as may be required by statute or other laws of the state and/or local governmental entities in which your MIDTOWN CHIMNEY SWEEPS Business is located and operated. All insurance policies must be written by an insurance company satisfactory to us and provide for 30 days' advance written notice to us of cancellation or any material alteration.

We may increase these limits, require new types of coverage, or change these requirements from time to time upon notice to you.

You must maintain this insurance coverage during the entire term of your Franchise Agreement. You should consult an attorney or insurance advisor for additional recommended coverage.

21.2. Proof of Insurance

Prior to opening for business, Franchisee shall furnish to MCSF certificates issued by each of Franchisee's insurers indicating that all premiums due have been paid, that all required insurance is in full force and effect, and that the insurance will not be terminated or changed without at least 30 days' prior written notice from the insurer to MCSF. New certificates evidencing renewal of insurance shall be furnished at least 30 days prior to the date of expiration of each policy. Within five business days of any request by MCSF, Franchisee shall deliver a copy of all insurance policies to MCSF for examination.

21.3. Failure to Maintain Insurance

If Franchisee fails to obtain or maintain adequate insurance, in addition to any other remedies available to MCSF under this Agreement, MCSF may obtain insurance for and in Franchisee's name. Within five days of any written request by MCSF, Franchisee shall pay all costs of obtaining adequate insurance, which costs shall include a reasonable fee for MCSF's expenses in obtaining the insurance.

22. GOVERNING LAW

22.1 Choice of Law. This Agreement is effective upon its acceptance in Colorado by our authorized officer. Except as to claims governed by federal law, Colorado law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties ("Claims"). However, no laws regulating the sale of franchises or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph.

22.2 Jurisdiction and Venue. You and we agree that venue and jurisdiction for any Claims shall be proper solely in the state and federal court nearest to our corporate headquarters, presently located in Littleton, Colorado. However, if you are an Illinois or Maryland resident or your franchise territory is located in Illinois or Maryland, you agree to bring any Claims, if at all, solely in arbitration before the American Arbitration Association in the city or county where our corporate headquarters are located.

22.3 Jury Waiver. In any trial between any of the parties as to any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

22.4 Class Action Waiver. You agree to bring any Claims, if at all, individually and you shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.

22.5 Punitive Damages Waiver. As to any Claims, you and we agree to waive our rights, if any, to seek or recover punitive damages.

22.6 Limitation of Actions. You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

22.7 Prior Notice of Claims. As a condition precedent to commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

22.8 Internal Dispute Resolution. You must first bring any Claim to our CEO, after providing notice as set forth in Section 22.7 above. You must exhaust this internal dispute resolution procedure before you may bring your Claim before a third party.

22.9 Mediation. Before you may bring any Claim against us in court, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to mediator in the city or county where our headquarters are located. If we can not mutually agree on a mediator, you and we agree to use the mediation services of the American Arbitration Association ("AAA"), and split any AAA and mediator fees equally.

22.10 Waiver of bond. You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

22.11 Attorney Fees. If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

22.12 Third Party Beneficiaries. Our officers, directors, members, shareholders, agents, and employees are express third party beneficiaries of the terms of the Governing Law provisions contained herein.

23. MISCELLANEOUS PROVISIONS

23.1. Modification

a. This Agreement may only be modified upon execution of a written agreement between MCSF and Franchisee or, at MCSF's option, upon notice of the approval of a Super-Majority as defined in **Section 23.1.b** below.

b. This Agreement may be modified by MCSF at its option whenever MCSF and a Super-Majority, as hereinafter defined, of franchisees of MCSF agree to any such modification. A "**Super-Majority**" of MCSF franchisees shall consist of the owners of at least 75% of all MIDTOWN CHIMNEY SWEEPS Businesses, or, if only a portion of MIDTOWN CHIMNEY SWEEPS Businesses are affected by the modification, at least 75% of those MIDTOWN CHIMNEY SWEEPS Businesses affected by the modification. Whenever a modification is approved by a Super-Majority MCSF may elect to treat the modification as effective to all franchisees or the applicable group thereof, including Franchisee, to the same extent and in the same manner as if the modification was unanimously approved by them, and regardless of whether Franchisee may or may not desire to be bound by the modification. MCSF shall provide Franchisee with notice of any modification to this Agreement based on a Super-Majority approval at least 30 days prior to the date such modification is to be effective. By signing this Agreement, Franchisee appoints the officers of MCSF as its attorneys in fact with irrevocable power and authority to execute any such modification so approved.

c. Franchisee acknowledges that MCSF may modify its standards and specifications and operating, marketing, and other policies and procedures set forth in the Operations Manual unilaterally under any conditions and to the extent in which MCSF, in its sole discretion, deems necessary, and Franchisee shall be bound by such modifications. These modifications may include regional and local variations. Franchisee may be obligated to invest additional capital in Franchisee's MIDTOWN CHIMNEY SWEEPS Business and incur higher operating costs based on these periodic modifications.

23.2. Entire Agreement

This Agreement (which includes the Addendum and Exhibits) contains the entire agreement between the parties and supersedes any and all prior agreements concerning the subject matter hereof. Nothing in this Agreement or in any related agreement is intended to disclaim any representations made by MCSF in the franchise disclosure document provided to Franchisee.

23.3. Varying Standards

MCSF has the right, at its sole determination, to vary the Franchise Agreement and/or standards for any Franchise based upon the peculiarities of a particular site or circumstance, density of population, business potential, population or trade area, existing business practices, or any other condition that MCSF deems to be of importance or otherwise desirable. Franchisee shall not have any right to complain about a variation in the Franchise Agreement, or from standard specifications and practices, granted to any other franchisee. Franchisee shall not be entitled to require MCSF to grant to Franchisee a like or similar variation.

23.4. Delegation by MCSF

From time to time, MCSF will have the right to delegate the performance of any portion or all of its obligations and duties under this Agreement to third parties, whether they are employees of MCSF or independent contractors that MCSF has contracted with to provide such services. Franchisee agrees in advance to any such delegation by MCSF of any portion or all of its obligations and duties hereunder.

23.5. Effective Date

This Agreement will not be effective until accepted by MCSF as evidenced by dating and signing by an authorized officer of MCSF.

23.6. Review of Agreement

Franchisee acknowledges that it had a copy of this Agreement in its possession for a period of time not less than that required by applicable law and has been given sufficient time to seek, and to submit this Agreement for, professional review and advice of Franchisee's choosing prior to freely executing this Agreement.

23.7. No Waiver

No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by MCSF or Franchisee will be considered to imply or constitute a further waiver by MCSF or Franchisee of the same or any other condition, covenant, right, or remedy.

23.8. No Right to Set Off

Franchisee will not be allowed to set off amounts owed to MCSF for Royalty Fees, Job Fees, Technology and Advertising Fees, or other amounts due hereunder, against any monies owed to Franchisee, which right of set off is expressly waived by Franchisee. No endorsement or statement on any check or payment of any sum less than the full sum due to MCSF shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and MCSF may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. MCSF may apply any payments made by Franchisee against any past due indebtedness of Franchisee as MCSF may see fit. MCSF may set off against any payment due to Franchisee hereunder any outstanding debts of Franchisee to MCSF, and may, at MCSF's option, pay Franchisee's trade creditors out of any sum otherwise due to Franchisee.

23.9. Survival of Terms

Every article and section of this Agreement that by its terms is intended to survive expiration and/or termination of this Agreement shall survive the expiration or termination of this Agreement for any reason.

23.10. Invalidity

If any provision of this Agreement is held invalid by any tribunal in a final decision from which no appeal is or can be taken, such provision will be deemed modified to eliminate the invalid element and, as so modified, such provision will be deemed a part of this Agreement as though originally included. The remaining provisions of this Agreement will not be affected by such modification.

23.11. Notices

a. All notices required to be given under this Agreement will be given in writing, by personal delivery, certified mail, return receipt requested, e-mail or an overnight delivery service providing documentation of receipt, at the address set forth below the signatures of MCSF and Franchisee respectively on the signature page hereto or at such other addresses as MCSF or Franchisee may designate from time to time. Notice will be effectively given when personally delivered or delivered by e-mail to the proper e-mail address. If the Protected Territory is in the United States, notice will be effectively given three days after being deposited in the United States mail, with proper address and postage prepaid, or one day after being deposited with the overnight delivery service, as may be applicable. If the Protected Territory is outside of the United States, notice will be effectively given seven days after being deposited in the United States mail, with proper address and postage prepaid, or three days after being deposited with the overnight delivery service, as may be applicable.

b. Franchisee shall provide MCSF with a current business and/or residential address (in accordance with the preceding paragraph), other than the address of the MIDTOWN CHIMNEY SWEEPS Location (unless the MIDTOWN CHIMNEY SWEEPS Location is in Franchisee's residence). Franchisee must provide MCSF with updated information whenever changes occur, so that MCSF always has a current address for Franchisee.

23.12. Force Majeure

MCSF will not be liable to Franchisee, nor will MCSF be deemed to be in breach of this Agreement, if it exercises best efforts to perform its obligations as may be due to Franchisee hereunder, and its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of labor, material or energy, or voluntarily foregoing the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instruments of any federal, state, provincial, or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, provincial, or municipal government or any department or agency thereof; (3) acts of God; or (4) fires, strikes, terrorism, embargoes, war or riot. Any delay resulting from any of these causes will extend performance by MCSF accordingly or excuse performance by MCSF in whole or in part, as may be necessary.

23.13. Estoppel Certificates

Franchisee agrees at any time and from time to time within 10 days after notice from MCSF, to execute, acknowledge and deliver to MCSF a statement in writing, form and substance acceptable to MCSF, verifying that this Agreement is unmodified and in full force and effect (or if there have been modifications, that the Agreement is in full force and effect as modified and stating the modifications), and whether or not there exists any default in the performance of any term, condition or covenant of this Agreement and, if so, specifying each such default, and such other matters related to this Agreement as MCSF shall request, it being intended that any such statement delivered pursuant hereto may be relied upon by MCSF and by any lenders of MCSF, or any prospective purchasers of all or any part of MCSF's business.

23.14. Binding Effect

This Agreement is binding upon the parties hereto and their respective permitted assigns and successors in interest.

23.15. Charges and Taxes.

All provisions in this Agreement stating that Franchisee will pay or be responsible for any costs, charges, or taxes includes all customs or duty charges, foreign currency purchase levies, import and export fees and levies, and other similar costs, charges and taxes.

23.16. Guaranty.

The Franchisee named below agrees to abide by the terms of this Agreement. In addition, the signature(s) of all individuals below, in any capacity, also constitute their personal joint and several agreement and guaranty to perform all the obligations in and relating to this Agreement, including, but not limited to, the obligations stated in **Section 22 above,** the obligation to make specified payments, and pay any other debts due to Company.

The parties have executed this Agreement to be made effective as of the ___ day of _____, 20_____

MCSF:
MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC,
a Colorado limited liability company

By:
_____
Date:
_____

Address for Notice:

2805 Wilderness Place, Suite 900
Boulder, CO 80301
E-mail Address:
byron@midtownsweeps.com

FRANCHISEE:
IF AN INDIVIDUAL:

_____
Franchisee, Individually

Print Name:_____

IF AN ENTITY:

_____

By: _____

Print Name: _____
Date:_____

Address for Notice: _____
_____

E-mail Address:_____

_____

By: _____

Print Name: _____
Date:_____

Address for Notice:
_____
_____

E-mail Address:_____

EXHIBIT I
TO FRANCHISE AGREEMENT

ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement (the "**Addendum**"), dated as of the date set forth below, modifies and amends that certain Franchise Agreement (the "**Agreement**"), by and between Midtown Chimney Sweeps Franchising, LLC, hereinafter "**MCSF**" and the undersigned franchisee, hereinafter "**Franchisee**." This Addendum modifies the terms of the Agreement and in the event of a conflict in terms between the Agreement and this Addendum, the terms of this Addendum shall be controlling.

The parties agree as follows:

1. Number of Franchises. The number of Franchises granted, referenced in **Section 2.1** of the Agreement, is: _____.

2. Protected Territory. The Protected Territory (or Protected Territories, if multiple Franchises are granted under the Agreement), referenced in **Section 4.2.a** of the Agreement, will be the geographical area(s) described as follows: ._____

3. MIDTOWN CHIMNEY SWEEPS Location. The site for the MIDTOWN CHIMNEY SWEEPS Location agreed to by MCSF and Franchisee, as referenced in **Section 4.1** of the Agreement, will be:_____.

4. Initial Fees. The Initial Franchise Fee, as referenced in **Section 5.1** of the Agreement is $_____.

The Initial Equipment and Supply Package Fee, as referenced in **Section 5.2** of the Agreement is $_____.

5. Minimum Royalty Fee. The initial total minimum Royalty Fee, as referenced in **Section 12.1** of the Agreement is $_____ per month.

6. Minimum Technology and Advertising Fee. The initial minimum Technology and Advertising Fee, as referenced in **Section 12.2** of the Agreement, is $_____ per month.

7. Job Fee. Based on the number of Co-Op Lines and Market Expansion Lines provided by MCSF for Franchisee's use, the portion of the Job Fee payable for the Co-Op Line(s) and Market Expansion Line(s) pursuant to **Section 12.3.b** and **12.3.c** of the Agreement shall initially be $_____ per month.

8. Other Provisions:

MCSF:

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC

By: _____
Title:_____
Date:_____

FRANCHISE:

_____

By: _____
Title:_____
Date:_____

EXHIBIT II
TO FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee: _____

Trade Name (if different from above): _____

Form of Ownership (Check One):

____ Individual ____ Partnership ____ Corporation ____ Limited Liability Company ____ Other

If a **Partnership**, provide name and address of each partner showing percentage owned and whether each is active in management, indicate the country, state and/or province in which the partnership was formed and the date it was formed, and provide a copy of the Partnership Agreement.

If a **Corporation**, provide the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each, indicate the country, state and/or province and date of incorporation, and provide a copy of the Articles of Incorporation certified by the Secretary of State or other official for the country, state and/or province in which the corporation was formed.

If a **Limited Liability Company**, provide name and address of each member and each manager showing percentage owned, indicate the country, state and/or province in which the Limited Liability Company was formed and the date it was formed, and provide a copy of the Articles of Organization certified by the Secretary of State or other official for the country, state and/or province in which the Limited Liability Company was formed and the Operating Agreement.

If **another type of business entity**, provide the names and addresses of the owners and any officers or managers showing percentage owned, indicate the country, state and/or province in which the business entity was formed and the date it was formed, and provide a copy of any articles of formation and governing agreements certified, if applicable, by the Secretary of State or other official for the country, state and/or province in which the business entity was formed.

_____

_____

_____

_____

Franchisee acknowledges that this Statement of Ownership applies to the Midtown Chimney Sweeps Franchising, LLC Franchise authorized under Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Midtown Chimney Sweeps Franchising, LLC in writing.

Date _____ Name _____

EXHIBIT III
TO FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS
(DIRECT DEBITS)

The undersigned depositor ("**Depositor**") hereby (1) authorizes MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC ("**Company**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account indicated below and (2) authorizes the depository designated below ("**Depository**") to debit such account pursuant to Company's instructions.

Depository	Branch

City	State	Zip Code

Bank Transit/ABA Number	Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide Company and Depositor with 30 days' prior written notice of the termination of this authority. If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

DEPOSITOR FOR FRANCHISEE (Print Name)	DEPOSITORY (Print Name)

Franchisee: _____
By:_____
Title:_____
Date:_____

EXHIBIT IV
TO FRANCHISE AGREEMENT

RIDERS TO FRANCHISE AGREEMENT FOR SPECIFIC STATES

CALIFORNIA RIDER TO THE FRANCHISE AGREEMENT

1. The following language is added to the end of **Article 5**:

All initial fees payable to MCSF shall be deferred until the day that MCSF has completed its initial obligations to Franchisee.

2. Sections 18.1 and 18.2 are deleted and in their place are substituted the following:

Section 18.1. Termination by Us Without Right to Cure. We may terminate this Agreement without notice and the opportunity to cure for any of the following reasons:

(a) The franchisee or the business to which the franchise relates has been judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due;

(b) The franchisee abandons the franchise by failing to operate the business for five consecutive days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the franchisee's control;

(c) The franchisor and franchisee agree in writing to terminate the franchise;

(d) The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise business or system;

(e) The franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the franchise;

(f) The franchisee, after curing any failure in accordance with Section 18.2 engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(g) The franchisee breaches the franchise agreement three or more times in a 12-month period, whether or not corrected after notice;

(h) The franchised business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless a supersedeas

or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the franchise agreement or upon any property used in the franchised business, and it is not discharged within five days of such levy;

(i) The franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise;

(j) The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue; or

(k) The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety.

Section 18.2. Termination by Us with Opportunity to Cure. We may terminate this Agreement, after sending you notice and a 60 day opportunity to cure, for any other breach of this Agreement.

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

Franchisee:

By:_____
Signature

Printed Name:_____

Midtown Chimney Sweeps Franchising, LLC

By:_____
Byron Schramm, President

Date:_____

ILLINOIS RIDER TO THE FRANCHISE AGREEMENT

1. Illinois law shall apply to and govern the Franchise Agreement.

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

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

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

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

6. Initial Fee Deferral.

Payment of the Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. The financial assurance requirement was imposed by the Office of the Attorney General due to Franchisor's financial condition.

Franchisee:	Midtown Chimney Sweeps Franchising, LLC
By:_____ Signature	By:_____ Byron Schramm, President
Printed Name:_____	Date:_____

MINNESOTA RIDER TO THE FRANCHISE AGREEMENT

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

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

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

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

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

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

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

Initial Fee Deferral:

The Franchise Agreement is amended to also add the following: The franchisor defers the receipt of the initial franchise fee until the franchised business opens.

Franchisee:	Midtown Chimney Sweeps Franchising, LLC
By:_____ Signature	By:_____ Byron Schramm, President
Printed Name:_____	Date:_____

NORTH DAKOTA RIDER TO THE FRANCHISE AGREEMENT

1. The following language is added at the end of **Article 5**:

All initial fees payable to MCSF shall be deferred until MCSF has fulfilled all of its initial obligations to Franchisee and Franchisee has commenced doing business.

2. You are not required to sign a general release upon renewal of the franchise agreement.

3. The franchise agreement is amended to also provide as follows:

> "Covenants not to compete are generally considered unenforceable in the State of North Dakota."

4. The provisions concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted and in their place is substituted the following language:

> "You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association."

5. The provisions concerning mediation and arbitration are modified to also provide that the site of mediation and arbitration shall be agreeable to all parties and may not be remote from your place of business.

6. North Dakota law governs any cause of action arising out of the franchise agreement.

7. Any requirement in the Franchise Agreement that requires you to pay all costs and expenses incurred by us in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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

Franchisee:	Midtown Chimney Sweeps Franchising, LLC
By:_____ Signature	By:_____ Byron Schramm, President
Printed Name:_____	Date:_____

SOUTH DAKOTA RIDER TO THE FRANCHISE AGREEMENT

The Franchise Agreement is clarified to also indicate that 50% of the initial franchise fee and 50% of royalties are deemed paid for the use of our Marks and 50% are deemed paid for our training, support, and franchise system.

The Franchise Agreement is amended to also state that the initial franchise fee will be paid only after we fulfill our pre-opening obligations to you and you are open for business, pursuant to the attached South Dakota Fee Deferral Agreement.

Franchisee:

By:_____
Signature

Printed Name:_____

Midtown Chimney Sweeps Franchising, LLC

By:_____
Byron Schramm, President

Date:_____

South Dakota Fee Deferral Agreement

The undersigned Franchisee hereby acknowledges and agrees that Midtown Chimney Sweeps Franchising, LLC d/b/a Midtown Chimney Sweeps has fulfilled its pre-opening obligations to the Franchisee as stated in Item 11 of the Franchise Disclosure Document, the franchise is now open for business, and the Franchisee hereby tenders to Midtown Chimney Sweeps the initial franchise fee due and owing under its Franchise Agreement.

Franchisee:

By:_____
Signature

Printed Name:_____

Midtown Chimney Sweeps Franchising, LLC

By:_____
Byron Schramm, President

Date:_____

VIRGINIA RIDER
TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

Virginia law applies to any claims that arise out of or relate to the Franchise Agreement or the dealings of the parties thereto.

No post-term noncompete provision shall be of any force or effect, however, a noncompete clause will apply for a 2 year period if the Franchisee sells the Franchised Business to a third party or the Franchisor at a mutually agreed upon price.

Franchisee:

By:_____
Signature

Printed Name:_____

Midtown Chimney Sweeps Franchising, LLC

By:_____
Byron Schramm, President

Date:_____

WASHINGTON RIDER TO THE FRANCHISE AGREEMENT

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

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

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

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

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

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

<u>Initial Fee Deferral:</u>

The following language is added at the end of **Section 5.1**:

"In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or disclosure document, and (b) is open for business."

Franchisee: Midtown Chimney Sweeps Franchising, LLC

By:_____
Signature

Printed Name:_____

By:_____
Byron Schramm, President

Date:_____

ATTACHMENT B
TO FRANCHISE DISCLOSURE DOCUMENT

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC
Confidentiality / Application Agreement

Midtown Chimney Sweeps Franchising, LLC ("MCSF") hereby reserves a place for _____ ("Applicant") to participate in the initial training program of MCSF, to be conducted at the MCSF headquarters in Littleton, Colorado, on the following dates:

Training will commence _____ and will finish _____

Applicant acknowledges that, as a part of Applicant's training (or preparation for training), Applicant will be furnished with certain proprietary information of MCSF including without limitation, proprietary information concerning an MCSF Business; the Licensed Methods; financial information of MCSF or its franchisees other than financial information filed with any government regulatory agency; marketing methods; sales and promotional methods; operation methods; nonpublic statistical information; the strategic plan, budgets and projections for MCSF; information concerning negotiations of any kind conducted by MCSF whether pending or completed; marketing research data and marketing plans; information contained in the MCSF Operations Manuals, and any other manual or other nonpublic written information; internal lists of franchisees and customers of MIDTOWN CHIMNEY SWEEPS Businesses; and other information which may be considered a trade secret or proprietary, as such information may be further developed and modified from time to time by MCSF. Applicant agrees not to divulge, or utilize in any way other than in a franchised MIDTOWN CHIMNEY SWEEPS Business, any proprietary information or trade secrets of MCSF disclosed during or in preparation for training at any time, without the prior written consent of MCSF.

Applicant agrees that, for a period of three years from the date hereof Applicant will not (a) divert or attempt to divert any business related to MCSF or any of MCSF's franchisees or any client or account of MCSF or any of MCSF's franchisees; or (b) offer a business which is the same as or substantially similar to a MIDTOWN CHIMNEY SWEEPS Business, including but not limited to a business that provides cleaning of residential or commercial chimneys, or performing light maintenance and repair of chimneys, fireplaces and room heater appliances such as wood stoves, pellet stoves, and gas stoves, or related services.

Upon completion of the second day of training, if Applicant's training progress is not acceptable to MCSF, MCSF shall have the right to refuse to sell an MCSF Business franchise to Applicant, and neither party shall have any further obligation with respect to the other, except as set forth in the immediate preceding paragraph.

If Applicant's training progress is acceptable to MCSF, Applicant shall, after the second day of training, have the following options:

A. Reject the opportunity to become an MCSF Business franchisee, or,
B. Execute a copy of MCSF's then current Franchise Agreement, complete the purchase of the franchise, and commence operations of a MIDTOWN CHIMNEY SWEEPS Business.

_____	_____
Applicant	**MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC**
_____	_____
Date	Date
_____	
Phone (Office)	
_____	
Phone (Home)	

ATTACHMENT C
TO FRANCHISE DISCLOSURE DOCUMENT

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC
[RESERVED]

ATTACHMENT D
TO FRANCHISE DISCLOSURE DOCUMENT

TERRITORY RESERVATION DEPOSIT AGREEMENT

This Territory Reservation Deposit Agreement (this "**Deposit Agreement**") is made and entered into effective on the day and date set forth below (the "**Effective Date**"), by and between MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC, a Colorado limited liability company ("**MCSF,**" "**we**," or "**us**"), and the applicant named on the signature page of this Deposit Agreement (the "**Applicant**" or "**you**").

1. **Payment and Territory Reservation.** On the Effective Date, Applicant will pay MCSF $5,000 as an entirely non-refundable deposit (the "**Deposit**") toward the purchase of a franchise (the "**Franchise**") for the operation of a business providing cleaning of residential or commercial chimneys, performing maintenance and repair of chimneys, fireplaces and room heater appliances such as wood stoves, pellet stoves, and gas stoves; fireplace installation; chimney relining, dryer vent cleaning; and duct cleaning, under the marks MIDTOWN CHIMNEY SWEEPS™, MIDTOWN SWEEPS®, and related service marks, trademarks and trade names (an "**MIDTOWN CHIMNEY SWEEPS Business**") in the territory set forth on the attached Exhibit D-1 (the "**Reserved Territory**"). In consideration for the payment of the Deposit, MCSF grants Applicant the right, subject to compliance with all of MCSF's requirements for the award of a MIDTOWN CHIMNEY SWEEPS Business franchise, to acquire the Franchise for 90 days following the Effective Date (the "**Reservation Period**"). During the Reservation Period, and subject to Applicant's compliance with the terms of this Deposit Agreement and all other agreements between Applicant and MCSF, MCSF will not grant a franchise for or operate a MIDTOWN CHIMNEY SWEEPS Business that has a territory within or overlapping any portion of the Reserved Territory. Applicant may exercise its right to acquire the Franchise by executing MCSF's form of Franchise Agreement and other documents required for new MCSF franchisees and paying the initial franchise fee for the purchase of the Franchise in full prior the expiration of the Reservation Period. To enable MCSF to comply with potential disclosure laws and prepare the franchise agreement and related documents for Applicant's exercise of this right, Applicant must give MCSF written notice of Applicant's intent to acquire the Franchise at least 20 days in advance of the expiration of the Reservation Period, in accordance with Section 8 below.

2. **Non-Refundability of Deposit.** Applicant and MCSF agree that the Deposit is not intended to be a penalty or forfeiture and is intended, among other things, to compensate MCSF for (i) not selling a franchise covering the Reserved Territory during the Reservation Period, (ii) not increasing the initial franchise fee to be paid by Applicant for the Franchise during the Reservation Period, and (iii) any delay MCSF may experience in receiving any royalty fee or other income due to its inability to sell a franchise for or operate a MIDTOWN CHIMNEY SWEEPS Business in the Reserved Territory during the Reservation Period. THE DEPOSIT IS TOTALLY NON-REFUNDABLE UNDER ANY AND ALL CIRCUMSTANCES AND MAY BE USED ONLY TO PURCHASE THE FRANCHISE FOR THE RESERVED TERRITORY DURING THE RESERVATION PERIOD AT THE INITIAL FRANCHISE FEE SPECIFIED ABOVE.

3. **Failure to Complete Purchase.** In the event that Applicant does not purchase, or is unable to purchase, the Franchise for the Reserved Territory during the Reservation Period for any reason, the

entire Deposit will be retained by MCSF. In that event, all of Applicant's rights and all of MCSF's obligations will be forever canceled and, subject to applicable law, Applicant will execute a general release, in a form prescribed by MCSF, of any and all claims, known or unknown, against MCSF and its subsidiaries and affiliated companies or their shareholders, officers, directors, members, managers, partners, agents, employees, successors, and assignees (collectively, the "**MCSF Affiliates**").

4. **Misrepresentations.** If Applicant has made or makes any material misrepresentations or omissions in connection with the application for or purchase of any MIDTOWN CHIMNEY SWEEPS Business franchise, MCSF will have no obligation to sell the Franchise to Applicant and MCSF may retain the full Deposit.

5. **Confidential Information.** Applicant acknowledges that it has received proprietary information of MCSF by participating in MCSF's training program, including but not limited the licensed methods and proprietary information for the operation of a MIDTOWN CHIMNEY SWEEPS Business, marketing methods, information contained in the MIDTOWN CHIMNEY SWEEPS Operations Manuals, and other information MCSF considers a trade secret or proprietary (the "**Confidential Information**"). Applicant will treat all Confidential Information as proprietary and confidential, and will not use or duplicate such information in an unauthorized manner or disclose the information to any unauthorized person, including in any business that may be competitive with MCSF, without first obtaining MCSF's written consent. Applicant acknowledges that any unauthorized use or disclosure of the Confidential Information will result in irreparable harm to MCSF.

6. **Noncompetition Covenant.** Applicant acknowledges that, due to the disclosure of the Confidential Information by MCSF to Applicant, any participation by Applicant or the Applicant Affiliates in a business in competition with MCSF or its franchisees would unfairly harm MCSF and its franchisees. Therefore, if Applicant does not acquire the Franchise during the Reservation Period or if this Deposit Agreement is terminated for any other reason, then for a period of two years commencing on the expiration of the Reservation Period or the termination of this Deposit Agreement, neither Applicant nor any of the Applicant Affiliates, will not, directly or indirectly, offer Competitive Business services, within a 25-mile radius of Applicant's Reserved Territory or any protected territory of any MIDTOWN CHIMNEY SWEEPS Business owned by MCSF, any affiliate of MCSF or any other franchisee of MCSF.

7. **Governing Law.**

7.1 **Choice of Law.** This Agreement is effective upon its acceptance in Colorado by our authorized officer. Except as to claims governed by federal law, Colorado law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties ("Claims"). However, no laws regulating the sale of franchises or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph.

7.2 **Jurisdiction and Venue.** You and we agree that venue and jurisdiction for any Claims shall be proper solely in the state and federal court nearest to our corporate headquarters, presently located in Littleton, Colorado.

7.3 **Jury Waiver.** In any trial between any of the parties as to any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

7.4 **Class Action Waiver.** You agree to bring any Claims, if at all, individually and you shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.

7.5 **Punitive Damages Waiver.** As to any Claims, you and we agree to waive our rights, if any, to seek or recover punitive damages.

7.6 **Limitation of Actions.** You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

7.7 **Prior Notice of Claims.** As a condition precedent to commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

7.8 **Internal Dispute Resolution.** You must first bring any Claim to our CEO, after providing notice as set forth in Section 7.7 above. You must exhaust this internal dispute resolution procedure before you may bring your Claim before a third party.

7.9 **Mediation.** Before you may bring any Claim against us in court, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to mediator in the city or county where our headquarters are located. If we can not mutually agree on a mediator, you and we agree to use the mediation services of the American Arbitration Association ("AAA), and split any AAA and mediator fees equally.

7.10 **Waiver of bond.** You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

7.11 **Attorney Fees.** If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

7.12 **Third Party Beneficiaries.** Our officers, directors, members, shareholders, agents, and employees are express third party beneficiaries of the terms of the Governing Law provisions contained herein.

8. **Miscellaneous.** Neither this deposit nor any rights associated with it are assignable by Applicant without the prior written consent of MCSF, which may be withheld in its sole and absolute discretion. This Deposit Agreement embodies the entire agreement and understanding between Applicant and MCSF and supersedes all prior agreements and understandings related to the subject matter hereof. However, nothing in this Deposit Agreement is intended to disclaim any representations made by MCSF in the franchise disclosure document provided to Applicant. No amendment to this Deposit Agreement will be binding unless it is in writing and signed by an officer of MCSF. If any provision of this Deposit Agreement shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby. Sections 5, 6, and 7 of this Deposit Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Deposit Agreement. This Deposit Agreement may be executed in any number of counterparts, and all signed counterparts shall be deemed to be an original. Executed copies shall be deemed originals for all purposes.

The parties have signed this Deposit Agreement on the ____ day of _____, 20____.

MIDTOWN CHIMNEY SWEEPS:	**APPLICANT:**
MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC	_____ a _____
By: _____	By: _____
Its: _____	Its: _____

EXHIBIT D - 1

RESERVED TERRITORY

[insert territory]

ATTACHMENT E
TO FRANCHISE DISCLOSURE DOCUMENT

CURRENT FORM OF GENERAL RELEASE

THIS GENERAL RELEASE AGREEMENT (this "Agreement") is made as of _____ _____, 20___ by and between MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC, a Colorado limited liability company ("MCSF"), and _____, a(n) _____ ("Franchisee").

1. Releasor and MCSF (Releasee) are parties to one or more franchise agreements.

2. The following consideration is given:

_____ the execution by Releasor of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise"); or

_____ Releasor's consent to Releasee's transfer of its rights and duties under the Franchise Agreement; or

_____ Releasor's consent to Releasee's assumption of rights and duties under the Franchise Agreement; or

_____ [insert description]

3. Release- Franchisee and all of Franchisee's guarantors, members, employees, agents, successors, assigns and affiliates fully and finally release and forever discharge Releasee, its past and present agents, employees, officers, directors, members, Franchisees, successors, assigns and affiliates (collectively "Released Parties") from any and all claims, actions, causes of action, contractual rights, demands, damages, costs, loss of services, expenses and compensation which Franchisee could assert against Released Parties or any of them up through and including the date of this Release.

4. THIS IS A SPECIFIC RELEASE GIVING UP ALL RIGHTS WITH RESPECT TO THE TRANSACTIONS OR OCCURRENCES THAT ARE BEING RELEASED UNDER THIS AGREEMENT.

5. California Releasor- You represent and warrant that YOU EXPRESSLY WAIVE ANY AND ALL RIGHTS AND BENEFITS UNDER CALIFORNIA CIVIL CODE §1542, which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

6. The above Release shall not apply to any liabilities arising under the California Franchise Investment Law, the California Franchise Relations Act, Indiana Code § 23-2-2.5.1 through 23-2-2.7-7, the Maryland Franchise Registration and Disclosure Law, Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota franchise laws, the Rhode Island Investment Act, and the Washington Franchise Investment Protection Act.

7. Releasor agrees to comply with all of its applicable post-termination or post-transfer obligations (as the case may be) in the Franchise Agreement described above.

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

MCSF:

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC

By: _____
Byron D. Schramm, President

Date: _____

FRANCHISEE:

_____

By: _____
Name: _____
Title: _____

Date: _____

ATTACHMENT F
TO FRANCHISE DISCLOSURE DOCUMENT

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Nondisclosure and Noncompetition Agreement

ATTACHMENT G
TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES
As of December 31, 2025

The franchisees in this list are ordered and organized based on their territories, which are stated in underline above the franchisees' names. As MIDTOWN CHIMNEY SWEEPS Businesses are service-based franchises where the services are performed at the customer's location, a franchisee may have an address outside of its territory.

Operational Outlets as of 12/31/2025:

COLORADO

Stephen Hollingsworth **(2 Outlets)**
Aurora, CO 80013
(720) 766-9764

Byron Schramm **(2 Outlets)**
Boulder, CO 80301
(720) 575-7957

Jason Allen **(2 Outlets)**
Evergreen, CO 80439
(720) 917-6199

Jon Rohrer (**1 Outlet**)
Lakewood, CO 80226
(303) 884-0511

Alice & Michael Baer **(4 Outlets)**
Littleton, CO 80120
(720) 248-2690

Jacob Hunt **(1 Outlet)**
Vail, CO 81657
(615) 337- 9346

IOWA

Jake Doeden **(4 Outlets)**
Cedar Falls, IA 50613
(319) 504-3229

MINNESOTA

Joel Bruckelmyer **(1 Outlet)**
Duluth, MN 55804
(218)-730-6020

NEBRASKA

Jake Doeden **(2 Outlets)**
Cedar Falls, IA 50613
(319) 504-3229

NEW JERSEY

Kurt Matthews **(3 Outlets)**
Hillsborough, NJ 08844
(908) 566-7630

NORTH CAROLINA

Igor Cucos & Tamilla Azamova (**2 Outlets**)
Mooresville, NC 28117
(704) 667-3955

PENNSYLVANIA

Daniel Ferreyra **(2 Outlets)**
Bethel Park, PA 15102
(412) 445-6221

Kurt Matthews **(3 Outlets)**
Levittown, PA 19055
(908) 556-7630

WASHINGTON

Marcus Lacey **(2 Outlets)**
Federal Way, WA 98003
(941) 400-6565

FRANCHISE AGREEMENT SIGNED BUT OUTLET NOT YET OPEN
As of December 31, 2025

NONE

ATTACHMENT H
TO FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEES WHO HAVE LEFT THE SYSTEM

Listed below are the names and last known city, state and telephone numbers of every franchisee who has had a MIDTOWN CHIMNEY SWEEPS Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the 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.

The franchisees in this list are ordered and organized based on the franchisees' former territories, which are stated in underline above the franchisees' names. As MIDTOWN CHIMNEY SWEEPS Businesses are service-based franchises where the services are performed at the customer's location, many franchisees have addresses outside of their territories.

MICHIGAN
Jake Doeden **(2 Outlets)**
Cedar Falls, Iowa 50613
(319) 504-3229
(termination)

MINNESOTA
Jake Doeden **(2 Outlets)**
Cedar Falls, Iowa 50613
(319) 504-3229
(reacquired)

NORTH CAROLINA
Dean Cheramie **(2 outlets)**
Lexington, NC 27292
(336) 687-6923
(transferred)

OHIO
Eric Hartman **(2 outlets)**
Middletown, OH 45044
(513) 804-5495
(nonrenewal)

UTAH
Alice & Michael Baer **(2 Outlet)**
American Fork, UT 84003
(510) 557-7856
(termination)

ATTACHMENT I
TO FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

The following statement applies to the unaudited portion of the financial statements which follows:

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Midtown Chimney Sweeps Franchising, LLC

Unaudited Balance Sheet

As of Mar 31, 2026

	TOTAL
Assets	
Current Assets	
Bank Accounts	
10000 Chase Operating Account 6892	39,421.69
10005 Savings x3317	29,072.12
10010 MMA(5PCTOwners Comp) x0713	28,002.06
10015 MMA(TAF) x0721	0.00
TAF MCSF xx8513	11,057.09
Total for Bank Accounts	**$107,552.96**
Accounts Receivable	
11000 Accounts Receivable	207,202.58
Total for Accounts Receivable	**$207,202.58**
Other Current Assets	
12300 Payroll Clearing	0.00
13000 Contract Acquisition Cost	-0.63
14000 Prepaid Expenses	0.00
14999 Undeposited Funds	0.00
16000 MSI Loan	101,048.64
18100 Security Deposit	0.00
Allowance for doubtful accounts	0.00
Settlement Receivable	0.00
Total for Other Current Assets	**$101,048.01**
Total for Current Assets	**$415,803.55**
Fixed Assets	
15000 Furniture and Equipment	1,500.00
15040 Computers and Peripherals	5,322.53
15050 Software	50,000.00
15999 Accumulated Depreciation	-56,822.53
Total for Fixed Assets	**$0.00**
Other Assets	
19000 R & D Tax Credit	
19001 R & D Tax Credit - Orig Cost	3,566.92
Total for 19000 R & D Tax Credit	**$3,566.92**
Total for Other Assets	**$3,566.92**
Total for Assets	**$419,370.47**

Midtown Chimney Sweeps Franchising, LLC

Unaudited Balance Sheet

As of Mar 31, 2026

	TOTAL
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 Accounts Payable	0.00
Total for Accounts Payable	**$0.00**
Credit Cards	
22900 AMEX x93001	0.00
Total for Credit Cards	**$0.00**
Other Current Liabilities	
12200 Loans to MIdtown Inc.	0.00
20100 Technology and Advertising Fee Fund	31,088.12
21005 Accrued Expenses	18,363.38
2100. Byron-Loan	16,632.54
22100 Deferred Revenue	9,382.95
23500 Due to Midtown Sweeps Inc	0.00
24001 401K Liability	865.48
24002 Benefits Liability	1,215.71
25400 Chase LOC 5001	250.00
25600 Wells Fargo Loan	0.00
Colorado Department of Revenue Payable	-6.00
Out Of Scope Agency Payable	0.00
Total for Other Current Liabilities	**$77,792.18**
Total for Current Liabilities	**$77,792.18**
Long-term Liabilities	
25800 Suzanne Compton Loan	66,189.55
Total for Long-term Liabilities	**$66,189.55**
Total for Liabilities	**$143,981.73**
Equity	
30200 Investment from BEC & SSON Holdings	0.00
30300 BEC & SSON Holdings Draws	-151,505.41
30301 Owner Distribution	-65,218.79
30400 BEC & SSON Holdings Equity	0.00
32000 Retained Earnings	440,542.30
Net Income	51,570.64
Total for Equity	**$275,388.74**
Total for Liabilities and Equity	**$419,370.47**

Midtown Chimney Sweeps Franchising, LLC

Unaudited Profit and Loss

January 1-March 31, 2026

	TOTAL
Income	
40000 Royalty Fees	$88,008.75
40001 Late Fees	3,970.41
Total for 40000 Royalty Fees	**$91,979.16**
40100M Technology & Advertising Fee Receipts	
40100 Technology and Advertising Fee	67,128.60
40105 Reclass TAF Receipts to Liabilities	-67,128.60
Total for 40100M Technology & Advertising Fee Receipts	**$0.00**
40200 Call Center Fees	
40210 Scheduling Center Fees	4,770.00
40220 1 844-SWEEP-NOW Number	1,044.00
40230 Job Fees	30,896.00
40240 CO-OP Phone Line Fee	5,544.00
Total for 40200 Call Center Fees	**$42,254.00**
40250 Local Search Fees	126.00
44000 Franchise Sales	4,464.78
46000 Discounts/Refunds Given	0.00
49000 Other Income	180.00
Subscription Income	249.80
Total for Income	**$139,253.74**
Cost of Goods Sold	
50100 Cost of Goods Sold	
50101 Apparel	271.48
Total for 50100 Cost of Goods Sold	**$271.48**
55550 Internal Convention/Program Costs	3,968.92
Total for Cost of Goods Sold	**$4,240.40**
Gross Profit	**$135,013.34**
Expenses	
60210 Parking and Tolls	5.39
60400 Bank Service Charges	157.10
61900 Consulting Expense	6,723.75
62500 Dues and Subscriptions	686.88
62900 Gas	61.23
63500 Miscellaneous	339.00
64300 Meals and Entertainment-50%	197.92
64400 Technology & Advertising Fee Expenses	
64410 Reclassify To TAF Liability	-59,438.59
64470 Payroll Expenses Allocated to TAF	371.40
64530 Internet and Website Design	533.97
64550 PPC Campaigns	19,846.96
64560 Admin Infrastructure	12,353.94
64570 Other Marketing	26,332.32
Total for 64400 Technology & Advertising Fee Expenses	**$0.00**
64900 Office Supplies	773.91

Midtown Chimney Sweeps Franchising, LLC

Unaudited Profit and Loss

January 1-March 31, 2026

	TOTAL
66700 Professional Fees	
66701 Accounting	1,985.00
66702 Legal	125.00
Total for 66700 Professional Fees	**$2,110.00**
67300 Salaries And Wages	
67301 Salaries And Wages - Wages	53,360.08
67303 Salaries And Wages - Payroll Taxes	6,276.08
67305 Salaries and Wages - Benefits	1,096.18
67306 Salaries and Wages - 401K Match	1,904.40
67308 TAF Payroll Reclass	-371.40
67309 Payroll Processing Fee	1,065.00
Total for 67300 Salaries And Wages	**$63,330.34**
67400 SSO Expense	
67401 Education/ Training Expense	2,400.00
Total for 67400 SSO Expense	**$2,400.00**
68100 Telephone Expense	3,163.42
68400 Travel Expense	
68410 Hotel Expense	632.99
68420 Travel-Airline	366.80
68430 Transportation	145.83
Total for 68400 Travel Expense	**$1,145.62**
68700 WebSite/ Internet	147.00
QuickBooks Payments Fees	373.25
Total for Expenses	**$81,614.81**
Net Operating Income	**$53,398.53**
Other Income	
82200 Other Miscellaneous Income	
82201 Interest Income	2.44
Total for 82200 Other Miscellaneous Income	**$2.44**
Total for Other Income	**$2.44**
Other Expenses	
80200 Interest Expense	1,430.33
Ask Byron	400.00
Total for Other Expenses	**$1,830.33**
Net Other Income	**-$1,827.89**
Net Income	**$51,570.64**

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2025

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC

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KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Member's
Midtown Chimney Sweeps Franchising, LLC
Littleton, Colorado

Opinion

We have audited the accompanying financial statements of Midtown Chimney Sweeps Franchising, LLC, which comprise the balance sheet as of December 31, 2025 and the related statement of operations, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Midtown Chimney Sweeps Franchising, LLC as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

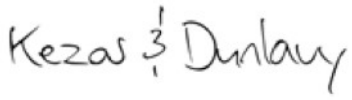
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



St. George, Utah
May 1, 2026

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC

BALANCE SHEET

As of December 31, 2025

	2025
Assets	
Current assets	
Cash and cash equivalents	$ 83,821
Accounts receivable, net	203,085
Total current assets	286,906
Non-current assets	
Due from related party	68,740
Other assets	3,566
Total non-current assets	72,306
Total assets	$ 359,212
Liabilities and Member's Equity	
Current liabilities	
Accounts payable and accrued expenses	$ 33,417
Notes payable, current	28,826
Brand development fund liability	23,398
Deferred revenue, current	11,869
Total current liabilities	97,510
Non-current liabilities	
Deferred revenue, non-current	9,505
Notes payable, non-current	44,356
Total non-current liabilities	53,861
Total liabilities	151,371
Member's equity	207,841
Total liabilities and members' equity	$ 359,212

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

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC

STATEMENT OF OPERATIONS

For the year ended December 31, 2025

	2025
Operating revenue	
Royalties and marketing fees	$ 653,539
Technology and service fees	206,970
Initial franchise fees	19,685
Other operating revenues	12,004
Total operating revenue	892,198
Operating expenses	
General and administrative	389,902
Advertising and marketing	268,488
Professional fees	40,815
Total operating expenses	699,205
Net operating income (loss)	192,993
Non-operating income (expense)	
Interest expense	(6,453)
Total non-operating income (expense)	(6,453)
Net income (loss)	$ 186,540

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

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC

STATEMENT OF MEMBER'S EQUITY

For the year ended December 31, 2025

Balance as of January 1, 2025	$	79,586
Member distributions		(58,285)
Net income		186,540
Balance as of December 31, 2025	$	207,841

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

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC

STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	2025
Cash flow from operating activities:	
Net income	$ 186,540
Adjustments to reconcile net income to net cash provided by operating activities	
Changes in operating assets and liabilities:	
Accounts receivable	(87,653)
Contract acquisition costs	552
Accounts payable and accrued expenses	(17,918)
Marketing fund payable	19,692
Non-refundable franchise fee	(12,985)
Net cash provided by operating activities	88,228
Cash flows from investing activities:	
Net repayments on related party receivables	17,846
Net cash provided by investing activities	17,846
Cash flows from financing activities:	
Principal payments on notes payable	(27,243)
Member distributions	(58,285)
Net cash used in financing activities	(85,528)
Net change in cash and cash equivalents	20,546
Cash at the beginning of the year	63,275
Cash at the end of the year	$ 83,821
Supplementary disclosures of cash flows	
Cash paid for interest	$ 6,453
Cash paid for taxes	$ -

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

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Midtown Chimney Sweeps Franchising, LLC (the “Company") was formed on January 17, 2014 in the state of Colorado as a limited liability company for the primary purpose of offering cleaning of residential and commercial chimneys and light maintenance and repair of all types of chimneys, fireplaces, room heater appliances, and dryer vent cleaning services.

The Company is wholly owned by Schrammson Enterprises, LLC (“Parent”). Parent owns the trademarks and other intellectual property relating to the Midtown Chimney Sweeps franchise system and has licensed to the Company under a perpetual license agreement (the “License”). The license grants the Company the right to use the trademarks and other intellectual property and licenses them to franchisees of the Company.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

(b) Accounting Standards Codification

The Financial Accounting Standards Board (“FASB”) has issued the FASB Accounting Standards Codification (“ASC”) that became the single official source of authoritative U.S. generally accepted accounting principles (“GAAP”), other than guidance issued by the Securities and Exchange Commission (“SEC”), superseding existing FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase.

(e) Accounts Receivables

Accounts receivables are recorded for amounts due based on the terms of executed franchise agreements for franchise sales and royalty fees. These receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses (“CECL”) model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received.

As of December 31, 2025, the Company had no allowance for doubtful accounts.

(f) Fixed Assets

Fixed assets are stated at historical cost. Expenditures that increase values or extend useful lives are capitalized while routine maintenance and repairs are charged to expense in the year incurred. Gains and losses from disposition of fixed assets are reflected in other income. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the assets as follows:

Asset	Estimated Useful Lives
Machinery and equipment	5 to 10 years
Vehicles	3 to 5 years

(g) Revenue Recognition

The Company has adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's revenues consist of initial franchise fees, technology and service fees, and royalties and marketing fees, which are based on a percentage of gross revenues.

Initial franchise fees

The Company enters into franchise agreements that grant franchisees the right to operate under the Company's trade name and business system for a specified term, typically 10 years.

The initial franchise fee provides the franchisee with access to the Company's trademarks and intellectual property, training and pre-opening support and ongoing access to the Company's franchise system.

The Company has concluded that these promised goods and services are highly related to the ongoing right to access the Company's intellectual property and franchise system. Accordingly, the initial franchise fee represents consideration for a single performance obligation consisting of a right to access the Company's intellectual property and franchise system over the term of the franchise agreement.

Revenue from initial franchise fees is therefore recognized on a straight-line basis over the term of the franchise agreement, which reflects the pattern in which the franchisee simultaneously receives and consumes the benefits of the Company's performance.

Royalty and marketing fees

Upon evaluation of the five-step process, the Company has determined that royalty and marketing fees are to be recognized in the same period as the underlying sales, in accordance with the sales-based royalty exception.

Technology and services fees

Upon evaluation of the five-step process, the Company has determined that technology and service fees are to be recognized in the period the services are provided.

(h) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Colorado. Accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2025, the 2024, 2023, and 2022 tax years are subject to examination.

(i) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, pre-paid expenses, and accounts payable the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(j) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Franchise Agreements

The Company's franchise agreements generally provide for payment of initial fees as well as continuing royalty and marketing fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Midtown Chimney Sweeps system for a period of ten years. The Company allocates a portion of the initial franchise fee to initial training, grand opening assistance, and site build out, which is recognized when the franchisee begins operations. The remainder is deferred, and the revenue is amortized over the life of the contract. The current portion of deferred revenue represents the amount expected to be recognized in the coming twelve-month period.

The following table represents the activity of the Company's deferred revenue for the year ended December 31, 2025:

	2025
Beginning deferred revenue	$ 34,359
Additions	6,700
Revenue recognized from beginning deferred revenue	-
Revenue recognized from contracts executed in the current year	(19,685)
Ending deferred revenue	$ 21,374
Deferred revenue, current	$ 11,869
Deferred revenue, non-current	9,505
Total deferred revenue	$ 21,374

(3) Due from Related Party

Transactions with the Company's related parties primarily consist of shared costs and advances made to the related parties support the operations and development of the Company or the related parties. Advances are not collateralized, noninterest bearing and due on demand. Advances due from related parties as of December 31, 2025 were $68,740.

(4) Note Payable

During the year ended December 31, 2024, the Company entered into a note with a third party with an initial principal balance of $115,000. The loan requires 48 monthly payments of $2,808, accrues interest at an annual rate of 8.0%, and matures on June 1, 2028. The current portion represents the estimated principal payments due over the coming twelve-month period.

(5) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued.

If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(6) Subsequent Events

Management has reviewed and evaluated subsequent events through May 1, 2026, the date on which the financial statements were issued.

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2024

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC

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Independent Auditor's Report

To the Member
Midtown Chimney Sweeps Franchising, LLC
Littleton, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of Midtown Chimney Sweeps Franchising, LLC as of December 31, 2024, and 2023 and the related statements of operations, member's (deficit) and cash flows for the years ended December 31, 2024, 2023 and 2022 and the related notes to the financial statements.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Midtown Chimney Sweeps Franchising, LLC as of December 31, 2024, and 2023 and the results of their operations and their cash flows for the years ended December 31, 2024, 2023 and 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Midtown Chimney Sweeps Franchising, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Midtown Chimney Sweeps Franchising, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if

there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Midtown Chimney Sweeps Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Midtown Chimney Sweeps Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Reese CPA LLC

Ft. Collins, Colorado
April 14, 2025

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC
BALANCE SHEETS

	AS OF DECEMBER 31,	
	2024	**2023**
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	$ 63,275	$ 20,245
Accounts receivable	115,431	87,779
Contract acquisition costs, current	552	604
Due from affiliate	86,586	46,838
TOTAL CURRENT ASSETS	265,844	155,466
NON-CURRENT ASSETS		
Contract acquisition costs	-	552
Other assets	3,567	3,567
TOTAL ASSETS	$ 269,411	$ 159,585
LIABILITIES AND MEMBER'S EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 51,335	$ 29,109
Marketing fund payable	3,706	3,266
Revolving lines of credit	-	69,788
Notes payable, current	26,618	-
Non-refundable deferred franchise fees, current	18,210	25,560
TOTAL CURRENT LIABILITIES	99,869	127,723
NON-CURRENT LIABILITIES		
Notes payable	73,807	-
Non-refundable deferred franchise fees	16,149	36,177
TOTAL LIABILITIES	189,825	163,900
MEMBER'S EQUITY (DEFICIT)	79,586	(4,315)
TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)	$ 269,411	$ 159,585

The accompanying notes are an integral part of this financial statement.

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S (DEFICIT)

	FOR THE YEARS ENDED DECEMBER 31,		
	2024	**2023**	**2022**
REVENUES			
Franchise fees	$ 39,378	$ 36,220	$ 30,836
Royalty fees	415,529	429,300	440,363
Job and related fees	232,334	207,513	210,648
Equipment sales	15,554	10,243	16,093
TOTAL REVENUES	702,795	683,276	697,940
COST OF SALES	7,936	17,767	21,107
GROSS PROFIT	694,859	665,509	676,833
OPERATING EXPENSES			
Payroll and related costs	467,082	410,871	318,627
General and administrative	62,836	93,561	168,776
Professional services	15,305	50,630	128,043
Advertising and marketing	-	129	51
Depreciation and amortization	-	-	2,026
TOTAL OPERATING EXPENSES	545,223	555,191	617,523
OPERATING INCOME	149,636	110,318	59,310
OTHER INCOME (EXPENSE)			
Other income	2,433	3,644	33,103
Interest expense	(19,498)	(8,814)	(2,836)
TOTAL OTHER INCOME (EXPENSE)	(17,065)	(5,170)	30,267
NET INCOME	132,571	105,148	89,577
MEMBER'S EQUITY (DEFICIT), BEGINNING	(4,315)	(9,299)	(29,153)
Member distributions	(48,670)	(100,164)	(69,723)
MEMBER'S EQUITY (DEFICIT), ENDING	$ 79,586	$ (4,315)	$ (9,299)

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

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,		
	2024	**2023**	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)	$ 132,571	$ 105,148	$ 89,577
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	-	-	2,026
Recognition of non-refundable deferred franchise fees	(27,378)	(28,220)	(30,836)
Recognition of contract acquisition costs	604	603	932
Changes in assets and liabilities			
Accounts receivable	(27,652)	61,151	(59,584)
Prepaid expenses	-	2,635	5,762
Other assets	-	(3,567)	1,937
Accounts payable	22,226	4,234	7,998
Due from advertising and technology fund	440	(25,705)	(2,617)
Non-refundable deferred franchise fees	-	5,000	4,000
Net cash provided by operating activities	100,811	121,279	19,195
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash (used) by investing activities	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable	168,000	26,607	109,403
Payments on notes payable	(137,363)	(18,965)	(131,571)
Due from (to) affiliates	(39,748)	(46,838)	22,740
Member distributions	(48,670)	(100,164)	(69,723)
Net cash (used) by financing activities	(57,781)	(139,360)	(69,151)
NET INCREASE (DECREASE) IN CASH	43,030	(18,081)	(49,956)
CASH, beginning of period	20,245	38,326	88,282
CASH, end of period	$ 63,275	$ 20,245	$ 38,326
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	$ 19,498	$ 8,814	$ 2,836
Cash paid for taxes	$ -	$ -	$ -

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

MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

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

Midtown Chimney Sweeps Franchising, LLC ('the Company') was formed as a limited liability company on January 17, 2014 (inception) in the State of Colorado.

The Company offers qualified purchasers the right to establish and operate a MIDTOWN CHIMENY SWEEPS Business within a specified Territory operating under the names and marks "MIDTOWN CHIMNEY SWEEPS®", "MIDTOWN CHIMNEY SERVICES®" "MIDTOWN SWEEPS®" AND "THE CHIMNEY EXPERTS®" The franchisee must offer cleaning of residential and commercial chimneys and light maintenance and repair of all types of chimneys, fireplaces and room heater appliances, and dryer vent cleaning services.

The Company is wholly owned by SCHRAMMSON ENTERPRISES, LLC ("Parent"). Parent owns the trademarks and other intellectual property relating to the MIDTOWN CHIMNEY SWEEPS franchise system and has licensed to the Company under a perpetual license agreement (the "License"). The license grants the Company the right to use the trademarks and other intellectual property and licenses them to franchisees of the Company.

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared in conformity with and in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2024, and 2023.

Accounts Receivable

The timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not record an allowance for uncollectible accounts at December 31, 2024, and 2023. Bad debt expense was $0, $0, and $16,967 for the years ended December 31, 2024, 2023 and 2022, respectively.

P*roperty, Plant & Equipment*

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). Maintenance and repair costs are expensed as incurred. Expenditures that extend the useful lives of property and equipment are capitalized. The Company's property, plant and equipment was fully depreciated as of December 31, 2024, and 2023.

Intangible Assets

The Company has established an intangible asset for the development of scheduling software.

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives (such as intellectual property) no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives (such as software development) are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Developed scheduling software cost are amortized using the straight-line method over a period of seven years. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company's intangible assets were fully amortized as of December 31, 2024, and 2024.

Income Taxes

The Company has elected to be taxed as a division of B&S Holdings and considered to be a disregarded entity under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its member and no provisions for federal or state income taxes has been recorded on the accompanying balance sheet.

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

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Company's evaluation was performed for the tax periods ending December 31, 2024, 2023 and 2022 for U.S. Federal Income Tax and for the State of Colorado Income Tax, the tax years which remain subject to examination by major tax jurisdictions as of December 31, 2024.

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

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers". The Company's revenue is principally generated through franchise agreements with the Company's franchisees. Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each performance obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a franchisee purchases a Midtown Chimney Sweeps franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos ("the license"). The license is symbolic intellectual property. Revenues related to the license are continuing royalties that are 7% of monthly franchisee gross revenues, subject to monthly minimums as defined in the franchise agreement. These revenues are used to continue the development of the Company's brand, the franchise system and provide ongoing support for the Company's franchisees over the term of the agreement. The royalties are billed monthly and are recognized as revenue when earned.

Revenue from initial franchise fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory rights and symbolic intellectual property. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin or fair market value approach. Revenue from initial fees is recognized when the performance obligation is satisfied, and control of the goods or service has been transferred to the franchisee. Unearned initial fee revenues will be recorded as non-refundable deferred revenue. Commissions and other direct costs related to unsatisfied performance obligations will be recorded as a franchise acquisition asset and are recognized as an expense when the related performance obligation has been satisfied.

Job fee revenue is from fees charged for each job that a franchisee completes plus a monthly flat rate as defined in the franchise agreement and are recognized as revenue by the Company when earned.

Technology and Advertising Fund Contribution

The Company has established a technology and advertising fund to pay expenses related to the research, development, implementation, servicing and operating any technology used in any manner related to the Midtown Chimney Sweeps franchise system and the provision of local, regional, or national advertising for the benefit of the franchisees. The marketing fee is collected monthly and is 3% of the franchisee's gross revenue subject to monthly minimums as defined in the franchise agreement.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2024, 2023 and 2022 were $0, $129, and $51, respectively.

Recently Adopted Accounting Guidance

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company has recognized an asset for the incremental costs and recorded a liability for unearned revenue associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity are as follows:

	December 31, 2024	December 31, 2023
Contract Acquisition Costs:		
Balance beginning of year	$ 1,156	$ 1,522
Deferral of contract acquisition costs	-	-
Recognition of contract acquisition costs	(604)	(366)
Balance at end of year	$ 552	$ 1,156
Deferred Non-refundable Franchise Fees:		
Balance Beginning of year	$ 61,737	$ 84,957
Deferral of non-refundable franchise fees	-	5,000
Recognition of non-refundable franchise fees	(27,378)	(28,220)
Balance at end of year	$ 34,359	$ 61,737

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2024, is as follows:

	Contract Acquisition Costs	Non-refundable Franchise Fees
Year ending December 31:		
2025	$ 552	$ 18,210
2026	-	10,718
2027	-	3,323
2028	-	1,286
2029	-	762
Thereafter	-	60
	$ 552	$ 34,359

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2024, 2023, and 2022 is as follows:

	2024	2023	2022
Performance obligations satisfied at a point in time	$ 675,417	$ 655,056	$ 667,105
Performance obligations satisfied by the passage of time	27,378	28,220	30,835
Total revenues	$ 702,795	$ 683,276	$ 697,940

NOTE 3 – REVOLVING LINES OF CREDIT

The Company has a line of credit with a bank. The credit limit of the line of credit is $55,000. Interest, currently at the rate of 10.25%, is charged on the outstanding balance of the line of credit. Required monthly payments are a revolving amount per month including interest. The balance outstanding at December 31, 2024, and 2023 is $0 and $49,218, respectively.

The Company has a revolving line of credit agreement with a bank. The credit limit on the line of credit is $52,000. Interest, currently at the rate of 9.25%, is charged on the outstanding balance of the line of credit. Required monthly payments are revolving amount per month including interest. The balance outstanding at December 31, 2024, and 2023 is $0, and $20,570, respectively.

NOTE 4 – NOTE PAYABLE

Notes payable consist of the following at December 31:

	2024	2023
Note payable with an individual. Face amount $115,000, payable in 48 monthly installments of $2,808 including interest at the rate of 8%. Not collateralized	$ 100,425	$ -
	100,425	-
Less current maturities	(26,618)	-
	$ 73,807	$ -

The maturities of the long-term debt are as follows:

Year ending December 31:	
2025	$ 26,618
2026	28,827
2027	31,220
2028	13,760
	$ 100,425

NOTE 5 – RELATED PARTY TRANSACTIONS

Due from Affiliate

From time to time the Company has made advances to its affiliates. The advances bear no interest and are due on demand. Advances to affiliates of $86,586l, and $46,838 were outstanding as of December 31, 2024, and 2023, respectively.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 7 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through April 14, 2025, the date on which the financial statements were available to be issued.

ATTACHMENT J
TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS

State	State Administrator	Agent for Service of Process
California	Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013 651 Bannon Street, Suite 300 Sacramento, CA 95811 1-866-275-2677 www.dfpi.ca.gov Email: Ask.DFPA@dfpi.ca.gov	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013
Connecticut	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 280 Trumbull Street Hartford, CT 06103-1800 (860) 240-8299	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 280 Trumbull Street Hartford, CT 06103-1800 (860) 240-8299
Hawaii	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706
Indiana	Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Secretary of State, Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204
Kentucky	Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601-3449 (502) 696-5300	

State	State Administrator	Agent for Service of Process
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Department of Attorney General Consumer Protection Division – Franchise Unit 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913 (517) 373-7117	Department of Attorney General 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913
Minnesota	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198
Nebraska	Nebraska Department of Banking and Finance 1200 N Street-Suite 311 Post Office Box 95006 Lincoln, Nebraska 68509 (402) 471-3445	
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 (212) 416-8222	Secretary of State of New York 99 Washington Avenue Albany, New York 12231 (518) 473-2492
North Dakota	North Dakota Insurance & Securities Department 600 East Boulevard Avenue, Dept. 401 Bismarck, ND 58505 (701) 328-2910	North Dakota Insurance Commissioner 600 East Boulevard Avenue, Dept. 401 Bismarck, ND 58505 (701) 328-2910
Rhode Island	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9588
South Dakota	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-773-3563	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501
Texas	Secretary of State	

State	State Administrator	Agent for Service of Process
	Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769	
Utah	Department of Commerce Division of Consumer Protection 160 East 300 South Salt Lake City, Utah 84111-0804 (801) 530-6601	
Virginia	State Corporation Commission Division of Securities and Retail Franchising, 9th Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Washington State Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504 (360) 902-8760	Securities Administrator Washington State Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
Wisconsin	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703 (608) 266-8557	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703

ATTACHMENT K
TO FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

STATE LAW ADDENDA TO THE
MIDTOWN CHIMNEY SWEEPS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

The following modifications are to the Midtown Chimney Sweeps Franchising, LLC ("MCSF") Franchise Disclosure Document for the states noted below.

CALIFORNIA

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 (www.chimneyfranchise.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

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

Neither we nor any person listed in Item 2 of this Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. § 78a et seq., suspending or expelling these persons from membership in this association or exchange.

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

All initial fees payable to us shall be deferred until the day that we have completed our initial obligations to you.

3. The following paragraphs are added to the end of Item 17:

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

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

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

The Franchise Agreement contains liquidated damages clauses that will apply if you, or one of your officers, directors, partners, members, managers, employees, agents, or representatives interferes with our business in violation of the Franchise Agreement, or if we terminate the Franchise Agreement based on your failure to satisfactorily complete the initial training program or your failure to provide your first cleaning service to a customer within

90 days after signing the Franchise Agreement. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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

You may be required to sign a general release if you renew or transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

The highest interest rate allowed by law in California is 10% annually.

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

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

ILLINOIS

1. Illinois law shall apply to and govern the Franchise Agreement.

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

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

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

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

6. Initial Fee Deferral.

Payment of the Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. The financial assurance requirement was imposed by the Office of the Attorney General due to Franchisor's financial condition.

MINNESOTA

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

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the

franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

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

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

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

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

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

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

Initial Fee Deferral

Items 5 and 7 of the Disclosure Document are amended to also add the following: The franchisor defers the receipt of the initial franchise fee until the franchised business opens.

NORTH DAKOTA

The following statement is added at the end of Item 5:

> "All initial fees payable to us and any of our affiliates shall be deferred until we have fulfilled our initial obligations to you and you have commenced operations pursuant to the Franchise Agreement."

Restrictive Covenants: To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.

Applicable Laws: North Dakota law will govern the franchise agreement.

Waiver of Trial by Jury: Any waiver of a trial by jury will not apply to North Dakota Franchises.

Waiver of Exemplary & Punitive Damages: Any waiver of punitive damages will not apply to North Dakota Franchisees.

General Release: Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.

Enforcement of Agreement: Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Item 17(u) of the Disclosure Document is modified to provide that the site of mediation and arbitration shall be agreeable to all parties and may not be remote from the franchisee's place of business.

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

SOUTH DAKOTA ADDENDUM

Initial Fee Deferral.

Item 5 of the Disclosure Document is revised to also provide:

The Franchise Disclosure Document is amended to also state that the initial franchise fee will be paid only after the franchisor fulfills its pre-opening obligations to the Franchisee and the Franchisee is open for business.

VIRGINIA ADDENDUM

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document is amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

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

Item 17.r. of the Disclosure Document is amended to also provide: No post-term noncompete provision shall be of any force or effect, however, a noncompete clause will apply for a 2 year period if the Franchisee sells the Franchised Business to a third party or the Franchisor at a mutually agreed upon price.

Item 17.w. of the Disclosure Document is amended to also provide: Virginia law applies to any claims that arise out of or relate to the Franchise Agreement or the dealings of the parties thereto.

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

Initial Fee Deferral.

Item 5 of the Disclosure Document is revised to also provide:

"The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial

payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement."

WASHINGTON

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

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

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with
RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

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

16. Questionnaires and Acknowledgments. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any

franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

Initial Fee Deferral:

The following statement is added at the end of Item 5:

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or disclosure document, and (b) is open for business."

WISCONSIN

REGISTRATION OF THIS FRANCHISE IN THE STATE OF WISCONSIN DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

The conditions under which the Franchise Agreement can be terminated or not renewed may be affected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135.

ATTACHMENT L
STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Michigan	Pending
Minnesota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT M
RECEIPT

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

If Midtown Chimney Sweeps Franchising, LLC ("MCSF") offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor, or an affiliate, in connection with the proposed franchise sale.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar-days before the execution of the franchise or other agreement or the payment of any consideration, whichever occurs first.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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

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

The franchisor is Midtown Chimney Sweeps Franchising, LLC 2805 Wilderness Place, Suite 900, Boulder, CO 80301; 720-575-7949.

Issuance date: July 16, 2026

The franchise sellers for this offering are:
X Byron Schramm, 2805 Wilderness Place, Suite 900, Boulder, CO 80301 (720-575-7949)

MCSF authorizes the parties identified on Attachment J to receive service of process for MCSF in the particular state.

I received a Disclosure Document dated July 16, 2026, that included the following Attachments:

Franchise Agreement (Attachment A); Confidentiality/Application Agreement (Attachment B); [Reserved] (Attachment C); Territory Reservation Deposit Agreement (Attachment D); Current Form of General Release (Attachment E); Operations Manual Table Of Contents (Attachment F); List Of Franchisees (Attachment G); Franchisees Who Have Left the System (Attachment H); Financial Statements (Attachment I); List Of Administrators/Agents For Service Of Process (Attachment J); State Specific Addenda (Attachment K). State Effective Dates (Attachment L); and Receipts (Attachment M)

DATE: _____

_____
Prospective Franchisee

Print Name: _____

Date, Sign, and retain this copy for your records.

RECEIPT

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

If Midtown Chimney Sweeps Franchising, LLC ("MCSF") offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor, or an affiliate, in connection with the proposed franchise sale.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar-days before the execution of the franchise or other agreement or the payment of any consideration, whichever occurs first.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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

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

The franchisor is Midtown Chimney Sweeps Franchising, LLC 2805 Wilderness Place, Suite 900, Boulder, CO 80301; 720-575-7949.

Issuance date: July 16, 2026

The franchise sellers for this offering are:
X Byron Schramm, 2805 Wilderness Place, Suite 900, Boulder, CO 80301 (720-575-7949)

MCSF authorizes the parties identified on Attachment J to receive service of process for MCSF in the particular state.

I received a Disclosure Document dated July 16, 2026, that included the following Attachments:

Franchise Agreement (Attachment A); Confidentiality/Application Agreement (Attachment B); [Reserved] (Attachment C); Territory Reservation Deposit Agreement (Attachment D); Current Form of General Release (Attachment E); Operations Manual Table Of Contents (Attachment F); List Of Franchisees (Attachment G); Franchisees Who Have Left the System (Attachment H); Financial Statements (Attachment I); List Of Administrators/Agents For Service Of Process (Attachment J); State Specific Addenda (Attachment K) State Specific Addenda (Attachment K). State Effective Dates (Attachment L); and Receipts (Attachment M)
.

DATE: _____

_____
Prospective Franchisee

Print Name: _____

Date, sign and return this copy to us by e-mail or to Midtown Chimney Sweeps Franchising, LLC, 2805 Wilderness Place, Suite 900, Boulder, CO 80301.